2013:23 Sida Decentralised Evaluation

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Evaluation of Sida & NIR Core Support Programme (2009-2012)

Final Report

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Abbreviations and Acronyms

B4D	Business for Development
BCZ	Business Council of Zimbabwe
BMO	Business Member Organisation
CBE	Conducive Business Environment
CSO	Civil Society Organisation
ICC	International Chamber of Commerce
JAC	Jerusalem Arbitration Centre
LFA	Logical Framework Approach
MoV	Means of Verification
NBA	National Business Agenda
NGO	Non-Governmental Organisation
NOA	NIR Outcome Assessment
NIR	International Council of Swedish Industry
OECD-DAC	Organisation for Economic Cooperation and Development – Development Assistance Committee
PAM	Planning and Monitoring System
PME	Planning, Monitoring and Evaluation
PIBF	Palestine International Business Forum
RBA	Rights-Based Approach
RBM	Results-Based Management
Sida	Swedish International Development Cooperation Agency
SWHAP	Swedish Workplace HIV/AIDS Programme
SWOT	Strength, Weaknesses, Opportunities, Threats
ToC	Theory of Change
ToR	Terms of Reference

Preface

This report is an evaluation of the core support provided by Sida to the International Council of Swedish Industry (NIR) for the period 2010-2012. The evaluation was commissioned by Sida's Department for Global Cooperation, through the framework agreement for reviews and evaluations. Indevelop undertook the evaluation in cooperation with Tana Copenhagen between January – June 2013.

NIR works through the private sector to contribute to economic development in complex markets. NIR's emphasis on improving the structural conditions to develop the private sector is done through focusing on both on creating a more Conducive Business Environment (CBE) as well as promoting peacebuilding.

The objective of the evaluation was to evaluate how/if to continue with the modality of core support to NIR and to recommend changes for improvement. As NIR also received bilateral support for its programmes in various countries, this evaluation concentrated on the core support while necessarily taking the bilateral programmes into consideration where they were interlinked. The evaluation selected two countries to serves as case studies, namely Zimbabwe and Palestine.

The evaluation was conducted by an independent team consisting of:

- Erik Bryld (Team Leader) of Tana Copenhagen
- Pontus Modeer of Indevelop

(both members of Indevelop's Core Team of professional evaluators and RBM advisors)

- Nadia Masri-Pedersen of Tana Copenhagen
- Peter Frøslev Christensen of Tana Copenhagen

The management team at Indevelop for the evaluation consisted of Ian Christoplos who provided quality assurance of the methodology and the reports, and Jessica Rothman who managed and coordinated the process.

The implementation of the evaluation has been in accordance with the plans. The team would like to thank NIR staff in Stockholm and abroad for their continued patience and cooperation with the team and the high level of transparency vis-à-vis the evaluation team. Likewise the team would like to thank Jan Grafström of Sida for his support throughout the evaluation.

The conclusions and opinions expressed in this report are those of the team alone and do not necessarily represent the opinions of NIR and/or Sida.

Executive Summary

NIR has a history of working with the private sector towards creating an improved business environment. Improving the business environment and building peace have been the key expected long-term outcomes of the NIR core support. Considering the limited financial inputs in the NIR beneficiary countries and the relatively short time frame of the programme (three years), these outcomes have been difficult to measure. The challenge was further heightened by the ambitious programme Theory of Change (ToC) and its assumptions, on the importance of the private sector in fostering peace and promoting economic growth and poverty reduction, which form the basis of NIR's work.

From a methodological perspective, measuring the change outcome of the NIR core funded programmes is challenged by the broad variety of activities as well as the intertwined nature of the core and bilateral programmes. The challenge is further compounded by the very ambitious programme theory of change and its *a priori* assumptions of the importance of the private sector in fostering peace and promoting economic growth and poverty reduction. Having said that, outputs can be identified and the utility of these for fostering change, and thus the outcomes (or expected outcomes), can in most cases also be identified, hence underscoring the evaluability of the programme.

For the core programme, subject to this evaluation, improved business environment and peacebuilding have been the key expected long-term outcomes of the NIR support. These two case-studies of the evaluation (Zimbabwe and Palestine) confirm the theory of change of NIR in terms of contributing to an improved business environment, but less so to the peacebuilding efforts.

The relevance discussion does, however, also bring forward the question of relevant choice of beneficiaries and partners. The team has not been able to identify men, women and children living in poverty as primary beneficiaries, as espoused in the programme document. Instead the primary beneficiaries are the primary partners – namely the private sector in the countries of operation. In most instances the chosen partners have proven to be relevant to NIR (and Sida) objectives, though more care should be taken to ensure that all partners share the objectives and ethical standards of NIR and Sida. In terms of cross-cutting issues, the programme has failed to engaged more systematically in efforts to promote gender equality and women's empowerment, which has thus not been mainstreamed in the programme design.

The evaluation has found that the approach applied by NIR is – in most cases – relevant to the context. The approach undertaken by NIR was found to ensure a high degree of ownership, and examples were presented where NIR had changed approach in order to accommodate the requests of the local partners. Conversely, where activities had been identified by NIR in Stockholm the ownership was more moderate.

While the approach is relevant, the measurable results are more meagre. Most of the planned outputs have been produced during the course of the programme, but the implementation has been delayed. Consequently, a significant number of these outputs have only been produced in 2012 and 2013, leaving little time for these to be used to generate tangible outcomes. Consequently, the programme has had a very low level of effectiveness in the programme period.

The slow implementation rates and limited effectiveness so far are, arguably, also a consequence of the rather broad and unspecified programme document for the core programme, which was nonetheless approved by Sida. NIR has received only limited guidance from Sida on how to use the funding strategically. Consequently, the funding has been applied on a very *ad hoc* basis when opportunities emerged in the individual NIR countries. While these opportunities have often been relevant, they have, in several instances, been used for *de facto* gap filling for temporary pauses or the termination of bilateral Sida funding and not as part of an overall strategy. There is no evidence to suggest that core funding has improved NIR project effectiveness. The exceptions are cross-country initiatives where NIR has worked to identify, share and build on lessons learned from the individual countries.

With more than forty per cent of the core funding being used for management and administration, NIR is a comparatively costly Sida-funded operation in relation to many other NGOs that are receiving Sida funds. This level of funding has been approved by Sida. NIR has complied with the framework conditions inherent in the programme documents and agreement with Sida, and the onus should have been on the latter to have made these conditions more consistent with other CSOs, not least in terms of promoting efficiency and optimising outcome focus.

NIR has, at an over-arching system level, made comprehensive progress to ensure a results-oriented organisation – even if internal surveys reveal there are still challenges. As the focus in the implementation of Results-Based Management (RBM) tools has been on rolling out a Planning and Monitoring System (PAM), it is too early to assess if the current system actually will enable NIR to implement management that is based on results. The investment in system development in NIR has contributed to an increased internal capacity on RBM, including internal learning and tools for monitoring. It is hence assessed that the organisation has the needed internal capacity to plan, implement and report on results.

The intervention logic is generally *formulated* in a way that enables RBM. The intervention logic is, however in some examples, not clear and the different steps in the results chain are used inconsistently. To enable that changes in programme management are based on results it is crucial that the outcome level is always formulated to capture changes among the target groups and beneficiaries, and that terminology for the different steps in the intervention logic is used consistently. Likewise, the risk management and sustainability analysis tool is not used systematically to clearly link the risk that affects achievements of the objectives.

While costly, the outputs that have proven effective have a significant degree of sustainability (or potential of the same). The degree of sustainability is closely aligned with the degree of ownership. And evidently, where an approach has been relevant to the partners, the degree of sustainability is likewise higher.

NIR is, in many ways, a unique organisation with a strong network and experience from working with the private sector in complex markets, and is therefore difficult to replace if Sida wants to continue to work with business for development in fragile states through a Swedish non-state actor to ensure that there is Swedish capacity (outside Sida) in these areas.

The support remains relevant to Sida's policies globally as well as in the bulk of future country strategies. However, NIR's overall objective of securing the long-term interests of Swedish industry in complex markets is not consistently aligned with Sida's mandate. Consequently, NIR cannot be provided with core funding in the traditional sense. Funding will thus have to be earmarked to align with Sida's policy areas.

The support remains insufficiently utilised in terms of effectiveness and efficiency and NIR therefore performs considerably below the expectations that are expressed in the programme document. The relevance of the support will eventually depend on Sida expectations and the requirements of working with the private sector, as well as the context of implementation. If Sida wants to continue an approach, which is cross-country and can, in principle, draw on lessons from different regions, combined with a Swedish angle to private sector development, then NIR remains a relevant partner. However, if the focus is development-oriented in the given context, Sida should retain flexibility by allowing exploration of other opportunities as well and consideration of different modalities.

If Sida has the ambition to maintain a substantial Swedish non-state actor capacity for private sector engagement in complex and fragile markets, support should thus subject NIR's approach to substantial changes, which will ensure that outcomes will be met in an efficient manner.

The evaluation team suggests revisions to the cooperation based on the following recommendations.

Recommendations for NIR:

1. Strategic cooperation funding must come with clear strategic direction from a solid programme document and strategic plan.
2. The funding should be aligned with Sida policies and this link should be made clearer and more explicit in the programming and reporting, with less indirect assumptions and more transparent causality links.

3. NIR should continue documenting lessons learned and build future support more stringently on this while refraining from engaging in too many activities that have less ownership or are not likely to lead to programme implementation.
4. NIR should consider following the overall development agenda (including the Busan agreement and New Deal) and further enhance the degree of alignment and ownership of its interventions.
5. Activities must be focused to a limited number of countries where NIR may then provide a more thorough footprint and document results.
6. The management and implementation must be provided with a stronger focus on promoting efficiency by reducing management and overhead costs.
7. More specific attention should be given to ensure that the programme address cross-cutting issues and, in particular, gender equality and women's empowerment.

Recommendations for Sida:

8. Funding to NIR will have to be earmarked to align with Sida's policy areas as genuine strategic funding.
9. Strategic cooperation funding must come with clear strategic direction from a solid programme document and strategic plan.
10. The cooperation must be implemented in close dialogue with Sida with a focus on results-based management and efficiency.

1 Introduction

1.1 PURPOSE AND INTENDED USERS

Indevelop has been contracted to undertake an evaluation of the core support of Sida to the International Council of Swedish Industry (NIR) 2010-2012. The evaluation is implemented jointly by Tana Copenhagen and Indevelop. The assignment concerns the evaluation of the core support[1] by Sida to NIR for the period 2009-2012[2], and that the purpose of the evaluation is 'to evaluate how/if to continue with core support programme and to recommend changes for improvement (if relevant).' The flow of funds to NIR began in December 2009; thus the *de facto* evaluation will cover the period 2010-2012.

Based on the purposes outlined in the Terms of Reference (ToR), as well as the following discussion with Sida, the main focus of the evaluation is on:

1. The *relevance* of the core support to NIR to Swedish Government policies and strategies (these are assessed to include the overall Policy for Global Development, the Policy for Support to Civil Society in Developing Countries within Swedish International Development Cooperation – Pluralism including the strategy for support through Swedish civil society, The Policy for Economic Growth in Swedish Development Cooperation, Policy for Peace and Security in Development Cooperation, and the Strategy for Capacity Development and Collaboration).
2. The *effectiveness* of NIR's core programme and contributions towards meeting the expected objectives outlined in the Sida-NIR agreement from a core support programme perspective.
3. The *efficiency* in the NIR planning, implementation, monitoring and reporting processes and tools, in particular in relation to results monitoring, causality and aggregation as well as NIR's risk identification and mitigation. It was furthermore decided to look at cost-effectiveness.
4. The *sustainability* of the NIR core programme's outputs and outcomes.[3]

[1] Also labelled strategic cooperation in the programme document.

[2] The funding has been extended for 2013, which however is not part of the evaluation.

[3] Given the short implementation time and the ToR exempted the 'impact' criteria from the evaluation.

1.2 METHODOLOGY

The methodology is fully aligned with the OECD-DAC criteria and standards.[4] The methodology that has been applied is, first and foremost, based on a Theory of Change (ToC) approach.

1.2.1 Theory of Change

The team examined the ToC of the NIR support and assessed this against the evidence identified in the field. The ToC has been developed jointly with NIR and is presented in the following chapter. With emphasis on mapping outcomes across time in the period subject to evaluation, the team aimed to identify areas where there is convergence between the ToC and the evidence identified, as well as possible, intended and/or unintended side effects.

The ToC approach means that, for the overall programme as well as each individual country, a ToC was developed and discussed with NIR to ensure that there was a common understanding of what the perceived effects of NIR assistance would be. The team has worked to assess and validate the ToCs, including the expected causality of the support vis-à-vis the ToC. This approach was, first and foremost, focused on the individual interventions and then aggregated to the programmatic levels, and thus the potential and document impact on the context.

1.2.2 OECD-DAC criteria

The team has focused on four out of five OECD-DAC evaluation criteria based on discussions with the client: relevance, effectiveness, efficiency and sustainability.

Relevance has been evaluated at two levels: (1) the relevance of the NIR programme vis-à-vis Sida policies and thus the extent to which the NIR programme is sufficiently targeting Sida priority areas and supporting Sida approaches, and (2) the relevance to the local context and beneficiaries, with emphasis on need and involvement of partners in the NIR programme, and the extent to which the support is relevant to the context in terms of poverty alleviation and improving the lives of the people targeted directly and indirectly.

Effectiveness has been evaluated, first, at an individual level assessing the extent to which the individual outputs that have been produced have been used to generate outcomes which contribute to the programme objectives. Secondly, focus has been on

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[4] See OECD-DAC evaluation guidelines, conflict evaluation guidelines, as well as the Evaluation standards and criteria (second edition).

the contribution to the objectives at a more aggregate level. As the programme has progressed with some delay, a substantive number of outcomes are still to be generated. In these cases the team has documented outputs and commented on their potential for generating outcomes.

Efficiency has been assessed at two levels: (1) the efficiency of the NIR programme management tools and the extent to which this has improved results-based monitoring using Sida Results-Based Management (RBM) assessment tools, and (2) the cost-efficiency of the programme. The team's evaluative focus is primarily on cost-efficiency, as cost-effectiveness would assume that there was a substantial sample of outcomes that could be evaluated according to costs. Unfortunately, many outcomes are only emerging now and (hopefully) in the future, thereby undermining attempts to make a broad and evidence-based analysis of cost-effectiveness. Instead, the team's approach has been to evaluate a few individual cases of cost-effectiveness where possible, but otherwise place the evaluative focus on cost-efficiency. The latter has entailed benchmarking some of NIR's core financial indicators with those of other comparable non-government organisations that are benefitting from Sida's development assistance. For that purpose, the team sampled a number of Swedish NGOs where relevant information could substantiate the necessary indicators needed for benchmarking. These indicators have focused on management and overhead costs vis-à-vis allocations for activities and outputs, as well as the degree to which such overhead costs and investment have contributed to operational efficiency.

Sustainability has been assessed vis-à-vis the individual outcomes documented. The basis for the assessment has been that the output and outcomes must be effective for the team to meaningfully assess sustainability. However, as the degree of effectiveness is limited at this stage, the team has had to assess the probability of sustainability by focusing on the degree of institutionalisation and local ownership of outputs and outcomes. In other words, if the produced outputs have been adapted by the partners, targeted institutions, or beneficiaries and are taken forward, there is a higher probability of sustainability. Likewise, outcomes have been assessed against the extent to which they have caused permanent change or are, in their own capacity, sustainable.

1.2.3 Evaluation tools

The major evaluation tool designed for this evaluation is the evaluation matrix. The matrix is aligned with the OECD-DAC criteria, and the team has used the OECD-DAC definitions of relevance, effectiveness, efficiency and sustainability.

The evaluation team consisted of four members: a professional evaluator as Team Leader, a Private Sector Development Expert, a RBM Expert and a junior consultant. The evaluation was initiated with an inception phase, which included documents review, initial discussions and development of the evaluation methodology. The inception report was agreed on with NIR and Sida (see Annex 7), which outlined the evaluation plan.

Evidence was sought through two main data collection methods, namely documents review and interviews. A list of documents reviewed can be found in Annex 2, which includes relevant documentation from NIR and Sida policy papers. Another source consulted was web pages, which is also listed in Annex 2. Access to documentation from Sida was limited. Key informants interviewed include both stakeholders and non-stakeholders. The stakeholders include NIR staff and partners (in Zimbabwe and Palestine) and Sida staff, while non-stakeholders include donors, Sida staff and government officials.

The matrix is an internal evidence tool, which ensures that all responses are captured in accordance with the evaluation questions, and that these can be derived and aggregated for the report. All team members have used the same format for the data collection to ensure that all areas are covered and that there is consistency in the application of the methodology. The final matrix is presented in Annex 3. The matrix has served as a background tool for the evaluation team and will not be shared beyond the team to ensure the anonymity of interviewees.

Interviews were conducted using a semi-structured interview guide aligned with the questions of the evaluation matrix. This approach was aimed at ensuring that all questions are answered and, at the same time, leaving room to allow the respondent to go more in-depth with issues of particular importance.

1.2.4 Differentiating core funding from bilateral funding – what to evaluate?

The task, according to the ToR, was to evaluate the core programme support to NIR. However, while the team has been able to separate the activities funded under the core programme and the non-core activities respectively, the two types of support are closely linked. NIR has designed the core programme to assist the non-core country projects with systems and monitoring procedures and the provision of funding for additional activities aimed at improving the performance of the country projects. The country project activities (of which the bulk are non-core bilateral funding) again contribute to meeting the objectives of the core programme.

As the core programme is closely linked to the extensive list of non-core projects that are also funded by Sida, the evaluation has had to relate to these as well. The challenge has been to evaluate the core programme, without underestimating the synergies and mutual contribution of the core with the non-core programmes and thus capture the potential Strengths, Weaknesses, Opportunities, and Threats (SWOT) of what is by NIR seen as mutually supportive interventions (see also ToC description further below).

To meet the challenge of evaluating the core funding, taking into consideration the contribution of the non-core projects, the evaluation has related to the two different funding streams as described in table 1.1 below. The basic principle is that if the core programme has contributed to the non-core projects' implementation, the results of these non-core projects have – where feasible – been assessed against their contribution to the core programme.

There are two types of contribution of the core programme to the bilateral programmes:

1. Direct core contribution to a bilateral project, i.e. where 'core' funds have been used for specific additional project activities in an otherwise bilateral project. To assess this the team has used the two selected country programmes as case studies;
2. Indirect contribution, where the expected enhanced performance of NIR from the core funds contributes to enhanced performance across the board, including in the bilateral project country, e.g. through the improvement of management and monitoring systems primarily deployed at HQ level, but also with benefits expected to accrue to all NIR activities at the project intervention level. Again, the team has used two countries as cases.

As most of the bilateral activities are implemented irrespective of the core funding, the evaluation cannot *a priori* state that the core contribution has contributed to achieving the bilateral project objectives. And thus, this assumption has had to be tested. In other words, the extent to which the non-core activities contribute to the core programme (from a core programme evaluation perspective) depends on the extent to which the team has been able to find evidence for this assumption. The evaluation has tested these aspects, first and foremost, in the two case study countries.

Table 1.1 Core support evaluation and relation to bilateral funding

Evaluation criteria	Core programme	Non-core projects	Comment
Relevance	Relevance assessed in accordance with core funding-related strategy and policy of which the major is B4D (see chapter below for details)	When core funding is provided directly to implementing the non-core projects, the team will assess the extent to which the outputs and objectives are aligned with the core funding related Swedish strategy	As the core funding is provided to the central level of NIR as a core grant, all relevance assessments will relate to the Swedish policy(ies) and strategy(ies) under which the grant is provided. In addition, relevance will relate to the needs and priorities of partners and beneficiaries in the recipient countries
Effectiveness	The effectiveness will be assessed as the extent to which the core funding	The effectiveness contribution of the non-core projects to the core programme ob-	The link is based on the assumption that the non-core projects contribute to

Evaluation criteria	Core programme	Non-core projects	Comment
	achieves the programme objectives	jectives will be included in the effectiveness criteria where/if it can be established that the direct financial contribution of core funding has contributed to meeting the non-core project objectives	the NIR objectives (this will be assessed). The two country studies of the evaluation will form the basis for this assessment
Efficiency	Efficiency will be assessed for the full core programme in itself however taking into consideration the efficiency gains of the non-core projects	The contribution for increased efficiency of the non-core projects will be included in the efficiency criteria where/if it can be established that the core funding has contributed directly to enhanced efficiency of non-core projects	The link is based on the assumption that the non-core projects contribute to the NIR objectives (this will be assessed)
Sustainability	Sustainability will focus on the outputs that are expected to be sustainable as well as the sustainability of the outcomes of the core programme	Sustainability will be taken into consideration if the core programme has contributed to enhanced sustainability of the non-core projects	The link is based on the assumption that the non-core projects contribute to the NIR objectives (this will be assessed)

1.2.5 Selection of field sites

In accordance with the evaluation proposal, two countries were selected for case studies. These represent the NIR core support activities at country level in the evaluation. The following criteria were applied for the country selection:

1. The country must have received funding from the NIR core support programme;
2. Core programme activities should have taken place over a minimum of two years to enable the mapping of outputs and possible outcomes;
3. The two countries should, together, contribute to the two evaluated themes: peace and a Conducive Business Environment (CBE).

There are five major recipients of core support funding. These include Belarus, Colombia, Myanmar, Palestine, and Zimbabwe. A short screening is presented in table 1.2 below.

Table 1.2 Selection of countries for case studies

Country*	Assessment	Selection
Belarus	Limited to feasibility study phase	
Colombia	Meets all three criteria, though only core funding in late 2012	
Myanmar	Feasibility study completed and activity implementation initiated. This is a fully core funded programme	
Palestine	Meets all three criteria, though only one core programme activity (arbitration centre)	X
Zimbabwe	Meets all three criteria and is a model for similar NIR countries	X

** The selection of Zimbabwe relates to a conducive business environment objective, the selection of Palestine relates to the peace objective as well as CBE.*

1.3 LIMITATIONS

The evaluation has been made possible by the openness of NIR in sharing programme documentation. However, the team has also been challenged by a number of parameters in the evaluation, all of which have been addressed through the methodology outlined above. Major limitations of the evaluation have included:

1. The programme has a plethora of activities, planned outputs and geographical spread, which makes it challenging to extrapolate findings beyond the individual case that has been evaluated. The team has tried to adapt to this by describing all major outputs, but limiting the in-depth studies to the two countries that are targeted by the evaluation.
2. Delayed implementation of NIR's activities has resulted in a limited degree of effectiveness during the course of the evaluation. Consequently, the results are less evident at this stage, thus limiting the degree to which outcomes as well as sustainability can be assessed.
3. Efficiency and cost-effectiveness have been challenging to assess given the very broad categories of budgets and accounts that are used for planning and implementation by NIR. Consequently, the team has focused more extensively on the broader cost-efficiency opportunities.
4. Limited access to Sida minutes and decision-points on the NIR-Sida cooperation has limited the team's understanding of the decisions that were made throughout the course of the programme implementation.
5. Many of documents related to NIR's programming are subject to confidentiality, both in Sida's archives and within NIR. Although the evaluation team had full access to NIR's archives (with the exception of decision minutes from the NIR Board) it limited the evaluation in terms of obtaining explicit information and triangulation on certain issues.

2 NIR Programme and Theory of Change

The following outlines the background and theory of change of the NIR core programme, followed by analytical reflections of the implementation in practice.

2.1 BACKGROUND

The International Council of Swedish Industry is a non-profit organisation founded in 1960. NIR is an independent associate of the Confederation of Swedish Enterprise, which represents some 60,000 member companies.

The Confederation of Swedish Enterprise has commissioned NIR to represent the long-term interests of Swedish business, especially in countries that are characterised by political, economic and social complexities. NIR represents Swedish business in many different settings and facilitates links to stakeholders, knowledge and markets. Through securing and representing the interests of Swedish business, NIR aims at contributing, through the private sector, to economic development in complex markets.

Since 2009, Sida and NIR have cooperated strategically through a framework agreement for 2010-2012 using a core funding modality. However, the funding is not fully applicable as core funding, as it is provided for specific interventions areas and not the full operation of NIR (see box 2.1 for definition of core funding). The purpose of this cooperation is to contribute to Sida's development cooperation goals in valuable ways under its Business for Development Programme (B4D). Sida and NIR are cooperating in bilateral, regional and core support programmes, the latter of which is the focus of this evaluation.

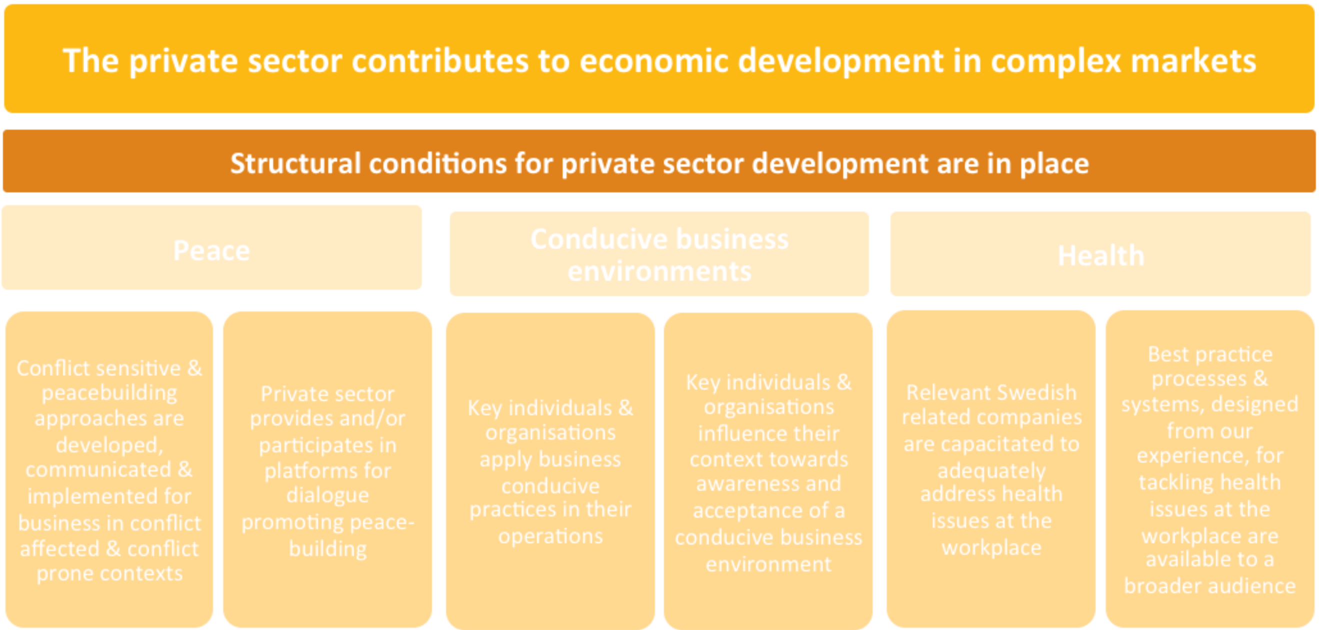
Box 2.1 Core funding definition based on OECD-DAC Paris Declaration on Aid Effectiveness

The term "core funding" has different meanings for different actors. For the purpose of this evaluation, the evaluation team uses the concept as used by OECD-DAC. Core funding thus has the following characteristics:

- An unconditional grant to the organisation against its strategy and overall work plan.
- The funding of the individual donor goes to the main account and cannot be separated from other funding sources.
- Auditing, procurement and reporting are global using the organisations systems and procedures.

The overall objective of the cooperation is aiming to support economic development in complex markets through the private sector (see fig. 2.1). As a prerequisite for this to take place is the promotion of adequate structural conditions.

Fig. 2.1 Overview of the NIR core programme



The programme's objective was initially focused on three areas and objectives:

1. Peace – the private sector contributes to establish essential conditions for building and preserving peace;
2. Conducive Business Environments –characterised by market economy, democratic values, transparency, effective institutions and the rule of law are in place;
3. Health – the private sector contributes to a comprehensive health approach through workplace-based interventions.

In the first half of 2012, it was decided, based on previous limited progress and the need to focus resources, to exclude the health-component (which is therefore not part of the evaluation).

In addition to the core programme, NIR receives Sida funding for projects in different countries. Separate bilateral funding agreements include Belarus, Colombia, Zimbabwe, Palestine, Democratic People's Republic of Korea and an HIV/AIDS workplace programme for Southern and Eastern Africa. The projects in each country differ according to local contexts and needs. What characterises the activities is that they involve links with many stakeholders in the business environment, from Business Member Organisations (BMOs) to workers unions and governmental institutions. NIR facilitates activities that aim at increasing awareness as well as building skills with a view to promoting dialogue and debate on peace and conflict-sensitive approaches as well as to promoting a conducive business environment.

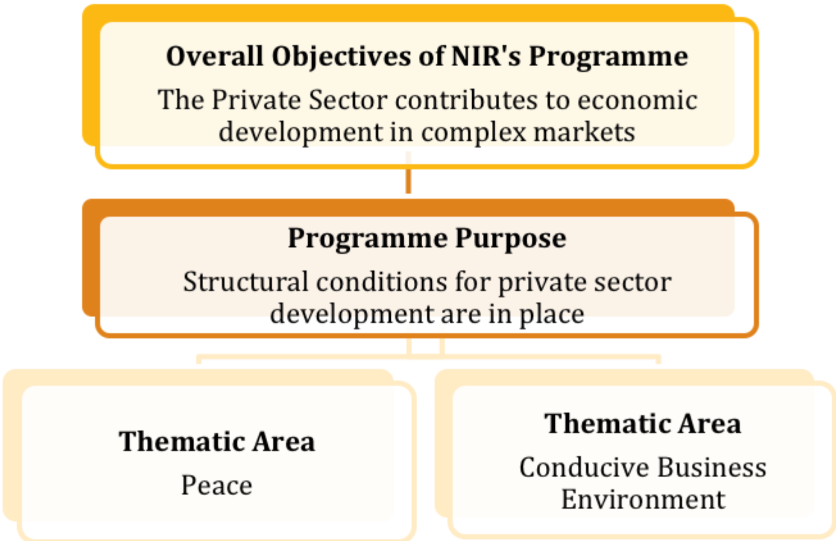
In its application and the implementation of the core support programme, NIR has focused on linking the core support programme with the country projects facilitating the implementation of these while the country projects contribute to the objectives of the core support programme.

2.2 THEORY OF CHANGE

The following outline of the theory of change of the NIR core support programme has been developed based on a ToC workshop with NIR during the inception phase of the evaluation.

The overall objectives of NIR's programme are linked to the notion that the private sector is an underutilised actor in development and that the private sector plays a role in influencing its environment. An essential part of this assumption lies in the understanding that if the structural conditions for the private sector are in place, they will contribute to economic development. Therefore NIR has set its programme purpose to focus on improving these structural conditions for private sector development. NIR sees its programme as linked to Sida's Business for Development strategy, which also aims at engaging the private sector to play a role in poverty alleviation. The overall objectives, programme purpose and thematic support are illustrated in figure 2.2 below.[5]

Figure 2.2 Overall level

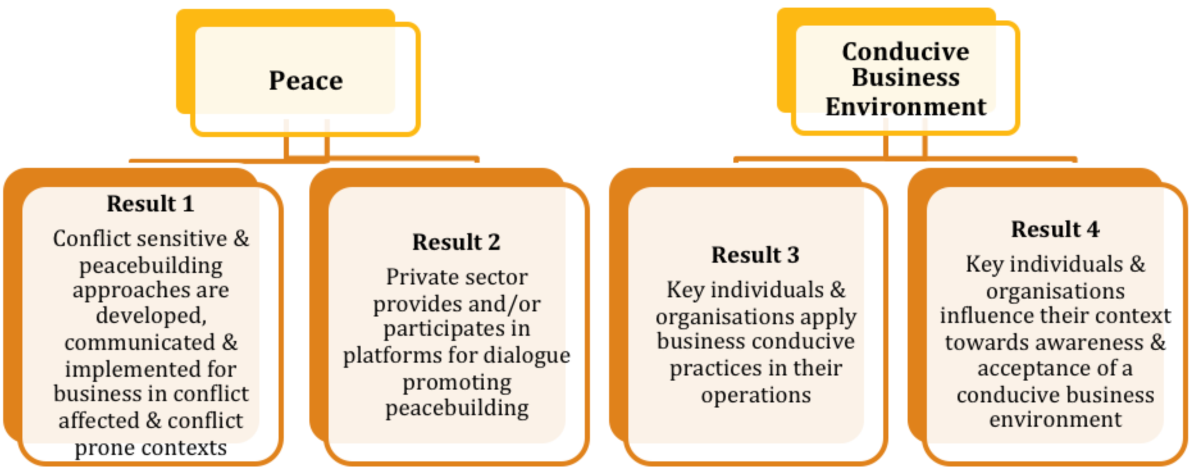


[5] Note that gender mainstreaming was not brought up as part of the ToC discussion.

NIR's programme, furthermore (relevant for this evaluation of core support), covers two thematic areas namely Peace and Conducive Business Environment. These two areas are specifically linked to NIR's perception of working in 'complex markets'. On the one hand, peace is regarded as a crucial area because it is a structural condition for being able to do business. Conflict-affected countries put severe constraints on economic life and often present a hostile environment for businesses. NIR looks at the private sector as an actor in minimising these often complex and multi-faceted conflicts, and attempts through dialogue, frameworks and platforms to improve this from the starting point of the business environment and its actors. Furthermore, NIR sees private sector growth as a necessary condition for peace, on the one hand, due to its crucial role in poverty reduction by being the key creator of wealth, jobs and economic development and, on the other hand, by investing in areas such as infrastructure and communications, as well being able to influence at the policy level improving labour laws, human rights, environmental protection and e.g. anti-corruption practices. Finally, the private sector can be a driving force in promoting reconciliation or mediation among different ethnic groups or communities and thereby contributing to peace. This leads to the following ToC evaluation question: are the inputs and activities facilitated by NIR sufficient in scope and relevance to be effective in contributing to minimising conflicts?

On the other hand, NIR's other thematic area is working with improving the structural conditions of the business environment itself. NIR works with the assumption that promoting a conducive business environment will mean promoting values such as a market economy, democracy, the rule of law, transparency, and effective institutions. This leads to the following ToC evaluation question: are the partners of NIR in the partner countries agents of change for a market economy, rule of law, and transparency?.

Figure 2.3 Thematic logic



Under each of the thematic areas, a set of predetermined results guide the programme work. According to NIR, Result 1 and 2 are closely linked. While one focuses on engaging the business actors themselves in changing their skills, attitudes and behaviour, Result 2 focuses on their role in influencing their environment by acting as neutral conveners for parties in conflict, and promoting peace-building by arranging or participating in relevant platforms where knowledge can be spread and new partnerships developed. This leads to the following ToC evaluation question: is there an interest and practice by NIR partners in applying conflict sensitive approaches and promoting these for other stakeholders in the recipient country?.

There is a sharper distinction, however, between Result 3 and 4. Result 3 mainly covers activities in markets that are characterised as 'less complex' and authoritarian, where the business member organisations can themselves act as policy advocates and lobby at the political level. Countries where this is the case would be e.g. Zimbabwe or Colombia. Result 4 is mainly related to contexts that are exceptionally difficult, where businesses cannot risk being engaged directly in advocating for change in policies (see also figure 2.3). NIR works with BMOs as entry points and catalysts for changing the environment indirectly. This is mainly done through awareness raising activities on basic structures and values of market economies. An example could be the work of NIR in North Korea. This leads to the following ToC evaluation question: are the partners of NIR in the partner countries agents of change for a conducive business environment which by NIR is defined to include a market economy, rule of law, and transparency?

2.3 CORE PROGRAMME IMPLEMENTATION IN PRACTICE

The initial discussions between NIR and Sida were focused on providing full-fledged core funding from Sida to NIR. This discussion was initiated in early 2009 and several drafts were exchanged with Sida during that year. However, the challenge of bringing together an extensive number of bilateral funding agreements and the central level support did not materialise (the full reason for this is not obvious to the team). The current programme document was eventually approved in December 2009. The document has not changed significantly over time and is thus designed for full core funding, but is *de facto* an add-on to existing activities. Consequently, NIR currently receives the reduced level of core funding (subject to this evaluation) combined with bilateral funding agreements with Sida in several countries. According to NIR, total core and bilateral funding amounts to an estimated SEK 99 million for the programme evaluation period; of these SEK 36 million are core funding.[6]

[6] According to an internal Sida document covering all NIR funding except Zimbabwe the total was SEK 112 million. However, the dates covered by the Sida document includes some funding to North Korea and Southern Africa in 2009 as well.

The core funding proposal has been funded in accordance with key activity areas (development and implementation of programmes; meeting places; research & evaluation; project management and administration). The designation of funding in accordance with outputs or geography was not determined at the outset of the programme but was developed as the programme progressed. Based on the actual implementation, the core funding has been allocated for:

1. Improving the NIR results-based management systems at central level
2. Providing additional funding for existing or new activities in countries that are receiving bilateral funding
3. Undertaking feasibility studies in potential partner countries
4. Engaging in core funded activities in countries, which have not previously received NIR funding
5. Global efforts, such as the peace-building handbook, and the seminars promoting the Zimbabwe National Business Agenda (NBA) lessons learned.

An overview of the core funding from a geographical perspective is presented in table 2.1 below.

Table 2.1 Geographical overview of core and bilateral funding 2010-2012

Activity	Feasibility studies	Activities in new countries	Activities in existing countries*
Core Funding	Cuba Democratic Republic of Congo Central Asia (missions and reports on Kazakhstan, Turkmenistan Uzbekistan) Libya South Africa Venezuela	Myanmar Venezuela	Palestine Zimbabwe
Bilateral Funding			Belarus Colombia Democratic People's Republic of Korea Palestine Zimbabwe

** From 2013 the Colombia bilateral programme will be fully funded by core funding*

3 Findings

Below we present the major findings of the evaluation. The findings are presented in accordance with the OECD-DAC evaluation criteria. Country detailed findings can be found in Annex 4 and 5.

3.1 RELEVANCE

How relevant is the NIR programme to the Swedish development objectives (as defined in Swedish policies)?
Is the NIR support relevant to the recipient country and partner context and needs?

There are a number of Swedish Government policies and strategies that are of importance when assessing NIR's relevance. Swedish development cooperation, as well as the strategy of the B4D support, are guided by the two central perspectives in the Swedish Policy for Global Development: the rights perspective and perspective of people living in poverty. Other policies that are related and relevant to assessing NIR are the Policy for Support to Civil Society in Developing Countries, the Policy for Capacity Development and Collaboration, the Policy for Economic Growth and the Policy for Peace and Security. All Swedish development cooperation needs to define its strategies within a gender perspective.

According to the NIR strategy the organisation aims to secure the long-term interest of Swedish businesses in complex markets and works closely with those large Swedish companies that operate internationally and have a long-term approach in their global interventions. By ensuring and establishing a presence in complex markets, NIR strives to facilitate networks and represent Swedish business collectively in official and unofficial settings in all targeted markets. NIR aims to benefit Swedish business with the representation and provision of relevant information on issues of importance for successful operations in complex markets. Consequently, NIR's direct objectives are not congruent with Sida's policies, which limit the ability of Sida to provide genuine core funding to NIR. Instead programmatic support must be aligned with Sida's policies. The findings from the field mission revealed that focusing on the bulk of NIR's work is in accordance with the Sida policies.

Swedish government policies define private sector organisations as part of civil society. The *Policy for support to civil society in developing countries – Pluralism*, also gives importance to CSOs creating conditions for economic growth, through trust building. One central aspect of the policy, also discussed later, is the fact that NIR is an implementing organisation, which is an issue that is inconsistent in relation to fulfilling the priority in the policy of contributing to local capacity development through partnership with a local BMO.

Strategic cooperation with Sida is also relevant in relation to the *Policy for Economic Growth.* The overall objective “Improved conditions for sustainable growth processes in poor developing countries,” including its three focus areas are relevant for the NIR support: i) strengthened conditions for poor people to take part in growth processes, ii) strengthened conditions for development of markets and entrepreneurship, and iii) strengthened capacity to adapt to change, threats and opportunities.

Finally, the strategic cooperation should in principle be relevant to Sida’s gender policy. However there has been no mainstreaming of gender in the documents and the approach can thus not be assessed as being relevant to this policy.

Since Swedish policies and strategies are interlinked, NIR generally relates its work to relevant Swedish policies. Given different contexts of the programme, NIR gives more emphasis to certain policies. In its strategy and programme documents NIR, for example, describes that its programme aims are directly related to the B4D Strategy, i.e. engaging the private sector to play a role in poverty alleviation. NIR believes that the private sector is an underutilised actor in development, since it plays an important role influencing its environment.

Working mostly in conflict countries, NIR relates its field of work to Sida’s Policy for Peace and Security. NIR works with the assumption that promotion of a conducive business environment means promoting private sector growth as a necessary condition for peace.

The large number of classified documents limits the transparency of NIR’s work and interventions. The classification is, however, incompatible with the use of public Swedish funding and the Sida policies of transparency. In the preparation and assessment for the strategic support to NIR, the importance of openness and transparency was emphasised. The requirement of openness and transparency was recommended to be non-negotiable. The issue and importance of transparency has, according to minutes from Sida-NIR meetings, only been discussed vis-à-vis the external web page.

In the last NIR Annual Report for the Strategic Cooperation with Sida the overall purpose and objective of NIR is confused with the one for cooperation with Sida. The Vision and Impact levels are formulated as: *NIR secures the long-term interest of Swedish Business in complex markets (Vision)* and *Support to Swedish business and contribution to sustainable and structural conditions for economic development in complex markets in a long-term perspective* (Impact). In other dialogue with Sida it is communicated that the Impact level is formulated as Contribution to *Sweden´s Policy for Global development (PGU)* while NIR’s vision is *Support to Swedish business and contribution to sustainable and structural conditions for economic development in complex markets in a long-term perspective.* NIR is thus, in their reporting, not fully consistent with the Swedish objectives, but is, rather, confusing these with NIR’s own objectives. There is thus a need for Sida to ensure that the funding that is provided is fully aligned with Swedish policies.

3.1.1 Relevance to the context

The relevance of the programmes to the beneficiaries was tested on the ground in Zimbabwe and Palestine.

In *Zimbabwe* there is evidently a strong need to promote a more conducive business environment: All main indicators place Zimbabwe close to the bottom in rankings of importance to doing business including the *Doing Business* indicators, World Economic Forum's *Global Competitiveness Reports*, Transparency International's *Corruption Perception Index* and various country risk assessments. Manufacturing output has been decimated, primarily in the lost decade from 2000 to 2010. Moreover democratic and economic freedoms were severely curtailed in this period, with only the agreement to form a government of national unity in 2009 being able to halt the catastrophic decline. At this aggregated level the focus on promoting a conducive business environment and democratisation, thus, seems highly relevant, but the severity of the crises also made the identification of appropriate entry points more challenging. Unsurprisingly, given NIR's mandate and core partners in Zimbabwe, it was somewhat easier to find (partly at least) relevant entry points into the area of promoting a more conducive business environment, whereas the issue of democratisation proved more difficult, and one could arguably question the relevance of NIR taking on the issue of democratisation in this context, with virtually no partner willingness to engage (at least among the partners with whom NIR cooperates). Tellingly, the democratisation objective has been omitted from the later annual reports. Nevertheless, the support to most of the BMOs in unifying them and strengthening a common voice was (and is) clearly relevant and was provided at a crucial point in Zimbabwe's economic history.

In *Palestine*, the support has been used to establish the Jerusalem Arbitration Centre (JAC). The establishment fills a gap in the seeking of a dispute settlement between Israeli and Palestinian companies. Currently, disputes are settled through the Israeli justice system, which, in particular, the Palestinian companies are uncomfortable with. At the same time the Israeli companies are not in a position to pursue settlements in Palestine using the Palestinian justice system. The Centre is thus being established in an area where there is an obvious need. The demand for the Centre (indicating relevance) is still to emerge as the Centre has just started operating. However, interviews with stakeholders in Palestine indicate that there is likely to be significant demand.

3.1.2 Relevance to beneficiaries

In the discussion on relevance to beneficiaries we first need to define who the beneficiaries are. According to the NIR application (chapter 4) the 'Primary Beneficiary' of the support are the children, men and women of the programme countries, while the 'Secondary Beneficiary' are '(t)he private sector, non-governmental economic actors such as employers organisations, trade unions, companies and related organisations operating in the programme countries'.

This beneficiary ranking and targeting is based on following analysis by NIR (final application p 27): *'Lack of economic development in a country negatively affects all children, men and women of that society. They become more vulnerable to starvation, diseases, child mortality, lack of education, abuse of human rights, violence, corruption and environmental pollution. This is also valid in societies characterised by conflict, lack of market economy and democracy or serious health issues and hampers the population's possibilities to ensure a livelihood. Economic development in a country can however empower the citizens to personal and social development by e.g. improving personal security and health, opportunities for income-generation and access to services.'*

The analysis is implicit and does not explicitly make the link to the programme intervention. However, the team assess that the analysis is based on the assumption that the NIR support will improve economic development, which again leads to the above assumption that economic development improves the lives of children, men and women.

The team's assessment from the field cannot confirm that children, women and men are the primary beneficiaries[7] of the NIR support.[8] In Zimbabwe, the primary beneficiaries of the NIR support are the BMOs and their members. If these are successful in changing policies, this *may* lead to improved business environment, which again *may* lead to economic growth, which *may* then lead to an improved situation for children, women and men; but this 'ToC' is premised on several implicit assumptions. Thus, in Palestine the immediate beneficiaries are the companies that are seeking arbitration through JAC. Only *if* arbitration contributes to job creation (assumption) and enhanced economic development and peace (assumption) may the support be beneficial to the 'primary beneficiaries'. It is the team's assessment that these assumptions are too uncertain to legitimise targeting children, men and women as the primary beneficiaries, particularly given the importance of the context and governance system of the given country of which the NIR interventions have only limited influence.

However, if we depart from the programme document and take the private sector as the primary beneficiary, then NIR's relevance can clearly be confirmed. In Zimbabwe as well as Palestine, Myanmar, Venezuela, and Belarus – the primary beneficiary is thus *de facto* the private sector. In the case of Zimbabwe and Palestine, the bulk of the activities have been identified together with the private sector partners and these confirm that they are relevant to their priorities.

[7] Legally, a primary beneficiary is the first in line to receive a benefit.

[8] No substantial reporting is made on improvement in the lives of women, men and children in the NIR reports.

The approach undertaken by NIR is aimed at enhancing the ownership of the interventions. And while no transfer of funds to partners has been practiced, the interviewed partners show a high degree of ownership to the main activities. The bulk of the activities (those activities that are effective)[9] are implemented while taking the need to generate a degree of ownership into consideration.

The initial chosen modality for supporting the BMOs in Zimbabwe, that of conventional 'capacity building' packages frontloaded with substantial training and TA, was described by the BMOs as less relevant to the private sector in Zimbabwe. Instead, suggestions were made to utilise the unique window of opportunity to influence government policy if the BMOs could provide effective and evidence-based advocacy and research as a core input into the policy formulation process. The BMOs clearly articulated this concern to NIR, which responded flexibly in changing its focus away from training, towards assistance in producing advocacy products that could seize the opportunity for improving the voice of the private sector. Similarly, in Zimbabwe the identification of research needs, drafting of ToR, selection of consultants, and managing the implementation of this is undertaken by the BMOs. In Palestine, International Chamber of Commerce (ICC) Palestine and ICC Israel have themselves identified their needs and implemented accordingly, based on invoiced reimbursements to NIR.[10] All this has increased relevance.

3.1.3 Working with the relevant partners?

The question of relevance is also about whether the programme has chosen the appropriate partners. This too was tested in the two field mission countries.

In *Zimbabwe*, NIR's support has been directed to the Business Council of Zimbabwe (BCZ) and four out of BCZ's nine constituent BMOs, representing what were (and are) arguably the most capable and powerful BMOs in Zimbabwe. The membership base of the BMOs comprises well-established companies in Zimbabwe that have survived the severe depression, either through strong resilience, agile business management or strong connections with the Government, or a combination of all three. It cannot *a priori* be assumed that the interest of these 'big business' are consistently aligned with the national objectives of poverty reduction, broad-based growth and economic development through e.g. increasing the tax base among companies. Moreover, the numerous micro and small enterprises in Zimbabwe are poorly represented

[9] Some activities, like the women's empowerment workshops and awareness raising in Zimbabwe were identified in Stockholm, and while relevant to the context are not documented as requested by the partners.

[10] All funding to the two ICCs have been based on reimbursables. The two ICCs have thus undertaken the spending up front, and then later been reimbursed by NIR.

in the BMOs and their interests are also not consistently aligned with those of the bigger businesses. Furthermore the partnership with the Chamber of Mines is problematic from a rights-based perspective, given some of the past challenges of adhering to human rights.[11] This is likely to reduce the relevance of NIR's focus on the few BMOs vis-à-vis the needs of the Zimbabwean nation and the poverty reducing objectives that both the Government and its international development partners (Sida included) ostensibly share.

Similarly, the NIR capacity development support on negotiation techniques to the Chamber of Mines assisted in averting a planned royalty and fee hike. While the evaluation team is technically unable to ascertain the optimal mining tax regime in Zimbabwe (i.e. the balance between optimal tax revenues while simultaneously providing adequate incentives for further investments in the sector), it can again not be *a priori* assumed that the interest of the mining companies (e.g. lower fees and royalties) are aligned with those of the Zimbabwean nation and its development partners. In such situations the relevance of NIR support, vis-à-vis the overall objectives, can be undermined. Moreover, from a developmental and poverty reduction perspective (which allegedly is core to Sida), it would seem that NIR's engagement with the Chamber of Mines should have focused more on addressing the severely compromised transparency and accountability in the sector, rather than lowering the sector's contribution to the Zimbabwean society.[12] More appropriate entry points for working with the sector would be the Zimbabwe Mining Revenue Transparency initiative that seeks to halt the losses of mining revenues, that is estimated to be up to USD 2 billion over the past three years.[13] In the 2013 state budget, health services, an allocated USD 0.4 billion, are conditional upon optimistic revenue inflow projections.

In *Palestine* NIR is cooperating with ICC Palestine and ICC Israel for the establishment of the JAC. Since these two organisations are the legal founders of the JAC, these are, by default, also the appropriate partners. The right choice of partners in Palestine is a consequence of the long-term partnership that NIR has with the private

[11] An example is the mining sector where many artisanal miners have been violently and lethally removed from mining sites to make way for Chamber of Mines' members, resulting in the death of over 200 miners. See Partnership Africa Canada: Reap what you sow: Greed and Corruption in Zimbabwe's Marange Diamond Fields' November 2012. Partnership Africa Canada is an active member of the Kimberley Process and its working groups. As a consequence of this, other private sector development organisations have decided refrain from engaging with the Chamber of Mines.

[12] However, even before engagement with the Chamber, it could be argued that a thorough analysis of the political feasibility of promoting such issues should be done. It is not clear that there is commitment among the Chamber, the government and the members of the Chamber (many of whom are government-own mining companies) to meaningfully engage in such an exercise. This is also a core reason why other development partner has hitherto refrained from endearment.

[13] IMF has also recommended that the government commits to and fast-tracks this initiative. See IMF: Staff consultations, September 2012.

sector in Palestine as well as Israel through the Palestine International Business Forum (PIBF), which NIR initiated in 2005.

PIBF has served as a platform for dialogue and, thus, as a generator for the initial discussions leading the establishment of the JAC. Through its long-term engagement in Palestine and the building of partnerships NIR has thus, via PIBF, positioned itself to align its activities with the identified needs.

3.2 EFFECTIVENESS

Are the NIR programme activities and outputs effectively contributing to the expected specific and overall outcomes outlined in the Sida-NIR agreement 2009-2012?

In the following section effectiveness will be assessed of the different types of interventions supported, narrowly looking at the effectiveness of these. Where there is an overlap between core and bilateral funding, we reflect on the extent to which the core funding has contributed to the effectiveness of the bilateral programmes. Finally, the different work streams will be jointly assessed with an emphasis on their ability to contribute to and confirm the NIR core funding ToC.

3.2.1 Core programme

Following a slow start for implementation (disbursement rates were 65% and 39% respectively for the two thematic areas in 2010), the core funding programme accelerated its implementation in 2011 and 2012. It is difficult from the reporting to get a full overview of the scope and follow-up activities of NIR. However, based on the progress reports and interviews with NIR, we have identified four primary categories of activities that have been implemented 2010-2012:

1. Internal capacity development of NIR through the PAM and NIR Outcome Assessment (NOA) system
   development and implementation
2. Central level and cross-country activities aimed at informing bilateral interventions
3. Feasibility studies and activities in new programme countries
4. Strategic and other types of support to existing bilateral programmes.

3.2.2 Internal capacity

NIR has undertaken extensive activities related to the internal capacity development resulting in the development of the PAM and NOA M&E framework (see efficiency below), which has a more results-oriented setup. The activities have been undertaken and the roll-out (piloted in Zimbabwe the last years) is being finalised in 2013. The utility of the intervention is presented in the Efficiency chapter below. From an effectiveness perspective, the fruits of the efforts are still to be harvested as they have not been fully implemented yet.

3.2.3 Cross-country initiatives

The core funding has contributed to initiatives that are of use across countries. Three major events stand out: (1) the Colombia-Palestine lessons learned workshop, (2) the Zimbabwe NBA lessons learned conference, and (3) the production, distribution and conferences related to the launch of the 'Private Sector Actors & Peace-building' booklet.

These cross-country activities are novel to NIR and a consequence of the flexibility provided by the core funding setup. As such the core funding allows for cross-country fertilisation and the exchange of experience. The actual implementation of the activities has varied and two of them were delayed to the extent that it was not feasible to assess their effectiveness.

The Colombia-Palestine lessons learned discussions were initiated in 2011. However, as the Palestinian side has (a) been preoccupied with the revisions of the PIBF setup, and (b) in the first two years failed to see the relevance of the Colombian experience for the Palestinian context; progress in terms of contribution to effectiveness can only be assessed 2013 onwards.

The NBA lessons learned workshop was planned in the evaluation period, but the actual initiation was only implemented in 2013, which falls outside of the evaluation period. Nonetheless, the team found that the Palestinians who participated in the workshop were now encouraged to reengage in an NBA process locally (the Palestinian partners had, through their own initiative, engaged in a similar process in 2008).

The booklet on the private sector and peacebuilding does provide new evidence-based confirmation on the role of the private sector in a fragile context, and provides an approach of how to go about peacebuilding amid conflict. It underscores that the approach is important to ensure, at a minimum, 'doing no harm', and highlights how the private sector can play a key role, in particular, in relation to political reform through government-private sector dialogue (as in the case of Zimbabwe – see below). The booklet was launched at a NIR seminar with 100 private sector participants and the message of the report thus distributed widely (output). According to NIR, the study 'has been used by other organisations and actors. For example, a need was identified among companies to organise a company forum on their impact and capability to better contribute to peacebuilding in the markets where they operate'[14] (outcome). Furthermore, NIR underscores how the work has resulted in NIR improving its network

[14] NIR Strategic Cooperation Annual Report 2011, p11

of experts, organisations as well as different private sector actors in the field and, as a consequence, strengthening its internal capacity (internal outcome). The team has not been in a position to confirm if any companies have made use of the findings, however similar approaches of developing booklets or guidelines are seldom applied by the recipients unless these are included in the development of these and assisted in their implementation. NIR engaged in distributing these findings further through its leadership in complex markets initiative launched in 2012. It is thus too early to assess the actual effectiveness, which will depend on the degree of ownership that NIR is able to generate with the beneficiaries.

3.2.4 Effectiveness of feasibility studies and projects in new countries

NIR has undertaken a substantial number of feasibility studies and research related activities in 'new countries' (some implemented, some planned and postponed), i.e. countries where NIR did not have Sida-funded activities prior to the core programme initiation.

NIR has undertaken pre-implementation studies in nine countries (five of which are under a Central Asia heading). In three of these NIR has engaged in project implementation activities: Belarus, Myanmar and Venezuela (see table 3.1 below for an overview).

*Table 3.1 Overview of feasibility studies and related and the output or outcome**

Country	Activity	Year	Tentative NIR conclusion/result
Kazakhstan, Uzbekistan, Turkmenistan	Pre-studies, studies and tours	2010 2011 2012	Confirmed long-term potential for Swedish industries but market not in accordance with NIR requirements and identified as too costly to continue engagement
Belarus	Feasibility study followed by implementation activities	2010 2011 2012	Capacity development and awareness raising of the private sector vis-à-vis a conducive business environment (bilaterally funded programme)
Cuba	Desk study and initial study (followed by NIR financed feasibility mission)	2010 2011	Planned implementation, but Sida advised NIR not to engage
DRC	Desk study and field missions	2010 2011 2012	Travel report 31/8/2011 p 1 'the needs and priorities of Swedish companies with interest in the DRC have been identified. At the outcome level, a relationship between NIR and the key stakeholders (Swedish companies, international organisations, government Minis-

Country	Activity	Year	Tentative NIR conclusion/result
			tries national Labour Unions and Employers Unions as well as national NGOs in the DRC), has been initiated.' No longer term project related activities initiated under core programme
Myanmar	Feasibility study and follow-up activities	2012	Capacity development activities for Myanmar private sector to improve business environment
South Africa	Feasibility study and sustainability project	2011 2012	Vocational training and BEE related support. Aim of project was 'NIR is established as the actor that looks after the interest of Swedish business in complex markets'. Project on hold after discussion with Sida
Venezuela	Pre-study and follow-up exploratory missions	2010 2011 2012	Main purpose is to explore possibilities for 'Swedish technology training centre' and collective CSR-projects

** Note that the output/outcome is based on NIR reports and documents only and not triangulated information*

The decision to engage in a country is taken by the NIR Board and is based on recommendations that are derived, in part, from the NIR complexity market index.[15] To date, the level of the actual implementation of activities (beyond initial studies and networking engagements) has been limited. In the three countries of implementation, following core funded feasibility studies, activities are still at the initial implementation stages (baseline and first workshops and trainings in Venezuela; proposals, studies and research in Belarus; and planning activities in Myanmar). Except for NIR reportedly influencing on the Belarus taxation system (which has however not been triangulated by the team), the activities are at such an early stage that it is not feasible

[15] NIR's Steering Committee has the final decision on which countries to engage in. The minutes clarifying the rationale for these decisions are classified and have not been made available to the evaluation team. The mission of NIR and the programme has thus solely been described based on available information from NIR. The objective of the strategic funding is thus what is given in the programme document. Having said that there are in some reports interchangeable referencing to supporting Swedish business and improving the general business environment in the targeted countries. The two cannot necessarily be assumed *a priori* to be congruent. So while NIR may not necessarily always work in favour of the Sida agenda with traditional core funding, it can evidently do so with earmarked strategic funding

to assess the extent to which these will effectively contribute to the core programme objectives.[16]

Overall, the use of extensive feasibility studies is likely to have provided thorough input to NIR on where to engage (though the final decisions remain hidden from the evaluation team). However, the process has also entailed undertaking extensive studies in countries, which were later discarded, thus limiting the utility of these resources. In the three implementing countries the thorough groundwork has laid the foundation for further activities; however the feasibility process is time-consuming to the extent that the activities are not yet at a stage where they contribute effectively to the programme objectives, and are thus not effective within the programme timeframe. The extent to which they contribute effectively on a longer-term perspective, and confirm the theory of change, will need to be assessed after implementation.

3.2.5 Strategic cooperation and bilateral programmes: Zimbabwe

Zimbabwe has received bilateral as well as core funding (8% of the budget) for mutually supportive activities. The programme is aimed at providing economic recovery and promoting democratic processes. NIR has based its theory of change on the assumption that a unified business sector, when combined with evidence-based research, may influence policy if an appropriate platform is developed for these activities. The BMOs that were interviewed confirmed this assumption when it comes to economic recovery. All interviewees pointed to how NIR had been instrumental in furthering the process of unifying the larger BMOs in Zimbabwe. The BMOs highlighted how a fragmented business sector had, in the past, been used by the Government to play the different BMOs against each other. This was less feasible with the creation of the Business Council of Zimbabwe and the following work of NIR unifying the four largest BMOs.

The most important element of the NIR work in Zimbabwe, according to interviewed BMOs, was the development of the National Business Agenda.[17] To ensure broad-based representation and ownership of the NBA, NIR and the four NIR-supported BMOs lifted the NBA development to the BCZ level. Based on the NBA the four NIR BMOs have, or are in the process of, implementing the research that has been funded by NIR. The studies that have already been completed (energy, PPP, and policy coherence) are, according to the BMOs, being used in the dialogue with the Gov-

[16] Feasibility studies to Tunesia and the later follow-up studies in Cuba have been undertaken by NIR using NIR's own funding.

[17] The NBA process initiation was discussed and agreed at the identification workshop with the BMOs at the programme initiation. Note that the evaluation found that none of the non-BMO stakeholders were aware of the NBA exercise, which has thus primarily been used as an internal document.

ernment. The BMOs confirmed the process of the NBA and the advocacy and policy dialogue has enabled them to engage with a unified voice with the Government. They were of the opinion that the process would enable policy changes and thus meet the NIR objective of improving the business environment. However, so far, most of the recommendations have been limited to dialogue. The Government is not in a position to immediately point to the policy impact of BMOs nor are outside stakeholders; however the NBA process is still being implemented and will still provide policy guidance, and possible future policy changes, to the BMOs.

To further enable the partners to engage in the policy dialogues, NIR has provided training for dialogue and negotiations. According to the Chamber of Mines of Zimbabwe, the training has enabled them to engage in negotiations with the Government and has prevented a further hike in mineral fees and royalties and thus prevented a reduction in the mining sector's business competitiveness.[18] Arguably, predictability, reduction of corruption, violence and transparency are likely to be far more important for improving competitiveness of the sector vis-à-vis other countries offering mining opportunities. This, however, remains to be addressed

The team has discussed the business sector role in democratic and other political processes with all relevant stakeholders and, while sensitive, there is an interest in discussing these issues. However, it is also evident from all the interviews that no major outputs (and eventually no outcomes) that are directly related to promoting a democratic Zimbabwe can be identified from the NIR support. An exception, it can be argued, is the labour market dialogue platform. NIR engaged in a process of exposing the labour market parties to the Swedish labour market model and facilitated increased dialogue between the labour unions and the employers. The parties are appreciative of what they have learned; however the dialogue has been terminated and there is little interest from either side to reengage. The team assesses that the limited progress on this front stems from a lack of genuine interest of the parties, combined with overly high ambitions on the side of NIR when compared with the activities that have been undertaken. The labour market issues in Zimbabwe are complicated by the political links and regime changes across the last decades. Engaging in labour market dialogue in the long haul is therefore expected to require long-term capacity development, research and confidence-building activities. In other words, it is an approach which is multi-year, with resources that are allocated to the BMOs, as well as to the labour unions, to prepare them for the dialogue. The theory of change, explained by NIR, is that an improved business environment in Zimbabwe will lead to improved democratisation. The team has, however, been challenged in confirming this assumption in the field. Hardly any of the respondents endorsed this understanding.

[18] This finding has been fully triangulated by Government and external stakeholders.

Good levels of effectiveness have, however, been documented by the evaluation team in Zimbabwe. The successful implementation of the NBA, the follow-up activities and the initial policy dialogue (outcome met) confirm that the programme has made some (if limited) contribution to an improved business environment (outcome partly met) in selected sectors (but not at an aggregate level). The team thus assess that the theory of change of the Zimbabwe programme related to a conducive business environment has been partly confirmed, with possible full confirmation over the next years if this results in substantial future policy changes. The programme has been less effective in its efforts in bringing the labour market parties together to improve the business environment (outcome not met). Similarly, NIR has not been in a position to effectively contribute to enhanced democracy in Zimbabwe (outcome not met). This is, in part, a consequence of the lack of commitment and ability from the business sector to engage in this process.

3.2.6 Strategic cooperation and bilateral programmes: Palestine

The private sector in Palestine (and Israel) is a long-term partner of NIR, which was cemented with the establishment of the Palestine International Business Forum, which is a joint Swedish-Palestinian-Israeli partnership that was originally registered as a Swedish NGO (it now operates as a programme under NIR with local partnerships in Israel and Palestine). The PIBF has served as a platform for trade promotion and dialogue between the three parties since 2005.

One of the obstacles for Israeli-Palestinian trade has been a lack of access to neutral arbitration opportunities (disputes have till now been governed by the justice system); consequently, the three parties to PIBF discussed the idea of establishing a joint Israeli-Palestinian arbitration centre. NIR thus engaged in supporting the establishment of the Jerusalem Arbitration Centre, first through PIBF and then later by directly using core funding.

The JAC has been two and a half years in the making to agree on the legal foundation and identifying and training arbitrators to work for the Centre. It was finally launched in March of 2013 and will be formally endorsed by the International Chamber of Commerce umbrella organisation in Paris during November 2013.

According to ICC Palestine and ICC Israel, NIR and PIBF have been instrumental in supporting the establishment of the Centre. Using the bilateral funding through PIBF, NIR provided the dialogue platform for nurturing the JAC idea. However, due to political complications and the questioning of PIBF operations by the Palestinian Authority in 2010, and based on recommendations from a 2010 evaluation, PIBF paused operations and restructured the organisation (over a period of two years). PIBF went from being a membership-based organisation to a becoming a network of organisations. In the meantime NIR decided to use core funding to assist the establishment of the JAC instead.

In terms of effectiveness, NIR has provided the platform (output) for the idea of the JAC to emerge and be initiated (outcome) under the leadership of ICC Palestine (established as part of the JAC process) and ICC Israel. NIR has furthermore supported the development of the JAC business plan (output) using bilateral funding and legal framework and training (output) using core funding. These have been instrumental in creating the JAC (outcome). However, the centre is not yet being utilised and the extent to which it will be used in the future (outcome) and improve the business environment (impact) is still to be assessed.

3.2.7 Gender and cross-cutting issues

NIR states in their programme application that *'environmental sustainability and gender sensitivity are issues of priority in operations.'* However, except from a sentence in the 2011 annual report, there are no references to gender or environmental progress and activities in the reporting. In the field studies gender was represented by the planned gender workshop in Zimbabwe (implemented 2013); however there have been no efforts to mainstream gender or women's empowerment into the programming.

In terms of gender the programme, in principle, offers opportunities to engage more systematically in discussing gender as e.g. part of the NBA process in Zimbabwe or vis-à-vis the staffing and availability of female arbitrators in Palestine. Similarly, reflections on female-headed companies and possible gender-related barriers to trade, and vis-à-vis the business environment, could be further pursued. However, these opportunities are still to be explored.

In terms of environment, NIR cannot be said to engage in activities which are likely to have a direct environmental impact. However partners of NIR, such as the Chamber of Mines in Zimbabwe, operate with a high environmental risk, and NIR could further investigate opportunities to support this (and other) BMO to undertake environmentally friendly productions.

The rights perspective shall, according to the Policy for Global Development (PGD), be mainstreamed in all Swedish development cooperation. The Rights-Based Approach (RBA) is about empowering people to know and claim their rights and increasing the ability and accountability of individuals and institutions who are responsible for respecting, protecting and fulfilling rights. This has been one of the dialogue questions with Sida and progress has been reported accordingly. NIR is in the process of developing methodologies to use a rights-based approach. In the current programming, however, RBA is not used.

3.2.8 Core contribution to bilateral programmes

The core funding to Zimbabwe has contributed at two levels: (1) by in principle improving the systems and procedures for implementing the programme through enhanced results-based management and outcome assessment, and (2) by providing direct funding for specific activities.

The impact of improved systems and procedures is difficult to assess, as it was only (partially) rolled out in 2012 and the utility of the information that was generated in the system could not be confirmed by the local NIR management nor the Embassies of Sweden. It is, however, expected to prove useful for the programme management in Stockholm to keep track of progress, which may again provide better guidance from Stockholm. It may also become more relevant at the country level at a later stage.

The provided funding is additional to already planned and funded activities under the bilateral programme, while the funding for women's role in the business sector is a new activity that has been added on to the existing programme. It is not possible to distinguish the extent to which the funding has enhanced the effectiveness of the existing Zimbabwe programme; however in light of the fact that there is under-spending on the bilateral programme and that the funding provided by the core funding is also limited (and underspent), there is limited indication that the core funding has enhanced the effectiveness of the bilateral programme.

In Palestine the core funding enabled a continuation of funding to JAC in a situation where the legitimacy of PIBF was questioned in Palestine and funding approval from Sida for the bilateral programme was delayed until the programme was restructured. In this sense the core funding enabled swift and flexible support when the bilateral funding was temporarily stopped. However it also shows how Sida, on the one hand, terminates funding through NIR in the bilateral programme while, on the other hand, it provides funding for the continuation of activities using core funding. This cannot be in the interest of Sida. It is not evident from the programme document that this gap-filling process was the intention of the core funding when it was approved by Sida.

The Palestine core funding is not yet subject to the PAM RBM system, which can therefore not be assessed vis-à-vis the core funding contribution.

Overall, the effectiveness of the core funding on the bilateral programmes depends on the strategic direction guiding actual funding and need in the country of implementation. For Palestine, as well as Zimbabwe, the use of the funding was more of a case of gap-filling due to the lack of flexibility in the bilateral funding than a planned strategic intervention. The effectiveness of which is higher in Palestine given the local level demand than in Zimbabwe, where the support addresses issues which are in less demand by local partners. In short, the advantages and disadvantages of using core funding to stimulate existing bilateral funding can be summarised in accordance with the SWOT analysis below (table 3.2).

Table 3.2 Strengths, Weaknesses, Opportunities and Threats of using core funding for improving bilateral programme effectiveness in the current NIR setup

Strengths	Weaknesses
- The high level of flexibility of the core funding means that it can be	- The limited donor control means that funding may be diverted to

applied immediately and thus have a higher degree of immediate relevance and possible impact - Core funding can (temporarily) be used without having to go through a time-consuming decision-making process enabling swift responses to emerging challenges	internal management issues rather than applied to the beneficiaries - Limited oversight of the effectiveness of the use of core funding in this setup
Opportunities	**Threats**
- If applied strategically, core funding can become more targeted with a high probability of effectiveness	- Risk of diluting effectiveness of intervention if not applied with more long-term strategic planning - Effectiveness will be low if there is limited local demand of the funded activities

3.2.9 Theory of change, strategic direction and effectiveness

In accordance with the ToC, the private sector is assumed to play an active role in improving the economy and fostering conflict mitigation and peace. In this chapter we have assessed the individual interventions to see the extent to which they are effective in contributing to the programme on an individual basis (see summary table 3.3 below for an overview). However, the question is if these can confirm and contribute to the ToC at an aggregated level. While the programme is very diverse and provides very different kinds of activities across the countries of implementation, some common approaches have been applied and provided the expected outputs. Most emblematic is NIR's work towards establishing what Nir calls 'platforms for dialogue'. This has been achieved at the national level through e.g. the NBA process in Zimbabwe or the JAC in Palestine. In most cases this has also involved Swedish industries, thus enabling a tripartite discussion. The second common denominator is the intention to document and share lessons that have been learned across the different countries through joint learning events, seminars, trainings and global publications of lessons learned.

The output level only provides confirmation of the initial part of the ToC (i.e. that actors are willing to engage in activities aimed at promoting the objectives of the NIR programme). The real change should be reflected in how the outputs transform the situation and thus contribute to improving the business environment, reducing conflict and fostering peace. Given the initial slow implementation rate of NIR, further implementation is needed to fully make this assessment possible. However, there is already emerging evidence, which provides an overview of how the programme does or will contribute to the theory of change:

1) Interviews in the field and in Stockholm confirm that the private sector plays (or can play) a key role in contributing to a conducive business environment; this is evident in multiple stakeholder confirmation of the importance of the role of the private sector in this respect.

2) The outputs produced and the outcomes documented in the field (if limited) indicate that there is some scope for the NIR support to confirm the ToC related to a conducive business environment. This is particularly the case in Zimbabwe and Palestine (there are similar indications in Colombia, though this falls outside the scope of this evaluation), even if the effectiveness and outcomes are meagre at this stage.
3) The results when it comes to promoting peace are, however, less evident. In the case of Palestine the JAC process is evidently promoting a degree of trust between the two sides, which is an indirect contributor to peace at a lower level; but the team cannot confirm that this will have conflict mitigating consequences beyond the JAC stakeholders – partly as a consequence of the fact that the JAC only became operational early 2013. Progress in this field has thus far been limited to providing platforms for dialogue. The extent to which these will be used to reduce conflict is still to be assessed (in the case of Zimbabwe, the reluctance of the private sector to engage in conflict mitigation activities is substantial, to the extent that their role towards this objective is assessed as marginal).

When we work to map outcomes across the different programmes, achievements do stand out – such as uniting the business sector in Zimbabwe or contributing to establishing the JAC in Palestine. However, the slow initial implementation also means that a substantial number of planned outcomes are not yet apparent. So far there is thus a limited degree of effectiveness in the period of evaluation. An overview of the effectiveness of the core programme is presented in table 3.3 below.

Table 3.3 Overview of effectiveness of Sida 'core funding' to NIR 2010-2012

Activity	**Output**	**Outcome**	**Contribution to theory of change**
Capacity development of NIR (PAM and NOA)	PAM and NOA	Improved programme management and monitoring	N/A
Colombia-Palestine lessons learned	Bilateral meetings an with exchange of experience	Palestinian interest only developing now. Too early to assess effectiveness	Too early to assess
NBA lessons learned process with other NIR countries	Workshop held 2013	Too early to assess	Too early to assess
Private sector and peace booklet	Booklet published and distributed through workshops	Distributed to relevant stakeholders with relevant information. Utility difficult to assess but distribution approach with limited ownership	Studies confirm NIR theory of change of private sector contribution to peacebuilding
Feasibility studies	Feasibility	No engagement (argu-	Lack of implementation

Activity	Output	Outcome	Contribution to theory of change
with no follow-up activities	studies and/or travel reports	ably outcome can be seen as inefficient)	and indication that the NIR support could not underpin ToC in these countries
Feasibility studies leading to project implementation	Feasibility studies and/or travel reports as well as follow-up activities	Initial engagements in several countries. However, too early to assess genuine outcome	Feasibility studies confirm ToC in principle. Progress still too limited to confirm in practice
Core contribution to Zimbabwe programme	Different workshops and studies	Outcome of core funding limited or too early to assess	NBA process confirms PS contribution to conducive business environment. Contribution to democratic development not confirmed
Core contribution to Palestine programme	JAC establishment	Closer ties and trust between private sector in Israel and Palestine. Possible future outcome will be case settlements	JAC process confirms principle of enhance mutual trust between parties and thus potential indirect contribution to peace. Future outcome may result in fewer disputes improving business environment and mutual trust

The plethora of different types of interventions and the mixed degrees of effectiveness is, in part, a consequence of the limited strategic direction of the programme. At the same time the results are thus very limited for the core funding in the evaluated programme period (see table 3.3 below). The strategic cooperation (core funding) programme document approved by Sida in December 2009 provides very limited direction to NIR on how the funding will be utilised in a strategic manner to be effective in meeting the programme objectives. Being aware of the limitations of the core programme document, NIR requested an inception phase to develop this strategy which was, however, declined. Consequently, NIR has engaged in a more *ad hoc* approach to prioritising the use of core funding. In practice, the individual programme managers and directors identify the possible utility of the core funding in the area of responsibility and provide suggestions for support, which are then endorsed by the management team. The support must fall within the core strategies of ‘develop, implement, and support programmes’ or ‘create and support networks and meeting places’, however little guidance beyond this is provided. The result can be seen as a globally inconsistent use of the funding, and although it may seem strategic in the short term for the individual programme, it does not provide aggregated results (clearly identified based on strategy) for the overall programme.

Table 3.3 Documented results of core funding in the period of evaluation (activities with probability of results, but no final evidence of results have not been included)

Activity	Results
Capacity development of NIR (PAM and NOA)	PAM and NOA leading to Improved programme management and monitoring at NIR
Private sector and peace booklet	Booklet published and distributed through workshops and possibly used
Feasibility studies leading to project implementation	Feasibility studies and/or travel reports as well as follow-up activities leading to project implementation
Core contribution to Palestine programme	Establishment of JAC

3.3 EFFICIENCY

Is the NIR planning, implementation, monitoring and reporting system and processes contributing to efficient delivery of NIR's programmes and designed to the specific needs of the programme?
Does the NIR planning, implementation, monitoring and reporting processes live up to Sida requirements for results-based management?
Does NIR reporting and monitoring provide a basis for assessing value for money, unit cost and general economic efficiency?

3.3.1 Background on NIR's Management system

In December 2009 the Agreement for the NIR Core Support Programme was signed. Among the main dialogue issues that were identified in Sida's assessment memo was a need for NIR to further develop the Logical Framework Approach (*LFA)-analysis and results-based management.* NIR decided in 2010 to adopt results-based management as its primary management system and has, during the programme period, developed tools for RBM of the planning, monitoring and evaluation processes of the programme. The decision to develop the current systems for monitoring the programmes was taken after a thorough internal process where all staff were invited to contribute to setting priorities.[19] Simultaneously, a restructuring of NIR's manage-

[19] Reflektioner; Reflektionerna baserade på gruppövningen i samband med "pilot Zimbabwe"-presentationen den 22 februari 2011 and: Preferenser för utformning av planering, rapportering och styrningssystem Målgruppsanalys – NIR 2011 - Norcon

ment structure was made with the purpose of creating a more results-oriented organisation.

During 2011 and onwards, NIR developed tools for an increased results focus and for improving the planning and monitoring of the contributions. The tools include the NIR planning and monitoring tool (PAM), the NIR Outcome Assessment tool and a handbook for Project Management *Managing and Reporting for Results at NIR*. The purposes of the handbook include providing guidance to the NIR managers through the project cycle and helping to design a results-based system for the projects.

PAM was rolled out in 2012 and should, according to NIR assist programme managers, plan and monitor operational progress and results, and help to better assess risks and develop mitigation strategies. NIR presents NOA as an outcome assessment tool that should foster evidence-based analyses with qualitative indicators that should have a bearing on NIR's objectives and strategies. The overall purpose of NOA, according to NIR, is to have a tool that assists the organisation to change strategies and improve prospects to reach programme objectives.

3.3.2 Assessment of NIR's PME-system

The main evaluation questions may be broken down to: a) *have the systems for planning, monitoring and reporting contributed to improved results-based management and better informed decisions by management based on results;* b) *are the systems designed in a way that captures the complex contexts and processes in which NIR is working? and* c) *has there been a shift in focus from measures and actions to results analyses as a basis for planning and decision-making?*

Since the start of the programme, Sida and NIR have simultaneously developed and clarified their perspectives and definitions of RBM. Both Sida's and NIR's terminology is based on the terminology from OECD-DAC.[20]

Sida does not have mandatory templates for partners. The partner may submit proposals and reports in any format that the partner finds suitable and can hence present objectives in a narrative text, e.g. in a logical framework matrix or in any other manner it finds suitable. Sida assesses the effects that the agreement partner wants to achieve in the short- or medium-term, the likelihood that the results can be achieved, and how this will be monitored. The Sida requirements for RBM include the assess-

[20] Throughout the evaluation, NIR's terminology has been be used. In line with Sida's decision on focusing the results analysis at outcome level and the bridging outcome level and how this contributes to the outcome level, the main analysis of NIR's system has been on analysing the Medium-term outcome level, and how the short-term objectives contribute to this level.

ment of the agreement partners *intervention logic and theory of change*, the *system for performance monitoring*, the *systems for identifying, assessing and managing risks* and ultimately if and how the PME-system contributes to *learning and adjustments of the programme including overarching system level issues*. The NIR PME system has consequently been assessed against these aspects of results-based management.

NIR has elaborated thorough tools and handbooks for NIR staff conformity throughout the project cycle: planning, implementation, reporting and evaluation. Tools and instruction during the planning phase include situation-, stakeholder analysis and problem identification and analysis to ensure that the project is in line with NIR's long-term interests and objectives. NIR has set up comprehensive instructions for developing the results chain and intervention logic including the Planning, Administration and Monitoring system, the NOA (Outcome assessment), the risk management plan to ensure the uniformity of all programmes. The instruction is set up to ensure that all activities and outputs are steered by (contributing to) the outcome level. To determine if the projects are moving according to plan, a clear instruction on how to formulate relevant output indicators has been included in the handbook.

The *Handbook for Project Management*, with its annexes, is comprehensive, covers all RBM methodology and is presented in a user-friendly way. The different methods, tools and steps are explained and contribute to uniformity in the project and programme cycle, thus enabling all staff to use the same tools and methods for planning, monitoring and reporting.

The interviews revealed that the organisation has a good and increased understanding of RBM – learning has increased, enabling a better-informed analysis about results at HQ. NIR staff expressed that they are more familiar with PAM than NOA.

The operations are guided by clear objectives and the RBM-system is set up in a way that enables more focused programming that is guided by a joint framework for all levels of the organisation. NIR staff at HQ level expressed that the system, also in practice, has improved the uniformity of all processes. The system is hence not as sensitive to staff turn-over or other institutional changes as before.

The actual use of the reporting is less clear. The reports that have been analysed in the bilateral programmes and the strategic cooperation with Sida are, so far, seldom outcome focused. In the Strategic Support, NIR has so far presented, as defined in the agreement, a yearly report focusing on deviations from plan. In the report activities and outputs are presented in a systematic way. There is, however, no analytical discussion in relation to set outcomes. The Embassy of Sweden in Zimbabwe has not reported improvement in programme reporting during the last three years.

In the core support reporting of NIR there is limited reflection on the relations to bilateral funding and results emanating from these (though the bulk of the reported activities are core funded e.g. results in Colombia are also reported in the 2011 annual report in spite of the fact that no core funding has been provided to Colombia until mid-2012). Simultaneously in the bilateral reporting – core funded activities are reported.

The majority of the assessed reports are output oriented, as the agreement only requires reports that present deviations from original plans. The focus on outputs is probably also a direct consequence of the output-focused PAM. The tool that shall enable NIR to make performance monitoring at outcome level is still in its pilot phase.

The Zimbabwe mission revealed that a higher degree of rigour is required to provide a more genuine picture of progress (see table 3.4). NIR operates in a challenging context and e.g. difficulties in undertaking activities and producing outputs related to democratic processes are legitimate and should be reported accordingly rather than being subdued or omitted in the reports.

Table 3.4 Examples and assessment of NIR reporting on different outputs and outcomes taken from the 2011/12 annual progress report of the Zimbabwe programme

Results reported from annual report 2011/12	Findings from the field mission	Team assessment
'Finalisation and launch of NBA', 'Infrastructure and PPP analysis' (p 13)	Outputs confirmed implemented	Correct reporting
'Donor coordination' (p 14)	Some donors/programmes have visited NIR and in one case a donor have implemented a NBA activity (study on indigenisation funded by GiZ). None of the partners, however, regarded NIR as playing a critical role in donor coordination	Donor coordination is usually undertaken between bilateral and multilateral donors and it is difficult for NIR to undertake this activity without some sort of formal endorsement. It is positive that NIR stands available for coordination purposes but cannot be said to have achieved donor coordination as an output
NIR report contribution to BMOs lobbying for changes to seven different policy and regulatory changes (p 20 and 21)	The team asked all BMOs to explain their policy impact during the last three years related to the NBA and NIR funded activities. The BMOs confirmed the impact vis-à-vis the electricity board and tariffs, as well as the prevention of a hike in mining royalties and fees. None of the BMOs referred to other policy changes reported in the NIR	The team cannot fully discard BMOs' involvement in the policy changes, however no evidence was found during the field mission to substantiate this. BMOs are by stakeholders classified as 'weak' and 'lack capacity to engage policy dialogue' and thus the results expected are limited. The reporting should reflect this reality

	annual report. Similarly no other interviewee could point to any other policy influencing by the BMOs	
'At the same time, one key challenge remains; many of the economic blue prints are still not being implemented by the government' (p 21), 'when they (BMOs) do engage with government on sector issues…they are more successful than when engaging under the flag of BCZ' (p 22)	All non-Government interviewed stakeholders confirmed these assessments	Correct reporting which relate to the actual challenges faced by the programme on the ground

Interviews revealed that the process for improving the systems for RBM has been a long and expensive process that has taken "longer than expected". An internal NIR-survey conducted in 2012[21] demonstrated that there still are challenges in implementing a new PME-system. NIR staff expressed, for example, that they are less content than the year before regarding the structures for monitoring and reporting (36% in 2012 compared to 27% in 2011.)

The system and its instructions will require considerable maintenance; the running costs to ensure updated tools and instructions must also be taken into account. An issue is hence if the tools and instructions are proportional in relation to the size and needs of the organisation. Another issue relates to the continued funding of the system and if NIR will have sufficient institutional funds to continue invest and improve it.

3.3.3 Intervention Logic and Theory of Change

NIR's intervention logics are formulated for the programme countries using the same format in the PAM. With the roll out of PAM, the LFA-matrices at the country level have been substituted for the PAM – RBM system.

In most countries where NIR operates the organisation has the intervention logic in place and it is possible to follow them and how the outputs contribute to set short-

[21] Planering, rapportering & Styrningssystem 2012 - Målgruppsanalys & uppföljningsfrekvens av NIR:s program (inhämtning för MPO-resultat 8)

and medium-term outcomes. It is, however, difficult to get an overview of the link between the objectives/intervention logics and the performance indicators at output and short- and medium-term outcome levels, possibly as a consequence of the format.

There are, however, examples when the intervention logic is not clear and the different steps in the results chain are used inconsistently. For example in Colombia the outcome level is formulated as the expected change in behaviour among beneficiaries or target groups: *Programme stakeholders and beneficiaries contribute actively to sustainable peace-building initiatives in the contexts in which they operate.*

There are also examples where the Short-term outcomes rather are formulated as outputs or activities:

- *Increased awareness and knowledge among policy makers about macro economic policies in a market economy (DPRK)*
- *Increased knowledge about CSR (DPRK)*
- *BMO's members trained on policy advocacy strategies and communication tools (Zimbabwe)*
- *Platforms for dialogue with key stakeholders (Zimbabwe)*

There are also examples when there are loops in the intervention logic and where outputs rather are formulated as outcomes like *Energy policy implemented by Government* (Zimbabwe). Consequently, there is a need for more stringent and rigorous reporting against results with clearly defined outcomes (rather than outputs).

3.3.4 The system for performance monitoring

NIR has, with the elaboration of PAM and NOA, laid the foundation for the performance monitoring of their programmes. PAM and NOA are complementing monitoring tools where PAM focuses on the output level and corresponding output indicators and NOA according to the handbook "…will give well-calculated estimations of your projects aggregated progress towards stated objectives on outcome level".

PAM is a project management tool that enables NIR to link outcome levels to outputs and corresponding activities, including financial follow up. PAM focuses on the input/activity/output level of the results chain; and, consequently, primarily on the attribution on output level and corresponding indicators.

Indicators shall assess if an intervention has attained its objective or is about to and should therefore be linked to a specific planned result. The identification of relevant indicators, baselines and targets in the NIR systems is done in a participatory process that ensures ownership. The NIR programme staff is always simultaneously identifying plausible Means of Verifications (MoV) – a weakness in many PME-systems – which means that the indicators and MoV at output level are assessed to be relevant. Staff at HQ and in the field have expressed that the use and implementation of PAM is time consuming.

According to the PAM handbook, NIR has opted for a flexible methodological approach due to the complex contexts in which NIR operates. Managing for results in the complex contexts in which NIR operates is challenging in many ways due to a lack of, or unreliable, data, difficulties in monitoring including weak partner capacity. It hence generally requires more resources to monitor and manage for results in conflict settings.

The handbook further states that the NOA is structured on mechanisms that draw together data of perception and/or rigorous assessments concerning progress for individual NIR programmes. This in turn has a bearing on overarching strategies and objectivities in NIR's Master Plan of Operations (MPO). It is concluded that the performance information collected through the NOA will enable advice on strategic priorities and allow for the promotion of good policy.

The chosen methodology for NOA – perception-based surveys – is assessed to be relevant when there are a sufficient number and percentage of respondents, as in North Korea. In other cases the surveys are rather limited in scope; e.g. Zimbabwe where the NOA results are calculated as percentages based only on 7-8 respondents – leading to weak evidence[22]. In that case there is consequently not enough evidence-based information and the NOA does not seem to produce enough results information to enable learning and necessary alterations in the programme.

NIR explains in the last annual report to Sida that the focus of results measuring will lay on a selected number of programmes. NOA has, during the pilot phase, been rolled out on a one result per country basis. See table 3.5 below.

Table 3.5 Result per country overview

Result 1: Conflict-sensitivity and peacebuilding approaches	Colombia peace
Result 2: Private sector promoting peacebuilding	PIBF
Result 3. Key actors apply business conducive practices	SWEZIM-PSC
Result 4 : Key actors influence their business environment	DPRK
Result 5: Companies address health issues	SWHAP
Result 6: Intervene efficiently in relevant markets	-
Result 7: Deliver according to stakeholder expectations	-
Result 8: Knowledge about its operations and creating benefits to stakeholders	NIR programme
Result 9: Operate and communicate efficiently	NIR stakeholders

There is obviously a risk when elaborating systems such as PAM that staff has an undue reliance on the system – and surveys. There is a risk of too much and excessive focus on the system rather on institutional learning and management for results.

[22] Annual Report Zimbabwe 2012

3.3.5 Risk analysis

Risk is a matter of (future) uncertainty and is defined as an uncertain event or set of circumstances that, should it occur, will have an effect on the achievement of objectives. A risk analysis is made through a systematic review of risk factors that are identified in the current situation.

The programme management at NIR are expected to develop a risk management plan and mitigation strategy and make the risk assessment at two different levels: at activity/output and outcome level. In the Zimbabwe PAM the risk assessment tools are used as intended. At the overall management level the same risk is, for example, identified for both Zimbabwe and Colombia, i.e. changes in the political context that could negatively impact the implementation of activities.

3.3.6 Sida-NIR dialogue on the results-based management system.

The evaluation team has, apart from a few comments in minutes, not been able to find any monitoring or analysis from Sida regarding the NIR RBM-system. The only reference derives from the annual meeting in May 2011 when NIR presented the new system and the *mainstreaming of all its operations in accordance to the RBM-approach*. NIR emphasised the importance of Sida having knowledge about and accepting the way of working. Sida responded that *there was much interest for the RBM-work of NIR.* At the meeting in November 2011 nothing was mentioned regarding the RBM system, only that the annual reports from early years were good and that no change was needed.

3.3.7 Reporting on results, ambitions, and transparency

While NIR can show results in several areas, there is a tendency for the reporting to be ‘over optimistic’.

To test the reporting accuracy, the team assessed the reporting from the Zimbabwe programme (see Annex D) and found a mix of appropriate reporting against results (NBA process outputs). However, there was also substantial reporting on results which cannot be attributed to the NIR support (policy outcomes and donor coordination), thus giving the impression of the NIR programme activities having had a greater effect than what can be documented.

This tendency to ‘over report’ provides an incorrect picture of NIR’s achievements, and fails to properly illustrate the challenges and considerations that NIR has had in the programme period and the rationale for any possible altering of activities.

The reporting issues are further challenged by the fact that many documents in the bilateral programmes are subject to different levels of confidentiality, limiting the degree of transparency of the NIR programme vis-à-vis the general population, which runs counter to Sida’s policies on transparency. The team has not encountered examples of similar levels of restricted transparency with any other development programme.

3.3.8 NIR's reporting and monitoring as a basis for assessing value for money, unit cost and general economic efficiency

The key global reporting platform of NIR is the annual reporting on the NIR's strategic cooperation with Sida. These reports (2010 and 2011, with only figures from 2012 being available) do not discuss efficiency explicitly but both contains the statement that '[b]y supporting the strengthening of NIRs organisational structure and capacity, Sida is contributing to ensure maximum efficiency and achievements of results in NIR's interventions'. However, there is neither analysis nor evidence in the report that demonstrates how the substantial support to capacity development has or will translate into improved performance in the concrete interventions (e.g. comparing unit cost across interventions to demand better value for money in the high-cost cases). Hence the statement thus primarily reflects NIR's ambition rather than a conclusion on the evidence presented.

Moreover, the financial statements contained in the annual reports generally do not allow for assessing value for money, efficiency and unit costs, as the budget lines are too aggregated and generic to allow for such analysis (e.g. a budget line reads 'Develop, implement and support programmes'). The underlying calculations upon which the financial reporting is based is only marginally more informative, with some budget lines being disaggregated according the country, but with very limited information on the costs of specific activities and with virtually no information on unit costs. Thus, while in full formal conformity with the reporting requirements, the information readily available to Sida and other external stakeholders does not allow for an easy assessment of value for money or even the identification of the concrete activities that have been financed. However, the recently introduced PAM system *does* contain more efficiency relevant data for the concrete interventions in the partner countries. Here (and here only) there are budget costs for the concrete activities and the number of direct benefit beneficiaries is also frequently, but not consistently, reported. While there are issues of individual activities perhaps being on the high side of comparable unit cost levels, the activities generally seem to display a reasonable level of efficiency and value for money.[23] Thus NIR applies restrictive competitive bidding for consultancy services of 100,000 and also have reasonable ceilings (USD 125/day) on some local consultancy activities. Moreover, steering committee meetings, at only SEK 2,000, also appear to indicate reasonable value for money, whereas

[23] The team analysed the efficiency, unit costs and value for money for the Zimbabwean programme. Generally the efficiency of the conferences, workshops and trainings were reasonable compared to local levels and considering the audience (politicians, business leaders and senior civil servants). However the indicative cost of the locally produced studies may be on the high side (e.g. a budget for SEK 70,000 for a study on energy tariffs).

programme management cost are somewhat on the high side with the local coordinator's remuneration set at SEK 460,000 annually.[24]

Another specific activity type that is mainly funded under the Sida core funding is the feasibility and pre-feasibility studies and missions to prospective partner countries. In total, 9 countries have been subjected to such feasibility and pre-studies. Of these 9, NIR has decided to establish engagement in only 3 countries and progress over the evaluation period has been limited (see section on effectiveness). It would appear that the relatively high percentage of studies and missions that did not translate into engagements could be considered problematic from an efficiency point of view, as the cost associated can be considerable (e.g. desk-studies, field trips, consultancies etc.). Improved efficiency could possibly be obtained from more in-house analysis prior to fielding missions and engaging other stakeholders, thus improving the 'engagement success rate'. This may also entail earlier engagement with Sida if the envisaged future programmatic work is contingent upon funding therefrom. This is to prevent substantial investment in feasibility studies and missions that may prove futile if Sida is not able to fund the subsequently proposed programme.

The budgets presented in both the application for core funding as well as the three subsequent annual budgets do contain very aggregated information on management, administration and other overhead costs (e.g. office costs) vis-à-vis allocation for programme implementation and development. On average, one third of NIR's budget allocations are devoted to management, administration and other overhead costs. In addition, the bilateral programmes also contribute significantly to HQ overhead costs, with e.g. the Zimbabwean SWEZIM programme funding the HQ Sweden-based programme manager as well as 20% of the programme director's cost (currently the CEO of NIR, obviously also Sweden-based).[25] Similarly in PIBF where programme management costs constitute 54% of the total budget. [26] HQ management costs are typically the single largest item in the budgets related to the core funding programmes.[27]

[24] Again these examples are all from the Zimbabwean programme.

[25] The budget line for programme management of the Zimbabwe project was initially set at SEK 6.7 million constituting the 50% of the original budget (i.e. excluding subsequent additional core funding). This seems rather high and does exceed what is found in several other CSO projects aimed at advocacy and capacity development. Moreover due to, at times considerable, under-disbursement on activities actual spending on programme management amounts to 57% of total expenditures during the three project years

[26] This is again following NIR's own budget nomenclature, but obviously, some management costs are activity related. NIR asserts that the costs of its staff and offices are not management costs (budgets accounted by the consultancy team measured 48% of total cost. Later reports dated 11 June 2013 shows a rate of 43%), yet it still classified these as management costs in the NIR budget. Consistent with NIR budget categorisation and that of most other NGOs that have been used for comparison, the evaluation team has also categorised NIR office and staffing costs as management costs. It is not possible to disaggregate management costs into activity related and non-activity related costs.

[27] In the Colombian project on support to peace, programme management and administration amounted

Combined it does call into question if the current division of allocation between management and concrete activities is promoting efficiency and value for money.

There is room to adopt a more comprehensive focus on all budget outturns. Currently, the substantial funding for internal capacity development of NIR and for programme management of concrete programmes have, in the short term at least, reduced overall efficiency from a value for money perspective. Most other CSOs operating under the framework conditions of Sida do not use such a substantial share of the Sida funding for programme management and internal capacity development, but are generally advised to stay below 20% for such purposes, even though some exceed that amount. The evaluation team has been unable to identify any other Swedish development NGO with higher overhead levels.[28] While the concrete interventions have not seen any substantial efficiency gains from these efforts, they may materialise in the future. For efficiency gains to materialise, NIR will consequently have to substantially reduce allocations for internal capacity development and programme management.

3.4 SUSTAINABILITY

Are the NIR programme outputs and outcomes sustainable and/or have a high probability of being sustainable in the medium- to long-term?

Sustainability will first and foremost be assessed against the different clusters of outputs of the core programme:

1) Internal capacity development of NIR through the PAM and NOA system development and implementation
2) Central level and cross-country activities aimed at informing bilateral interventions

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to 40% of all budgeted funds.

[28] Depending on the funding modality Sida allows a maximum of 20% in administrative costs and overhead (10% under some modalities). In a sample of 10 NGO project the programme management costs ranged from 10 to 47%. See e.g. Henrik Alffram, Pontus Modéer and Camillia Fawzi El Solh, Organisational Assessments of Civil Society Organisations: Assessment Report/ Team Kvinna till Kvinna / Reference number 2011-0001308, February 2013. Sida 2012. Assessment memo: Support to Kvinna till Kvinna (KtK) programme in Bosnia and Herzegovina 2012–2014 ; and Embassy of Sweden. 2012. Assessment memo: Kvinna till Kvinna's Serbian programme . Nilsson, A., Anger, J., Newkirk, J. 2010. Evaluation of support to the civil society in the Western Balkans . Stockholm: Indevelop-IPM. Kvinna till Kvinna. 2010. Sidanasökan Liberia Budget 2011-2013; Kvinna till Kvinna. 2010. Sidansökan Gaza & West Bank Budget 2011 – 2013. Henrik Alffram, Pontus Modéer, Camillia Fawzi El-Solh, Afrikagrupperna: Organisational Assessment, December 2012. Henrik Alffram, Pontus Modéer, Camillia Fawzi El-Solh, Organisational Assessment of Civil Society Organisations in view of possible qualification as Sida's framework or strategic partner organisation: Hand in Hand, Reference number 2011-0001308, March 2013. Martin Schmidt and Henrik Alffram, Evaluation of Olof Palme International Centre, Sida-review 2011:23, Martin Schmidt and Henrik Alffram, Evaluation of Olof Palme International Centre, Sida-review 2011:23. Erik Bryld, Henrik Alffram and Kim Sedara, Evaluation of Forum Syd and Diakonia's Democracy and Human Rights programmes in Cambodia, Final report 12 Sept 2012.

3) Feasibility studies and activities in new programme countries
4) Strategic support to existing bilateral programmes

Finally, we will discuss the general sustainability of the NIR core funding approach.

3.4.1 Sustainability of internal capacity development

The sustainability of the PAM and NOA capacity development is to a large extent dependent on: (1) the utility of the tools for the institution and staff, and (2) the ownership and willingness to continue using the application in the future. In other words, if the systems are used and institutionalised the probability of sustainability will be high.

The investment in system development in NIR has contributed to increased internal learning of RBM and tools for monitoring but, as discussed above, the focus is, to a large extent, on output level monitoring and reporting. In the field the utility of the field staff and ownership to the system was mixed. However, interviewees stressed the importance of the system for informing 'Stockholm' on progress in the field and there is thus an acknowledgement of the need to use the system in the future as well. However full institutionalisation and, thus, long-term sustainable use is still to be evidenced.

3.4.2 Sustainability of cross-cutting activities

It is premature to assess the sustainability of the bulk of the cross-cutting activities as these are only being implemented in late 2012 or in 2013. However, the initial Palestine-Colombia lessons learned activities initially proved unsustainable as the Palestinian side at first failed to see the utility of the activities. This understanding does, however, seem to have changed and there is now a renewed interest in re-engagement.

The sustainability of the use of the peacebuilding booklet will depend on the extent to which the companies invited for the launch will utilise the booklet. This will need tracer studies to be established.

3.4.3 Sustainability of feasibility studies and new programme initiatives

A remaining factor that influences the sustainability seems to be the vast number of activities that are spread across countries with only limited input in each. These include the feasibility studies with no implementation outcome (it can be argued that they increase sustainability as they prevent NIR from engaging in areas that are not sustainable. However, there is no indication of this and the team has not had access to the rationale for the final decision of not engaging on any specific country, which includes Swedish business industries potential, so this cannot be verified), as well as minor activities in some countries and some add-ons in Zimbabwe. A common denominator is the relatively limited financial input on activities, which tends to be less demand based. This indicates that the NIR programme is spread too thin without sufficient anchoring in all countries of implementation.

3.4.4 Sustainability of the Zimbabwe programme

In *Zimbabwe* the sustainability is intimately linked to the degree to which the BMOs will have the capacity, willingness and clout to continue with meaningful and impacting engagements with the government. That in turn is contingent on a number of factors, many of which are outside of the direct influence of the NIR programme. First of all the BMOs (and by implication also the BCZ) are only as strong as their members and given that the economy is still in an extremely precarious situation, businesses are still struggling to survive. Economic revival is largely conditional upon improved political stability, which the forthcoming elections hope to usher in. Secondly, BMOs and BCZ will also have increased sustainability if they can dialogue and influence government, thus proving its value as a common voice of the business sector. As seen in the effectiveness section (and in the country report), BCZ and the BMOs support have only seen limited traction in this area, with the mining industry being the only example of direct impact on government policies. However this may change in the future and thus also improve sustainability prospects.

As concerns the specific interventions and their modalities, NIR has generally promoted sustainability through having strong partner (i.e. BMO and BCZ) ownership in the identification, formulation and implementation of the various activities letting the BMOs/BCZ themselves draft ToR, recruit consultants and present the results. However NIR has not transferred funding through the local partners, nor has it focussed on strengthening downward accountability (e.g. membership management and nursing) which, if left unaddressed could undermine sustainability. Other partners (e.g. Danish Industry and forthcoming EU support) may address some of these challenges. In sum, NIR has undertaken commendable efforts to promote sustainability, but the macro-economic and political context will be the ultimate determinants.

3.4.5 Sustainability of the Palestine core funding

The core funding to Palestine has been provided for one major outcome: the establishment of the JAC. The sustainability of the support will depend on three parameters: (1) the degree of ownership of the intervention by the partners. This was fully confirmed by the interviews and the partners are ready to take the JAC forward without further technical support from NIR (or PIBF), (2) the initial financial sustainability of the JAC. The JAC is currently without funding of its running costs for the first two years, which makes it unsustainable in the short run. There are however options for funding (from among others, Norway), and NIR could consider providing bridging funding in the next phase of PIBF, which was launched this February. And (3) the long-term utility of the JAC, i.e. the question of whether the private sector in Palestine and Israel will make use of (and pay for) the JAC in the future. The partners interviewed were positive regarding this latter point, which seems plausible with the current vacuum of arbitration opportunities.

3.4.6 Overall considerations of sustainability vis-à-vis the NIR approach

NIR has progressed in its modus operandi over the core funding period, which impacts the degree of sustainability of outputs and outcomes produced with the core funding. Critical to these is a still increasing understanding of the need to emphasise partnership and ownership when dealing with partner institutions in the countries of operation. Three good examples from the field stand out:

1) The ability of NIR to change the capacity development approach in Zimbabwe upon request from partners. Initially, NIR had planned for undertaking advocacy training of partners however, upon request by the partners, a more action-oriented research approach was provided to inform advocacy instead. NIR's positive response to the request has resulted in the partners having a high degree of ownership to the studies and interest in using these for policy influence.
2) The willingness of NIR to listen to partners in Palestine on a more flexible approach when there was a need for additional flexibility and time to ensure that a proper foundation was laid for the JAC. Consequently, ICC Palestine feels ownership for the activities, which were based on genuine demand.
3) The move from NIR Stockholm controlled financial management of PIBF in the newest phase to allocating funds to the implementing PIBF partner on the ground has, according to interviewees, improved the contextual understanding of the programme prioritisation as well as the response time to emerging challenges.

Emphasis on ownership is not new to NIR, which is extensively involving partners in identifying lessons learned from the past year and developing workplans for the coming year. This is also the case in the 'new' countries where emphasis has been on ensuring that the partners on the ground identify their needs and jointly agree on the implementation process.

There are, however, also instances where a more top-down approach where the ideas of NIR have resulted in less ownership among the partners. This includes e.g. the gender-related activities in Zimbabwe or the first rounds of the Colombia-Palestine lessons learned initiative.

4 Evaluative Conclusions

NIR has a long track record of working with the private sector to create an improved business environment. For the core programme, subject to this evaluation, improved business environment and peacebuilding have been the key expected long-term outcomes of the NIR support. These are ambitious goals in light of the limited financial inputs in the NIR beneficiary countries, which are furthermore difficult to measure within the relatively short time-frame of the programme (three years). The challenge is further compounded by the very ambitious programme theory of change and its *a priori* assumptions of the importance of the private sector in fostering peace and promoting economic growth and poverty reduction.

From a methodological perspective, measuring macro-level change outcomes of the NIR core funded programme is challenged by the broad and varied scope of activities and the extent to which the bilateral programmes and the core programme are intertwined. Having said that, outputs and the utility of these for fostering change can be identified, thus the outcomes (or the expected outcomes), can in most cases also be identified, thereby underscoring the evaluability of the programme.

The evaluation has found that the approach applied by NIR is – in most cases – relevant to the context. This was particularly evident in the two field mission countries where the main activities had been identified by and were eventually driven by the NIR partner organisations. The approach that was undertaken by NIR ensured a high degree of ownership and examples were presented where NIR had changed approach in order to accommodate the requests of the local partners. Conversely, where activities had been identified by NIR in Stockholm the ownership was more moderate (as was the effectiveness).

The relevance discussion does however also bring forward the question of relevant choice of beneficiaries and partners. The team has not been able to identify men, women and children living in poverty as primary beneficiaries (though they may become secondary beneficiaries), as espoused in the programme document. Instead the primary beneficiaries are the primary partners – namely the private sector in the countries of operation. This is to be expected in a programme that is designed to use the private sector as the main vehicle for change. In most instances the partners chosen have proven to be relevant to the NIR (and Sida) objectives, though more care should be taken to ensure that all partners share the objectives and ethical standards of NIR and Sida, which – the evaluation has found – is not always the case.

In terms of cross-cutting issues, the programme has failed to engage more systematically in efforts to promote gender equality and women's empowerment, which have, thus, not been mainstreamed in the programme design.

While the approach is relevant, the measureable results are more meagre. Most of the planned outputs have been produced during the course of the programme, but the implementation has been delayed. Consequently, a significant number of these outputs have only been produced in 2012 and 2013, leaving little time for these to be used to generate tangible outcomes. Consequently, the programme has had a very low level of effectiveness in the period of evaluation.

Some effectiveness has been identified in Zimbabwe with the unification of the business sector and the (though quite limited) changes to the policy context for an improved business environment. Likewise in Palestine, the core funding has resulted in the development of the JAC, and created new links and understanding between the Israeli and the Palestinian business communities. These two cases confirm the theory of change of NIR in terms of contributing to an improved business environment, but less so to the peacebuilding efforts. However, they remain two cases of effectiveness in a plethora of very diverse interventions where effectiveness is still to be shown.

Furthermore, there is little evidence to suggest that the core funding programme is enhancing effectiveness of existing bilateral interventions. Instead, these interventions could easily have been implemented using bilateral funding (the main hindrance to this was the need for Sida approval).

The slow implementation rates and limited effectiveness so far are, arguably, also a consequence of the rather broad and unspecified programme document for the core programme, which was nonetheless approved by Sida. The document provides very limited guidance on how the funding should be used and thus the strategic direction of the core programme. Similarly, NIR has received only limited guidance from Sida on how to use the funding strategically. Consequently, the funding has been applied on a very *ad hoc* basis when opportunities emerged in the individual NIR countries. While these opportunities have often been relevant, they have, in several instances, been used for *de facto* gap filling for temporary pauses or the termination of bilateral Sida funding and not as part of an overall strategy. The exceptions are cross-country initiatives where NIR has worked to identify, share and build on lessons learned from the individual countries.

With more than forty per cent of the core funding being used for management and administration, NIR is a comparatively costly operation funded by Sida in relation to many other NGOs that are receiving Sida funds.[29] This level of funding has been ap-

[29] This is based on NIR's own budgets and reporting categorisation. It should be noted that in NIR's reporting and budgeting, costs for staff also involved in project activities are part of the 'management costs', which is similar to many other NGOs, although many of these are of course sub-grantors.

proved by Sida. Irrespective of this, it is difficult to justify such excessive management costs in light of Sida's CSO management modality regulations and also from a perspective of general cost-effectiveness and ensuring that Sida funding substantially contributes to poverty reduction and achieves value for money.

Again, NIR has complied with the framework conditions inherent in the programme documents and agreement with Sida; the onus should have been on the latter to have made these conditions more consistent with other CSOs, not least in terms of promoting efficiency and optimising the outcome focus. Thus Sida has also not provided substantial guidance on how funding should (and could) be utilised and what constitutes acceptable overheads. With aid budgets under pressure globally, many other development partners have increasingly focussed on ensuring higher value for money in their interventions and this could arguably also be applied to NIR.[30]

NIR has, at an over-arching system level, made comprehensive progress to ensure a results-oriented organisation – even if internal surveys reveal that there are still challenges. As the focus in the implementation of RBM tools has been on rolling out PAM, it is too early to assess if the current system will actually enable NIR to enact management based on results. All main components are in place; intervention logics, monitoring tools etc. but there is a risk that the system's focus on output level (PAM) contributes to an equivalent focus on outputs in staff reporting. As central level staff clearly express that the use of the new tools such as PAM are rather time consuming, and there is a risk that, due to time, constraints staff does not focus sufficiently on outcome-level monitoring.

The investment in system development in NIR has contributed to an increased internal capacity on RBM, including internal learning and tools for monitoring. It is hence assessed that the organisation has the necessary internal capacity to plan, implement and report on results. It appears, that this has not yet yielded significant efficiency gains on the ground, for example better reporting. For sustainability the organisation must continuously work to ensure that the capacity does not stay with a few individuals but is mainstreamed throughout the organisation.

As a result of the fact that NIR primarily works operational, NIR does not entirely work in accordance with Swedish priorities when it comes to aid effectiveness and contributing to strengthening the capacity of the partner organisations.

Moreover, NIRs operating environment may also impose higher management and overhead costs.

30 See e.g. DFID: DFID's Approach to Value for Money' London, July 2011.

The link and attribution between the output level and the short- and medium-term level is sometimes weak. It is assessed that this could partly be attributed to the lack of links between the monitoring tools PAM and NOA. To shift focus from measures and actions to results analyses as a basis for planning and decision-making, the PAM would need to be complemented with a NOA or similar tool that focuses performance monitoring at the outcome level. It is hence not satisfactory that the NOA is only rolled out as pilots – on a one-result/country basis – as this hinders a comprehensive outcome-level analysis.

An assessment of the reporting on results also shows a need for a more rigorous assessment of results that are attributed to NIR versus general developments. This may, for example, entail the development of simple and cheap monitoring and evaluation tools that complement the NOA at HQ.

The intervention logics are generally *formulated* in a way that enables RBM. The intervention logic is, however in some examples, not clear and the different steps in the results chain are used inconsistently. To enable that changes in programme management are based on results, it is crucial that the outcome level is always formulated to capture changes among the target groups and beneficiaries, and that the terminology of the different steps in the intervention logic is consistently used.

The risk management and sustainability analysis tool is not used systematically to clearly link the risk that affects the achievement of the objectives.

While costly, the outputs that have proven effective have a significant degree of sustainability (or potential of the same). This is the case in Zimbabwe, where the BMOs have taken it upon them to move the process forward, and in Palestine, where the JAC is fully owned by the ICC partners. The degree of sustainability is closely aligned with the degree of ownership. And evidently, where an approach has been relevant to the partners, the degree of sustainability is likewise higher.

The findings of the evaluation lead to the questions: Is the NIR core funding relevant for Sida, and should Sida then continue its engagement with NIR?

NIR is, in many ways, a unique organisation with a strong network and experience from working with the private sector in complex markets, and is therefore difficult to replace if Sida wants to continue to work with business for development in fragile states through a Swedish non-state actor to ensure that there is Swedish capacity (outside Sida) in these areas.

The support remains relevant to Sida's policies globally as well as in the bulk of future country strategies. However, NIR's overall objective, of securing the long-term interests of Swedish industry in complex markets, is not consistently aligned with Sida's mandate. Consequently, NIR cannot be provided with core funding in the traditional sense. Funding will thus have to be earmarked to align with Sida's policy areas.

The support remains insufficiently utilised in terms of effectiveness and efficiency and NIR thus performs considerably below the expectations that are expressed in the programme document. The relevance of the support will eventually depend on the Sida expectations and requirements of working with the private sector as well as the context of implementation. If Sida wants to continue an approach, which is cross-country and can, in principle, draw on lessons from different regions, combined with a Swedish angle to private sector development, then NIR remains a relevant partner. However, if the focus is development-oriented in the given context, Sida should retain flexibility by allowing it to explore other opportunities as well and consider different modalities (such as joint funding mechanisms and direct funding to private sector institutions in the partner countries).

If Sida has the ambition to maintain a substantial Swedish non-state actor capacity for private sector engagement in complex and fragile markets, support should thus subject NIR's approach to substantial changes, which will ensure that outcomes will be met in an efficient manner. Recommendations for such potential future support are presented in the chapter below.

5 Recommendations for Future Support

For Sida to continue to undertake strategic funding support to NIR in a possible next phase of strategic cooperation, we suggest revisions of the cooperation based on the following recommendations.

Recommendations for NIR:

1. Strategic cooperation funding must come with clear strategic direction from a solid programme document and strategic plan. The plan should provide greater detailed descriptions on how NIR will enhance its effectiveness and, at the same time, improve the efficiency of the programme (and lower management costs).
2. The funding should be aligned with Sida policies and this link should be made clearer and more explicit in the programming and reporting, with less indirect assumptions and more transparent causality links. The programme must clearly identify the ways in which NIR assures that the funding is provided in a rights-based approach.
3. NIR should continue documenting lessons learned and build future support more stringently on this and refrain from engaging in too many activities that have less ownership or are not likely to lead to programme implementation. As an example NIR should continue the focus on replicating NBA activities driven by the partners (albeit through a rights-based approach) and refrain from engaging in add-on activities (such as one-off thematic workshops or publications).
4. NIR should consider following the overall development agenda (including the Busan agreement and New Deal) and further enhance the degree of alignment and ownership of its interventions. This should include changing modalities and transferring funds to partners in developing countries to fund their activities in accordance with their own strategic plans.
5. Activities must be focused to a limited number of countries where NIR may then provide a more thorough footprint and document results. There are still plenty of opportunities and a need for support for a conducive business environment in the current countries of operation. NIR should consider reducing these further to e.g. Colombia, DPRK, Myanmar, Palestine and Zimbabwe.
6. The management and implementation must be provided with stronger focus on promoting efficiency by reducing management and overhead costs. The current levels can generously be viewed as initial establishment costs where systems, procedures and basic management principles have been put in place. Going forward, NIR will have to rebalance its budget allocations towards activities and outputs that contribute more directly to the shared objectives of NIR and Sida. Overhead levels should hence gradually converge towards Sida's indicated norms for CSOs, while NIR, in turn, should more explicitly

document progress in this context, including improving its budgetary reporting producers to allow for a better assessment of unit costs and financed activities. This has also been requested by embassy staff and the PAM platform should make this relatively easily implementable.

7. More specific attention should be given to ensuring that the programme address cross-cutting issues and, in particular, gender equality and women's empowerment.

Recommendations for Sida:

8. As NIR's overall objective is securing the long-term interest of Swedish business in complex markets, this is not consistently aligned with Sida's mandate. Consequently, NIR cannot be provided with core funding in the traditional sense. Funding will thus have to be earmarked to align with Sida's policy areas as genuine strategic funding. This does not mean that Sida cannot provide funding flexibility, but that a proper strategic direction and annual workplans are followed, which clearly show alignment with Sida policies. Sida should ensure that these are discussed and approved formally by Sida.
9. As mentioned above, the strategic cooperation funding must come with clear strategic direction from a solid programme document and strategic plan. The programme should be aligned with requirements in other similar modalities (Sida NGO funding) and be followed up and quality assured by Sida accordingly. The team strongly recommends that this recommendation is a requirement for any further funding to NIR.
10. The cooperation must be implemented in close dialogue with Sida, with a focus on results-based management and efficiency. Sida has, during the course of the NIR implementation, not sufficiently guided NIR in Sida requirements and demands for efficiency and effectiveness. Sida should, in a next phase, play a more active role in quality assuring NIR programme documents and reports; subject NIR to standard Sida funding requirements such as those that apply for other CSOs; and, provide more programmatic sparring with NIR.

Annex 1 – List of Persons Met

Person	Position	Organisation	Country
Amiram Shore	Israeli founding member of PIBF, former Vice Chairman of PIBF, current steering committee member	Exceptional New Technologies	Israel
Andrew Matiza,	CEO	Zimbabwe National Chamber of Commerce	Zimbabwe
Arda Mardirossian	Consultant for PIBF	Solutions for Development Consulting	Palestine
Baruch Mazor	Secretary General	ICC Israel	Israel
Bjørn Blau	Counsellor/Deputy Head of Mission	Danida	Zimbabwe
Coleen Kaityo	Programme Officer	Embassy of Sweden	Zimbabwe
Crispen M. Mawadza	Finance and Private Sector Development Specialist	World Bank	Zimbabwe
Dana Erekat	Head of Aid Management and Coordination Directorate	Ministry of Planning and Development	Palestine
Dave Govere,	Ex. President	Employers Confederation of Zimbabwe	Zimbabwe
Dave Mollatt	Economist	DFID	Zimbabwe
Dr Sehliselo Mpofe,	Senior Research,	Zimbabwe Economic Policy Analysist & Research Unit	Zimbabwe
Eidi Genfors		Sida - Peace and Security	Sweden
Erik Belfrage	Chairperson	NIR	Sweden
Estephan Salameh	Former head of Aid Management and Coordination Directorate	Ministry of Planning and Development	Palestine
Godfrey Kanyenze	Director	Labour & Economic Development Research Institute Of Zimbabwe	Zimbabwe

Gunnel Gomez	Advisor	Norwegian Embassy	Zimbabwe
Hanan Taha-Rayyan	Chief Executive Office	Paltrade	Palestine
Inger Tveit	Counsellor	Norwegian Embassy	Zimbabwe
Ingmar Armyr		Sida Headquarters	Sweden
Ingrid Sandström	Acting Head of Development Cooperation	Embassy of Sweden	Palestine
Iyad Joudeh	Palestinian founding member of PIBF, current steering committee member, president of SDC	Solutions for Development Consulting	Palestine
J. Muchemeny-Nazare	Exe, Director,	Zimbabwe Council for Tourism	Zimbabwe
Jan Grafström	Senior Advisor Business for Development	Department for Global Cooperation, Sida Headquarters	Sweden
Japhet Moyo,	Secretary General	Zimbabwe Congress of Trade Unions	Zimbabwe
Jesper Friis	Senior Consultant	Danish Industry	Zimbabwe
Johan Åkerblom		Sida - HQ	Sweden
Johan Genneby	Former Director NIR, in charge of JAC in NIR 2010-2011	NIR	Sweden
Johan Schmidt	Director	NIR	Sweden
John Chikombero	CEO	The Chamber of Mines of Zimbabwe	Zimbabwe
Jonas Norén	Consultant	Norcon	Sweden
Jumana Khoury	Coordinator	PIBF	Palestine
Kerstin Sullivan	Senior Programme Officer	Unit Humanitarian Assistance, Sida Headquarters	Sweden
Khalil Karaja Al-Rifai	Deputy Minister	Palestinian National Authority Ministry of Justice	Palestine
Lars Magnusson	Director Finance & Administration	NIR	Sweden
Lena Ander		NIR	Sweden
Lisa Osbäck	Director Market Development	NIR	Sweden
Loreen Weintraub	Country Coordinator	PIBF	Israel
Lorraine Chikanya	Chief Economist	Confederation of Zimbabwean Industries	Zimbabwe
Magnus Carlquist	Head of Development Cooperation	Embassy of Sweden	Zimbabwe

Mr K. Matare	Membership Manager	Confederation of Zimbabwean Industries	Zimbabwe
Mutize Sibanda,	Permanent Secretary	Ministry of Economic Planning & Investment Promotion	Zimbabwe
Nilla Ingstorp		Sida - Peace and Security	Sweden
Ola Nilsmo	Lead Specialist Private Sector Development	Sida - Policy for Economic Growth	Sweden
Paulina Rozycka	2nd secretary,	EU Delegation	Zimbabwe
Petter Ejhed	Programme Manager	NIR	Sweden
Pia Schultz	Programme Director	NIR	Sweden
Rima Tadros	Program Adviser	Norwegian Representative Office	Palestine
Saeb Bamya	Managing Partner	Core Associates	Palestine
Samir Huleileh	Founding member of PIBF, former chairman of PIBF, current steering committee member, CEO Padico	PADICO	Palestine
Sara Åsman		Sida Headquarters	Sweden
Sekai Kuvarika	National Coordinator	NIR-SWEZIM	Zimbabwe
Shawqi Makhtoob	Trade Policy Manager	Paltrade	Palestine
Sofie Birkestad Svingby	Acting Chief Executive Officer	NIR	Sweden
Thomas Kanjere	Director	Five R Consult	Zimbabwe
Yara Assad	Director General	ICC Palestine	Palestine

Annex 2 – Documents Consulted

Categories of documents received from NIR:

- Programme Applications (for Core Support and Bilateral Programmes)
- Contract and Meeting Protocols between NIR and Sida
- Annual Reports from NIR (and documentation activities)
- Half-Yearly and Yearly Reports on Country level (Belarus, Colombia, Korea, Palestine, SWHAP, Zimbabwe)
- Travel Reports from Feasibility Studies to new countries

Sida Policy Papers:

- Sida's Business for Development (B4D) Programme for collaboration with Private Sector, Sida 2011.
- Sweden's Policy for Global Development Policy for economic growth in Swedish development cooperation 2010-2014
- Pluralism. Policy for Support to Civil Society in Developing Countries within Swedish International Development Cooperation
- Peace and Security for Development Policy for Security and Development in Swedish Development Cooperation 2011-2014
- What makes for a good funding proposal? A note to Sida´s partners. Sida - version December 2012

Webpages:

- http://www.nir.se/
- http://www.sida.se/English/
- http://www.pibf.net/
- http://padico.com/
- http://www.iccpalestine.com/
- http://www.iccisrael.co.il/en/content/icc-israel
- http://core.ps/Contactus.html
- http://www.solutions.ps/
- http://www.moj.pna.ps/index.php?langid=2
- http://www.paltrade.org/en

Annex 3 – Evaluation Matrix

Suggested evaluation question	Answer from desk analysis or interview	Source
Relevance		
1.1 How relevant is the NIR programme to the Swedish development objectives (as defined in Swedish policies)?		
1.2 Is the NIR support relevant to the recipient country and partner context and needs?		
Effectiveness		
2.1 Is the NIR programme activities and outputs effectively contributing to the expected specific and overall outcomes outlined in the Sida-NIR agreement 2009-2012?		
Efficiency		
3.1 Is the NIR planning, implementation, monitoring and reporting system and processes contributing to efficient delivery of NIR's programmes and designed to the specific needs of the programme?		
3.2 Does the NIR planning, implementation, monitoring and reporting processes live up to Sida requirements for results-based management?		
3.3. Does NIR reporting and monitoring provide a basis for assessing value for money, unit cost and general economic efficiency?		
Sustainability		
4.1 Are the NIR programme outputs and outcomes sustainable and/or have a high probability of being sustainable in the medium- to long-term?		

Annex 4 – Country Report Zimbabwe

1.0 Introduction

This report is developed as an Annex to the Sida evaluation of core support to the International Council of Swedish Industry (NIR). As part of the core evaluation the evaluation team together with Sida and NIR chose two countries, which have received NIR support to represent the field research in the evaluation. This report represents the findings from the Zimbabwe field mission.

Zimbabwe was chosen as this is one of the major recipients of NIR support in the past, which has also received core funding support. Though the direct core funding is limited to SEK 0.7 million, while the bilateral budget for Zimbabwe in its current phase is SEK 8.5 million.

In addition to the indirect benefits from the core programme through enhanced results-based management systems (where Zimbabwe has been a pilot country), the following activities were financed from the core funding during the evaluation period:

- Part of the studies on public private partnerships and energy as input to the policy dialogue with the government
- Part of the labour market cooperation component
- Part of the regional integration initiative
- The support to activities for enhancing women's leadership in the private sector was initiated in 2012 but will be implemented during 2013.

The field mission was undertaken by Erik Bryld and Peter Frøslev Christensen 2-11 April 2013. The list of persons met can be found in the relevant annex in the main evaluation report. The team would in particular like to express their gratitude to National Coordinator Ms Sekai Kuvarika for her support throughout the mission.

2.0 Background and Theory of Change

Zimbabwe is characterised as a fragile state with a poor tracked record when it comes to good governance, democracy and an enabling business environment. The programme evaluation period (2010-2012), was marred by the challenging implementation of the Global Political Agreement of Zanu-PF and MDC, which has been unable to substantially reduce instability and uncertainty. While the human rights situation has improved since 2007, arbitrary detention of human rights defenders still takes place and freedom of the press remains curtailed.[31] Rule of law and government effectiveness remain weak[32] and corruption remains rampant[33]. However, with a new constitution endorsed by the electorate this year and planned upcoming elections, Zimbabwe is slowly experiencing some progress and a sharp deterioration in social, political and economic life have been halted. This offers a unique opportunity for Zimbabwe's development partners to support the nascent and fragile recovery, in which the private sector will have to play a crucial role.

2.1 The Business Environment in Zimbabwe

Business have suffered tremendously under the economic policies implemented from the mid-1990 towards the adoption of the multi-currency system (and the abolishing of the Zimbabwean dollar as legal tender) in early 2009, with manufacturing sharing of GDP falling from 50 to 15% in this period, whereas GDP almost halved in the same period in sharp contrast with the rest of sub-Saharan Africa which in the same period registered steady growth (see figure 2.1). The decision to introduce the multi-currency system was one of the first and, according to interviewees in Zimbabwe, arguably the most important economic policy reversals of the then recently formed Government of National Unity (GNU) which effectively halted the hyper-inflation that had characterised monetary policy in the preceding years. However it also had inflicted significant 'collateral damage' on zim-dollar deposit holders and banks and companies with outstanding debt and payments denominated in the local currency.

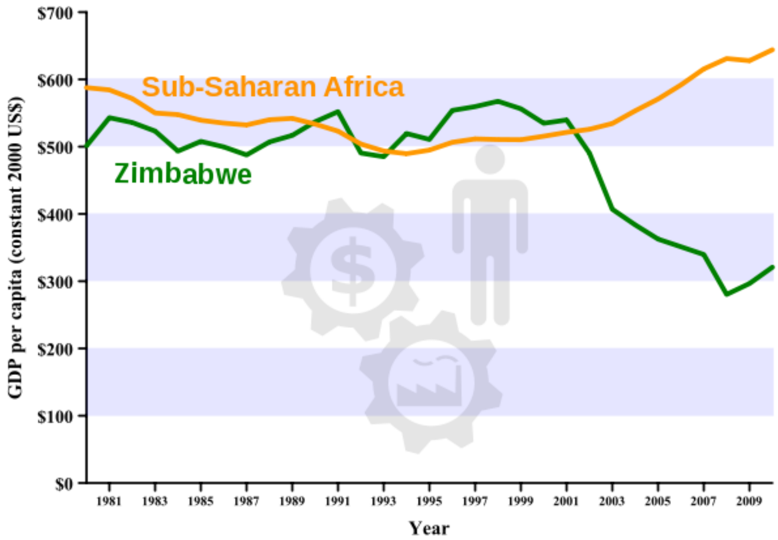
The GNU and the introduction of the multi-currency system halted the catastrophic economic decline and instilled some confidence among businesses that the environment would improve, with more informed and pro-business reforms and strategies being in the making.

[31] See among others Freedom House Alert from March 2008 and Human Rights Watch: Race Against Time: The Need for Legal and Institutional Reforms Ahead of Zimbabwe's Elections, 2013

[32] See World Governance Indicators from the World Bank 2013.

[33] Zimbabwe scores a limited 20 points out of 100 on the 2012 Transparency International Corruption Perception Index.

Fig. 2.1 GDP in Sub-Saharan Africa and Zimbabwe 1980-2010



(Source Wikipedia: 2013)

Major constraints to doing business in Zimbabwe identified by the business community during the field mission include (in order of priority):
Uncertainty and unpredictability vis-à-vis the political situation in the country

1. Unpredictability in terms of which regulations apply and/or are enforced when and the high levels and unpredictability of corruption (some interviewees mentioned that they could live with corruption as long as they knew who to bribe, when and how much, but that the uncertainty was an obstacle for long term business planning)
2. The level of tariffs and taxes as a constraint for staying competitive
3. The poor infrastructure
4. Irregular energy supplies

The NIR supported project is thus implemented in a context of considerable economic, political and governance uncertainty which pose unique challenges for NIR and its partners in the private sector.

The financial downturn has reduced the capacity of the Business Management Organisations (BMOs) substantially since 1997 and the political circumstances and intimidations of the past means that the BMOs have not engaged substantially in political dialogues since a failed attempt 2003.[34]

[34] Several interviewees pointed to instances where minor criticism of the Government from business sector representatives had led to closing down of their business.

2.2 The NIR Zimbabwe Theory of Change

The below theory of change has been developed based on the initial workshop with NIR during the evaluation inception phase.

In the case of Zimbabwe, NIR's overall objective is to contribute to the development of a prosperous and democratic Zimbabwe. According to NIR, the assumption is that a process of democratisation is supported through improving the business environment.

NIR perceives that the overall objective and purpose of the Zimbabwe programme also contributes to the overall objectives of the core support programme. The approach that NIR takes is looking at the country level and identifying which structural changes are needed in order to empower the private sector to influence policy-making processes and democratisation. NIR attempts to build on the needs as expressed by its local partners, taking into account their level of capacity and resources. A set of outcomes steer the work in Zimbabwe, mainly working at unifying the business actors and promoting dialogue to prevent conflict[35] (see figure 2.2 below).

Figure 2.2 Zimbabwe project logic

The activities under Outcome 1 mainly targets four organisations selected by NIR based on their capacity, legitimacy and similarity to NIR as an organisation. NIR started working with them and eventually link their activities of the Business Council of Zimbabwe (BCZ). The ambition is to create a framework (as expressed in a memo-

[35] However, the element of preventing conflict is not highlighted in the bilateral programme document and not pursued by the NIR partners in Zimbabwe *per se*.

randum of understanding) between the business actors, in order to strengthen their joint cooperation and unify them. The underlying assumption is that unifying the business sector is crucial to develop dialogue with the government to meet the programme objectives.

Outcome 2 was established in order to work with training to capacitate and enhance the skills of the BMOs to become better and more effective at advocating for change. Although this was not identified locally as a need, it became apparent when the National Business Agenda (NBA) was developed (part of Outcome 3). Outcome 2 and 3 are therefore linked and should be seen as a process where NIR used the NBA as a way to of informing the training and vice versa. The NBA sets the policy that stipulates the strategy for economic recovery and economic development in Zimbabwe. The processes of identifying challenges, opportunities and recommendations has so far taken two and a half years for the actors to develop. The advocacy strategy (also part of Outcome 3) is the practical execution of the NBA. The BMOs were planned trained in advocacy as part of Outcome 2 to be better at carrying out their policy advocacy strategy and to engage in negotiations (Outcome 3).

Finally, Outcome 4 is aimed at creating a platform for other stakeholders than BMOs. This Outcome is directed towards other actors in the society such as e.g. labour market partners where NIR has facilitated a dialogue between trade unions and employee organisations or even activities with regional actors. This Outcome was developed in parallel to Outcome 1 and the ambition to build a framework for strengthened collaboration amongst BMOs, however Outcome 4 encompasses any kind of dialogue that involves labour market relations. In this work a National Economic Vision was created (that is not very far from the NBA).

According to NIR all the activities in the four outcomes will all contribute to economic recovery. Democracy is a cross-cutting issue that goes through all of the work, especially the dialogue aspects of the work as well as the methodologies used. NIR has an assumption that the private sector has the right intentions to play the role as an actor in the democratisation of society as well as economic recovery.

In 2012, the stepping-stones were laid for two other initiatives that will be implemented in 2013 namely (1) specific activities for enhancing women's leadership in the private sector, and (2) the process to spread lessons learnt to other countries.

2.3 Methodology Note for Zimbabwe

The main methodology for the evaluation is outlined in the Inception Report as well as in the main report to which this document is an annex. However, the team has identified additional methodological considerations applicable for Zimbabwe.

First, the team notes that the outcomes formulated in the application, and presented in figure 2.1 above, do not fully qualify as outcomes in terms of the OECD-DAC definition.[36] Instead the 'outcomes' are formulated as outputs. In accordance with OECD-DAC it is the utility and use of these *de facto* outputs, which will define the outcomes. The team will thus assess effectiveness against the extent to which the four defined *de facto* outputs have produced any tangible outcomes.

Second, the team notes that NIR in the first year (2009-2010) report against the project application objective and purpose, which both relate to a (i) economic recovery/prosperous Zimbabwe, and (ii) democratisation processes/democratic Zimbabwe. In the subsequent annual reports there are no further reporting of reference to the democratisation processes or contribution to a democratic Zimbabwe. This change has not been endorsed by Sida and the team has therefore decided to assess the programme against the economic as well as the democratic elements of the overall objective and purpose of the programme as described and approved in the programme application.

Third, the reporting provides extensive referencing to BMO policy influencing attributed to NIR support. To test this all interviewees (including the BMOs) have been asked to reflect on the extent to which the BMOs have influenced policies based on the National Business Agenda and follow-up studies in the last three years.

In accordance with the methodology the team will in the following sections first assess the Zimbabwe programme in its totality and then relate specifically to the core fund contribution to the Zimbabwe programme.

3.0 Findings

In the following the findings of the Zimbabwe field mission are presented in accordance with the OECD-DAC evaluation criteria of Relevance, Effectiveness, Efficiency and Sustainability.

3.1 Relevance

In the business context explained in chapter 2 the decision by NIR in early 2009 to apply for funding to support the private sector in Zimbabwe seemed timely and highly relevant. After years of decline, marginalisation and subjection to anti-business policies, there was a need to strengthen the voice of business to ensure that the forth-

[36] OECD-DAC definition of outcome according to OECD-DAC Glossary 2002: *The likely or achieved short-term and medium-term effects of an intervention's outputs*.

coming economic policy reform agenda was based on informed choices and made due consideration of the interest of the Zimbabwean business.[37]

However the chosen modality for supporting the BMOs, that of a conventional 'capacity building' packages frontloaded with substantial training and TA, was by the BMOs described as less relevant to private sector in Zimbabwe. Instead, suggestions were made of utilising the unique window of opportunity to influence government policy if the BMOs could provide effective and evidence-based advocacy and research as core input into the policy formulation process. The BMOs clearly articulated this concern to NIR, which responded flexible in changing its focus away from training, towards assistance in producing advocacy products that could seize the opportunity for improving the voice the private sector. As shown further below, the resultant National Business Agenda and the subsequent studies, proved highly relevant to the needs of the private sector and arguably also the Zimbabwean nation as such. Prior to the NIR intervention, public private dialogue had often taken the form of government consultations with individual enterprises, often creating divisive outcomes among the business, which was arguably also intentional on behalf of the Government of Zimbabwe. In this context NIR's focus on providing a more unified voice (i.e. through the Business Council of Zimbabwe) also proved relevant.

NIRs support has been directed to the BCZ and four out of BCZ's nine constituent BMOs, representing what were (and are) arguably the most capable and powerful BMOs in Zimbabwe. The membership base of the BMOs comprise well-established companies in Zimbabwe that have survived the severe depression through either strong resilience, agile business management or strong connections with the Government, or a combination of all. It cannot *a priori* be assumed that the interest of these 'big business' are consistently aligned to the national objectives of poverty reduction, broad based growth and economic development through e.g. increasing the tax base among companies. Moreover, the numerous micro and small enterprises in Zimbabwe are poorly represented in the BMOs and their interests are also not consistently aligned with those of the bigger businesses. Entrenched businesses (as the BMOs predominately represents) often fear competition from new entrants into their business domain and can use connections with government to skew the regulatory framework and policy in their favour, stifling innovation, competition and ultimately broad-based growth.[38] This can clearly reduce the relevance of NIR's focus on the few

[37] This was also the key rationale for forming BCZ and corroborated by our informants in Zimbabwe.

[38] An example is the mining sector where many artisanal miners have been violently and lethally removed from mining sites to make way for Chamber of Mines' members, resulting in the death of over 200 miners. See Partnership Africa Canada: Reap what you sow: Greed and Corruption in Zimbabwe's Marange Diamond Fields' November 2012. Partnership Africa Canada is an active member of the Kimberley Process and its working groups. As a consequence of this other private sector development organisations have decided refrain from engaging with the Chamber of Mines.

BMOs vis-à-vis the needs of the Zimbabwean nation and the poverty reducing objectives that both Government and its international development partners (Sida included) allegedly share.

Similarly, the NIR capacity development support on negotiation techniques to the Chamber of Mines reportedly assisted in averting a planned royalty and fee hike. While the evaluation team is technically unable to ascertain the optimal mining tax regime in Zimbabwe (i.e. the balance between optimal tax revenues while simultaneously providing adequate incentives for further investments in the sector), it can again not be *a prior* assumed that the interest of the mining companies (e.g. lower fees and royalties) are aligned to those of the Zimbabwean nation and its development partners. In such situations the relevance of NIR support vis-à-vis the overall objectives can be undermined and should arguable have been more explicitly analysed.

3.2 Effectiveness

The bilateral programme seeks to identify progress against two linked purposes (formulated in the same sentence in the programme application): (1) economic recovery, and (2) support to the democratic process in Zimbabwe. The core funding support provided to the Zimbabwe programme is aimed at contributing to economic development in complex markets.

As mentioned under relevance, the activities identified in the programme were largely developed with the BMOs in Zimbabwe and reflect their priorities. Consequently, the bulk of activities and priorities relate to promoting a conducive business environment and economic recovery. Issues pertaining to democratisation and related conflict resolution were not included as the BMOs decided not to engage on these.

<u>Economic recovery</u>

While the short-term outcomes in the programme application are formulated more as outputs, the ‘strategies’ presented in the 2010/11 and 2011/12 annual report are closer to actual outcomes: (1) unifying the private sector, (2) policy engagement, and (3) dialogue.

NIR has based its theory of change on the assumption that a unified business sector, which combined with evidence-based research, may influence policy if an appropriate platform is developed for these activities. The BMOs interviewed confirmed this assumption.

In terms of unifying the sector, part of this was undertaken in the year prior to NIR’s involvement when the Business Council of Zimbabwe was developed. However, all interviewees pointed to how NIR had been instrumental in furthering this process among the larger BMOs. The BMOs highlighted how a fragmented business sector had in the past been used by the Government to play the different BMOs against each other. This was less feasible with the creation of the BCZ and the following work of unifying the four largest BMOs by NIR.

The most important element of the NIR work in Zimbabwe, according to interviewed BMOs, was the development of the National Business Agenda.[39] The evaluation found that none of the non-BMO stakeholders were aware of the NBA exercise, which has thus primarily been used as an internal document, and not as a means of influencing by itself. To ensure a broad-based representation and ownership of the NBA, NIR and the four NIR-supported BMOs lifted the NBA development to the BCZ level. The NBA thus represents the views of all nine BMOs of the BCZ (according to the five BMOs interviewed).

The NBA highlights the main technical challenges and obstacles for undertaking business in Zimbabwe. There are in the document no reflections on the political challenges and uncertainties, which according to interviewed BMOs are the most critical in terms of promoting a conducive business environment. The deliberate omission of political aspects was decided by the BMOs based on the assumption that the NBA advocacy process would not be implementable if the political aspects were included as a consequence of Government disapproval of engaging on these issues.

The BMOs confirm that the NBA highlights major technical constraints for a conducive business environment. Initially, the NBA work was supplemented and informed by context analysis and an economic policy inventory funded by NIR giving credibility to the NBA. The NBA was launched with Government representation and then served as a BCZ vehicle for planning and implementing advocacy and policy dialogue.

Based on the NBA, each BMO was assigned to undertake follow-up research to provide evidence for the planned policy dialogue. The four NIR BMOs have, or are in the process of, implementing the research funded by NIR (it should be noted that while commitments to undertake studies was made by all nine BMOs only studies funded by NIR were implemented).[40] The studies that have already been completed (energy, PPP, and policy coherence) are, according to the BMOs, being used in the dialogue with the Government. The BMOs confirmed the process of the NBA and the advocacy and policy dialogue has enabled them to engage with a unified voice with the Government. They were of the opinion that the process would enable policy changes and thus meet the NIR objective of improving the business environment. So far most of the recommendations have been limited to dialogue, however according to the BMOs some progress has been made in convincing the Government to establish the Zimbabwe Energy Authority and start a process of restructuring energy fees.[41]

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[39] The NBA process initiation was discussed and agreed at the identification workshop with the BMOs at the programme initiation.

[40] ToRs and recruitment process was undertaken with BMO leadership, while procurement of consultant was undertaken by NIR in Stockholm.

[41] These changes were confirmed by other stakeholders, though the attribution to the BMOs was not

These efforts are expected to enhance the predictability of electricity supply and tariffs for the business sector. Remaining impact on policy/policy changes directly from the NBA process are still to be seen. The Government is not in a position to immediately point to policy impact of BMOs nor are outside stakeholders, however the NBA process is still being implemented and will still provide policy guidance to the BMOs and possible future policy changes.

To further enable the partners to engage in the policy dialogues, NIR has provided training for dialogue and negotiations. According to the Chamber of Mines of Zimbabwe the training has enabled them to engage in negotiations with the Government and prevented a further hike in mineral fees and royalties and thus prevented a reduction in business competitiveness.[42]

The NBA process and the follow-up activities are the most stringently consistent with the programme theory of change and have been implemented accordingly, additional add-on activities have been (or are being) implemented as well. The major ones related to economic recovery include:

1. The regional integration initiative. NIR has supported BMOs participation in a policy engagement in the SADC Trade Industry Finance Investment regional initiative. The process is expected to enhance regional free trade and investment and the NIR support enables their partners to engage in this process. It is too early to assess the effectiveness of the activities, which is obviously also contingent on factors outside the area of NIR influence (e.g. political willingness to promote regional integration).
2. Women in business. Based on a request from NIR in Stockholm the programme has initiated a process of improving women’s participation in the business sector management and BMOs in general. The programme is being rolled-out in 2013 and it is thus too early to assess the extent to which the activity will be effective. However, the need has been identified as relevant (see section on relevance above).

<u>Democratic processes</u>
The team has discussed the business sector role in democratic and other political processes with all relevant stakeholders, and while sensitive, there is an interest to discuss these issues. However, it is also evident from all the interviews that no major outputs (and eventually no outcomes) directly related to promoting a democratic Zimbabwe can be identified from the NIR support.

confirmed. It is however assessed that the BMO dialogue has contributed to the changes.

[42] This finding has been fully triangulated by Government and external stakeholders.

An exception, it can be argued, is the labour market dialogue platform. NIR engaged in a process of exposing the labour market parties to the Swedish labour market model and facilitate increased dialogue between the labour unions and the employers (represented by the NIR-funded BMO: Employers Confederation of Zimbabwe). Post-implementation of the activities the parties are appreciative of what they have learned, however the dialogue has been terminated and there is little interest from either side to reengage. The team assess that the limited progress on this front is a combination of lack of genuine interest of the parties, combined with too high ambitions on the side of NIR compared with the activities undertaken (i.e. an exposure visit and two local workshops). The labour market issues in Zimbabwe are complicated by the political links and the change of regimes across the last decades. Engaging in labour market dialogue in the long haul is therefore expected to require long-term capacity development, research and confidence-building activities. It other words, an approach which is multiple year, with resources allocated to the BMOs as well as the labour union to prepare them for the dialogues.

Besides the labour initiatives, the limited effort related to democratic development is mostly a consequence of the lack of willingness of the BMOs to engage in political issues. While the poor governance record of Zimbabwe, such as the high levels of corruption and poor rule of law are major impediments to the business environment, these were not included in the NBA and thus eventually left out of any follow-up activities. The theory of change explained by NIR is that an improved business environment in Zimbabwe leads to improved democratisation. The team has however been challenged in confirming this assumption in the field.[43] Hardly any of the respondents endorsed this understanding. Having said that, NIR has in their NBA efforts assisted in enhancing the dialogue between the business sector and the Government of Zimbabwe and thus potentially improved the accountability of the Government vis-à-vis the business sector. However the main macro-level indicators attempting to measure the business environment in Zimbabwe have not improved during the project period and the team could not find any convincing evidence suggestion that such beneficial outcomes had materialised yet.[44]

Core funding contribution to effectiveness of Zimbabwe programme

The Zimbabwe programme is primarily implemented with bilateral funds. In terms of percentages the core funding adds up to a limited 8% of the budget. The core funding has contributed at two levels: (1) by in principle improving the systems and proce-

[43] None of the BMOs interviewed see the private sector as playing any significant role vis-a-vis democratisation processes.

[44] E.g. Zimbabwe slipped from 159 in 2010 to 172 in 2013 in the World Bank's *Doing Business* index.

dures for implementing the programme through enhanced results-based management, and (2) by providing direct funding for specific activities.

The impact of improved systems and procedures is difficult to assess, however, the utility of the information generated in the system could not be confirmed by the local NIR management nor the Embassy. It is however expected to prove useful for the programme management in Stockholm to keep track of progress, which may again provide better guidance from Stockholm. It may also become more relevant at country level at a later stage.

The activities receiving core funding can be divided into three:

1. Funding support to studies, which have proven effective in being utilised by the BMOs in the policy dialogue with business
2. Platform initiatives, more specifically the support to the labour market dialogue (which has had limited effect) and to the regionalisation
3. Support to women's role in the business sector, where effectiveness is still to be assessed.

The funding provided to (1) and (2) above is additional to already planned and funded activities under the bilateral programme, while the funding for women's role in the business sector is a new activity added-on to the existing programme. It is not feasible to distinguish the extent to which the funding for (1) and (2) have enhanced the effectiveness of the existing programme, however in light of the fact that there is underspending on the bilateral programme and that the funding provided by the core funding is also limited (and underspent), there is limited indication that the core funding has enhanced the effectiveness of the bilateral programme.

3.3 Efficiency

Our focus and discussions on efficient centre around two core questions: Do the inputs (e.g. funds) requested to produce the outputs (e.g. research studies, conferences and capacity training) represent reasonable value for money with unit cost within acceptable standards. Secondly, does the management, monitoring and implementation systems facilitate efficient delivery of the SWEZIM PSC programme.

The SWEZIM programme has a bilateral (i.e. funded by the Swedish Embassy) budget of SEK 7.7 million according to original project application filed in 2009. In addition the strategic cooperation with Sida (the 'core funding') has been budgeted at SEK 0.7 million making the overall budget SEK 8.4 million. However there has been considerable under-spending amounting to a cumulative SEK 2.2 million over the three years the project has been running. Programme management consist primarily of the programme director, programme coordinator (both based in HQ) and the Zimbabwean coordinator, as well as some funding of office overheads in both Zimbabwe and Sweden. This budget line was initially set at SEK 4.5 million constituting the 52% of the original budget (i.e. excluding subsequent additional core funding). This seems rather high and does exceed what is found in several other CSO projects aimed at advocacy and capacity development. Moreover due to, at times considerable, under-disbursement on activities actual spending on programme management amounts to 57% of total expenditures during the three project years (see this file for figures), which also includes the Zimbabwean coordinator (who coordinates and does not provide most of the actual activities such as training).

More importantly is obviously what has been produced by the funding and if that is in reasonable proportion to the inputs. As stated in the section on effectiveness a key output has been the formulation and publication of the National Business Agenda in 2010. The expenditures for the NBA itself were comparatively modest at SEK 37,000 which assisted in the undertaking the research needed. This would appear to have been very good value for money, if viewed in isolation from the other costs. However apart from the NBA, it is challenging to identify specific cost of the activities and outputs produced and as corollary, unit costs are also challenging to calculate. This is due to the budget and accounting practices adopted by NIR, which are only producing figures at very aggregated level. It is thus not possible to directly identify the budget for the specific activities (e.g. sector studies, workshops, study tours, training for negotiation capacity). This obviously undermines attempts to gauge the efficiency of the specific activities and outputs.

In general a total budget of SEK 8.5 million for producing the NBA, a few associated studies, negotiation and engagement training for four BMOs and the financing of meetings, workshops and study tours for these BMOs, does appear on the high side of what could represent judicious use of funding, especially when considering the relatively limited cost of the core activities (e.g. the NBA) and the fact that programme management has consistently consumed more than forty per cent of the expenditures. This is obviously not to devalue the importance and significance of some of the very valuable outputs (e.g. the NBA), but it would seem that more transparency of the cost structure, as well as a deliberate discussion of the appropriate and efficient balance between management and activity costs, would have been useful and could have contributed to better value for money. Thus could also be linked to the wider discussion of NIR more aggressively using its partners to implement activities and managing budget, thus becoming a sub-grantor, which would also assist in improving the activity vis-à-vis management cost-ratios.

Reporting and approval processes for the programme are managed and authorised through Stockholm. In addition, all transfer of funds to individual activities and contractors/agents in Zimbabwe are undertaken directly from Stockholm to the individual recipient in Zimbabwe. The national coordinator is responsible for daily issues related to substance and logistics. While there is frequent dialogue the communication between the different actors is cumbersome (though substantially improved during the last three years). The reporting lines resulted in a delayed decision-making resulting in NIR not being able to engage in the indigenisation study and advocacy, which was instead undertaken by GiZ. The study is by many stakeholders presented as the most important single piece of analysis for policy influencing by the private sector in Zimbabwe in the last few years.

On the issues of the management, monitoring and implementation systems and the degree they facilitate efficient delivery of the SWEZIM programme, it is arguably still premature to pass ultimate judgement. The PAM and NOA are only being fully operationalised now so the full benefits of these systems are still to be documented. However, the SWEZIM programme has been a pilot in the implementation of the systems and there are thus some experiences already available. These systems are meant primarily for the management of the programme, i.e. the NIR HQ and the NIR national coordinator, so it is perhaps unsurprising that BMOs have not registered any changes in delivery of inputs etc., but the system could perhaps be expected also to eventually stimulate learning among BMOs on outcome-based monitoring. Perhaps more surprising is the fact that the national coordinator has not registered any major change in the implementation, or project management and monitoring capability, suggesting that the main benefits are derived in NIR HQ. Similarly, the Swedish Embassy expressed the desire for better and disaggregated reporting, including activity-based budgets.[45] It would hence appear that the recent investment in system development in NIR have not yet yielded significant efficiency gains on the ground.

Reporting takes place regularly as per Sida guidelines focusing on output level. However, the team has found that reporting on the attribution of outputs and outcomes to the NIR support is at times only loosely associated with what can be evidenced, reducing the integrity of the reports. A higher degree of rigorousness is required to provide a more genuine picture of progress (table 3.1 below provides examples of reporting on different outputs and outcomes and the team's assessment of these). NIR operates in a challenging context and e.g. difficulties in undertaking activities and producing outputs related to democratic processes are legitimate and should be reported accordingly rather than being subdued or omitted in the reports.

Table 3.1 examples and assessment of NIR reporting on different outputs and outcomes taken from the 2011/12 annual progress report of the Zimbabwe programme

Results reported from annual report 2011/12	Findings from the field mission	Team assessment
'Finalisation and launch of NBA', 'Infrastructure and PPP analysis' (p 13)	Outputs confirmed implemented	Correct reporting
'Donor coordination' (p 14)	Some donors/programmes have visited NIR and in one case a donor have implemented a NBA activity (study on	Donor coordination is usually undertaken between bilateral and multilateral donors and it is difficult for

[45] The embassy was involved in the dialogue of appropriate reporting formats and its implementation in the period 2008-2011, but staff changes and caused disruptions and loss of institutional memory.

Results reported from annual report 2011/12	Findings from the field mission	Team assessment
	indigenisation funded by GiZ). None of the partners, however, regarded NIR as playing a critical role in donor coordination	NIR to undertake this activity without some sort of formal endorsement. It is positive that NIR stands available for coordination purposes but cannot be said to have achieved donor coordination as an output
NIR report contribution to BMOs lobbying for changes to seven different policy and regulatory changes (p 20 and 21)	The team asked all BMOs to explain their policy impact during the last three years related to the NBA and NIR funded activities. The BMOs confirmed the impact vis-à-vis the electricity board and tariffs, as well as the prevention of a hike in mining royalties and fees. None of the BMOs referred to other policy changes reported in the NIR annual report. Similarly no other interviewee could point to any other policy influencing by the BMOs	The team cannot fully discard BMOs' involvement in the policy changes, however no evidence was found during the field mission to substantiate this. BMOs are by stakeholders classified as 'weak' and 'lack capacity to engage policy dialogue' and thus the results expected are limited. The reporting should reflect this reality
'At the same time, one key challenge remains; many of the economic blue prints are still not being implemented by the government' (p 21), 'when they (BMOs) do engage with government on sector issues…they are more successful than when engaging under the flag of BCZ' (p 22)	All non-Government interviewed stakeholders confirmed these assessments	Correct reporting which relate to the actual challenges faced by the programme on the ground

3.4 Sustainability

NIR has taken an implementation approach where focus has been on providing capacity development to existing institutions rather than establishing new ones. Moreover, there are no future recurrent costs implications of most of the NIR activities and outputs, which should *ceteris paribus*, facilitate improved sustainability prospects.

NIR has actively involved partners in the identification and planning of activities, which has created ownership, which again is a precondition for sustainability. The ownership is evident in the BMOs reference to and use of the NBA as a reference point for their work to improve the business environment.[46] Furthermore, the BMOs involvement in the drafting of ToR, identification and management of the research consultants has further enhanced their use of and interest in the NBA follow-up research. NIR has however, refrained from channelling funds directly to the BMOs, which would further have contributed to more sustainable capacity development.[47]

The BMOs interviewed, see the NBA process and policy dialogue (outcome) as an initiation, which will be continued beyond the NIR support period. An example of this is the continuous dialogue in the energy sector between the BMOs and the Zimbabwe Electricity Supply and Regulatory Authority respectively. However, the currently limited capacity of the BCZ to move the agenda forward was by the BMOs seen as a challenge for the future process and thus the sustainability of the support.

The activities that have not been effective are likewise also not assessed to be sustainable. These include the democracy related activities and the labour market dialogues. The latter partly as a consequence of limited long-term investment in the process (see under effectiveness).

There is no evidence of the core funding providing additional elements, which will increase the degree of sustainability of the interventions.

4.0 Evaluative Conclusions

The NIR support to Zimbabwe has shown some effectiveness in contributing - if very limited - to economic recovery by changes to tariffs and energy policies and thus meeting part of the overall objective of the bilateral programme (even if no substantial progress has been made towards improved democracy). The programme thus makes some contribution to the objectives of the NIR core programme: creating a conducive business environment. The team assess that the NBA process is appropriate in the given context and that results may emerge if continued taking into considerations the findings below.

There is however limited evidence to suggest that the core programme funds has contributed to these results. The detailed conclusions are reflected under the respective OECD criteria headings below.

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[46] This is aligned with Swedish Government Policy (MFA): *Pluralism -Policy for Support to Civil Society in Developing Countries* where it is stated that: Swedish civil society organisations will contribute to *capacity development* in civil society organisations in developing countries based on these organisations' *own priorities*. In this context, the organisation and its internal democracy, independence and actual performance should be the focus.

[47] In accordance with OECD-DAC capacity development guideline and the Paris Declaration on Aid Effectiveness the channelling of funds to partners is one of the most effective means of creating ownership and building institutions in the long run.

4.1 Relevance

Overall the work of NIR has been relevant to both the needs of Zimbabwe and that of Sida's overriding objective of poverty reduction. The timeliness of the intervention and the adaptability of NIR to the situation and expressed needs of its partners clearly improved relevance. However, there are challenges in evidencing relevance at the modality and partner choice level. A more explicit analysis of the pros and cons (and implicitly herein the relevance) of support to selected segments of the Zimbabwean private sector could arguable been one ingredient in such an evidencing. Another could be the degree to which the BMOs supported had objectives that were aligned to those of Sida and (more importantly) those of the wider Zimbabwean population.

4.2 Effectiveness

The Zimbabwe programme has implemented the bulk of its planned activities related to economic recovery. NIR facilitated the bringing together of the key BMOs (output)[48], which eventually has resulted in furthering a unification of the organisations (first outcome). The unification has resulted in the development of the NBA (output)[49], which is evidently owned by the NIR supported BMOs, who again have actively utilised the findings of the follow-up research (outputs) to engage in and influence the policy dialogue with the Government. Some policy influencing has taken place (second outcome), though the results are still limited. However, the process has not been finalised and more results may emerge in the coming years. The successful implementation of the NBA, the follow-up activities and the initial policy dialogue confirms that the programme has made some (if somewhat limited) contribution to an improved business environment in selected sectors (but not a an aggregate level). The team thus assess that the theory of change of the Zimbabwe programme related to a conducive business environment has been partly confirmed, with possible full confirmation over the next years if this results in substantial future policy changes.

The programme has been less effective in its efforts in bringing the labour market parties together to improve the business environment (outcome not met). Similarly, NIR has not been in a position to effectively contribute to an enhanced democracy in Zimbabwe (outcome not met). In part a consequence of the lack of commitment to this process from the business sector. However, this lack of emphasis on democracy was not discussed nor endorsed by Sida.

[48] Defined as outcome by NIR.

[49] Ibid

While the Zimbabwe programme is generally effective in meeting key objectives of the programme there is little evidence to suggest that the core funding addition has substantially improved the degree of effectiveness of the programme.

4.3 Efficiency

It is challenging to assess efficiency in the classical sense of how economically inputs are converted into outputs and results, as there is no readily available way to estimate the exact inputs that have been invested to produce specific outputs, expect for the NBA (which was highly efficient). However, at an aggregate level there are still some efficiency issues relating to programme management costs vis-à-vis activity costs that indicate a need for further discussions on the balance between the two, and if more value for money could be obtained as part of an eventual rebalancing.

The substantial investment funded from the strategic cooperation with Sida (core funding) to development, planning, monitoring and implementation systems has not yet translated into improved on-the-ground implementation or monitoring capacity. A more binding constraint seems to be the at times lengthy reporting and accounting routes with HQ handling all administrative and budgetary issues. Furthermore, an assessment of the reporting on results shows a need for more rigorous assessment of results attributed to NIR versus general developments. This may entail the development of simple and cheap monitoring and evaluation tools complementing the NOA at HQ.

4.4 Sustainability

The activities and outputs that have a high degree of ownership and documented effectiveness prove to equally have a high degree of sustainability. The team assess that the high levels of sustainability of the NBA process and follow-up activities can be attributed to the NIR emphasis on having partners identify activities and adapt programme activities to the wishes of the partners.

Outputs, which have not been effective, or with less ownership have limited or no sustainability. At the same time, the assessment shows that engaging in complex issues such as labour market dialogue, requires substantially more time, input and context awareness to be sustainable.

5.0 Recommendations

Based on the above findings, the team has the following recommendations for the NIR Zimbabwe programme:

1. Continue to follow-up on the NBA processes, which have shown a potential of impact in the future, and refrain from engaging in add-on activities with limited input, which have a limited probability of being effective. Overall strategic emphasis should be on continuing capacitating the BMOs to engage in dialogue with the Government.
2. A continued support should build on the positive lessons learned of the past of making the partners identify and prioritise activities and take the lead in their implementation. NIR should consider channelling some of the funding for

partner activity implementation *through* the partners to further enhance capacity development results and ownership, with due fiduciary safeguards.

3. Consider engaging in capacitating the BMOs for internal good corporate governance practices. Focus should be on BMO membership accountability, transparency and participation, ensuring that the BMO members provide inputs to the advocacy work of their umbrella organisation and that the BMO management becomes increasingly transparent in their operations and accountable to their members.
4. Reassess the NIR BMO portfolio to: (1) ensure that all BMOs comply with ethical standards and the Sida policies (this assessment is in particular relevant vis-à-vis the Chamber of Mines), and (2) consider extending the support beyond the most powerful BMOs to enhance the pluralism in the policy dialogue and provide voice to the less capacitated BMOs (including those not members of the BCZ).
5. Work to enhance efficiency of the programme by reducing administrative costs and improving reporting on concrete results.
6. Related, include more detailed budget and accounting templates that allow for better accountability relating to activities and costs, including unit costs.
7. If core funding should be applied in Zimbabwe, this should be used more strategically based on an assessment of added value in the given context and complementarity with existing activities. An example could be support to strengthening BMOs downward accountability, services to members and governance structures. This is demanded by the BMOs and would strengthen their legitimacy vis-à-vis members and GoZ, which in turn would reinforce advocacy efforts.

Annex 5 – Country Report Palestine

1 Introduction

This report is developed as an Annex to the Sida evaluation of core support to the International Council of Swedish Industry (NIR). As part of the core evaluation the evaluation team together with Sida and NIR chose two countries, which have received NIR support to represent the field research in the evaluation. This report represents the findings from the Palestine field mission.

Palestine was chosen as this is one of the major recipients of NIR support in the past, which has also received core funding support. Core funding has been addition to long-term bilateral funding to Palestine from NIR (Sida funded). This funding has been used through the NIR created PIBF, which is a joint facility for Israeli, Palestinian and Swedish corporations registered in Sweden. The core funding has however been channelled outside the PIBF and has specifically been used for the Jerusalem Arbitration Centre (JAC).

The JAC has not been included in the PAM as of yet, and the utility of the PAM cannot be assessed against the JAC. However, the team also met with PIBF staff and discussed its utility.

The field mission was undertaken by Erik Bryld and Nadia Masri-Pedersen 27 April till 3 May 2013. The list of persons met can be found in the relevant annex in the main evaluation report.

2. Background and Theory of Change

Palestine is characterised by a wide range of constraints to development, peace and economic growth. The programme evaluation period (2010-2012) was characterised by a challenging environment for the business sector due to the lengthy Israeli-Palestinian conflict. Conflicts tend to have huge economic and social impact. Since 1967 the occupied Palestinian territory was cut off from previous trade relationships and forced into asymmetrical economic ties with Israel with a one-sided customs union. Israel has imposed a number of military and economic measures that have affected all aspects of Palestinian economy resulting in economic disequilibria. The Palestinian economy is characterised by a growing resource gap and labour market imbalance on the one hand and an unsustainable dependence on external sources of income on the other.

Internal issues such as the absence of national unity and shortcomings in public governance and the external challenges posed by the Israeli occupation gravely affect the Palestinian economy. The will of the Palestinian National Authority to support the private sector in order to reach self-sufficiency poses an opportunity for Palestine's development partners to support the process of building a stronger private sector with the aim at strengthening the Palestinian economy. However, the 'normalisation' agenda through which Palestinian interest groups oppose any cooperation with Israel remains an important barrier for trade for some Palestinian companies.

2.1 Business environment in Palestine and the Relevance for the Israeli-Palestinian conflict

The political and economic context in Palestine remains unstable and unpredictable. While the West Bank has experienced a small revival of its economy since 2009, the Gaza Strip have struggled with the Israeli-imposed blockade causing an almost collapse of the private sector and high unemployment rates.

The Palestinian economy relies heavily on foreign funds. The economic structural changes in the Palestinian economy in the last few decades have seen an erosion of the Palestinian productive base with services making up almost 80% of the GDP, and agricultural production declining from 17% to 5% 2008.[50] Israel is by far the largest trading partner. From 1967 until the signing of the Oslo Accords, 80-85% of Palestinian exports and 80-90% of imports were to and from Israel. Even after the signing of the Paris Protocol this pattern continued, reaffirming Israel's control over Palestinian borders and trade regulations.[51]

Major constraints to doing business in Palestine identified by the business community during the field mission include (in order of priority):

1. The business environment and the activities of the private sector are heavily constrained, isolated and affected by the Israeli occupation. The business environment is affected by constrictions such as e.g. limited access and mobility, lack of access to natural resources like land and water, illegal impediments to commercial crossing and other non-trade barriers.
2. Companies generally suffer from low competitiveness, which affects their ability to operate strongly, grow a strong export sector and have access to international markets.
3. Lack of diversification in Palestinian trade.
4. Fragmented business sector due to geographical and political division between West Bank (and internally with limited access to Area C), Gaza and East Jerusalem.
5. Palestinian economy is weak and non-sustainable and dependent on the Israeli market and foreign development aid.

[50] Source: 'The Palestinian Economy: Macroeconomic and trade policymaking under occupation', United Nations Conference on Trade and Development, UNCTAD 2012.

[51] Source: 'The Palestinian Economy: Macroeconomic and trade policymaking under occupation', United Nations Conference on Trade and Development, UNCTAD 2012.

6. Initiatives involving Palestinian-Israeli partners risk being labelled as 'normalising' relations with Israel.
7. Limited number of female entrepreneurs in the private sector and thus a marginalisation of women from economic life.
8. Businesses adhere to different legal systems.
9. Lack of knowledge, skills and capacity to work with arbitration. Local arbitration has historically been done through tribal ways.
10. Non-recognition of international trade agreements and the principles of the Paris Protocol.

The NIR supported project is thus implemented in a context of considerable economic, political and governance challenges and most obviously in the light of the unique challenges posed on the private sector by the occupation.

2.2 NIR Palestine Theory of Change

The below Theory of Change has been developed based on the interviews during the field mission as well as the documents provided by NIR.

NIR has been engaged in Palestine since 2004. NIR's work and primary funding has been to the Palestine International Business Forum (PIBF) through bilateral funding from the Swedish Consulate in Jerusalem. NIR has funded part of the Jerusalem Arbitration Centre through Core funding from Sida Stockholm. The work with JAC should therefore be seen linked to the overall work and synergies of PIBF.

The overall long-term objective of NIR's work in Palestine, also mainly referred to as the vision of the Palestine International Business Forum, was set to be:

> *To enable local and international private sector efforts towards achieving sustainable economic growth in Palestine as a basis for political and societal long term stability in the Middle East region.*

In this programme two development objectives can be found:
1) To enhance peacebuilding measures through trust building and dialogue, and
2) To reduce poverty through leading private sector efforts to improve the conditions for sustainable economic and societal development in Palestine.

Figure 1.1 PIBF project logic

Overall, NIR's engagement in Palestine builds on the idea that NIR can act as a facilitator in bringing together Swedish, Palestinian and Israeli business people and work together to create a conducive business environment in Palestine. The purpose of this particular programme is based on the logic that a strong private sector is essential to prosperity and peace.

According to NIR, there is a connection between the specific work in Palestine and the results within NIR's overall core programme. The projects in Palestine fit under NIR's overall Result 1 *conflict-sensitive and peacebuilding approaches are developed, communicated and implemented for business in conflict-affected and conflict-prone contexts* and Result 2 *private sector provides and/or participates in platforms for dialogue promoting peacebuilding*.

<u>The Jerusalem Arbitration Centre</u>
The Jerusalem Arbitration Centre, as a conflict resolution mechanism is an essential part of the work within PIBF specifically to the aspect of peacebuilding.

The idea and the establishment of JAC came about as an offspring of NIR's bilateral support to PIBF, more specifically during a PIBF Forum. As a result of NIR's long-term engagement in Palestine and its partnerships through PIBF, it was possible to identify the need for JAC and meet a need within the business sector.

In order to establish JAC creating ICC Palestine was a necessary step. ICC Paris contributed to an internationally recognised Palestinian chapter of the International Chambers of Commerce (ICC). It was established to support the functioning of the Palestinian private sector. The JAC is established as a joint venture of International Chamber of Commerce Palestine (ICC Palestine) and International Chamber of Commerce Israel (ICC Israel), with offices in Ramallah, Tel Aviv and in Jerusalem. Besides mainly providing arbitration services to Palestinian and Israeli businesses with respect to disputes, JAC will be promoting arbitration as an amicable mean for resolving commercial disputes and raising awareness on such mechanism.

In the three years business plan for the Jerusalem Arbitration Centre from November 2011, NIR/PIBF highlight that the JAC will serve as an ideal forum for both Palestinian and Israeli businesses to refer their commercial disputes, and be rendered a fair, speedy and relatively cost-efficient dispute resolution mechanism. As it is neutral and amicable the arbitration centre awards have a better chance of voluntary enforcement than a court order.

The potential effects of JAC are twofold as NIR sees it, having a direct impact as a dialogue promoting, conflict resolving mechanism as well as an important institution in contributing to economic development in Palestine through establishing better conditions for the private sector to operate. The latter, NIR believes, contributes to a strong Palestinian economy that can carry a future state, which is a prerequisite for a stable two state solution. According to NIR, this logic is what lies at the base for all interventions in Palestine.

<u>Palestine International Business Forum</u>

Additionally, in relation to the theory of change, specifically for PIBF the final narrative report from 2008-2009 describe the logic as follows:

- Undivided belief in the strong link between economic and societal development and peace and stability.
- PIBF believes that free and reciprocal business relations build sustainability in Palestine, which ultimately positively contribute to building peace in the Middle East. Hence, the PIBF brings together Palestinian, Israeli and Swedish interests to create and assist sustainable economic development in Palestine, as a contribution to stability and a peaceful development in the region.
- Conflict is almost always an impediment, rather than a spur, to economic growth and private sector investment. In the short-term, the security of individuals is negatively affected, markets and infrastructure are severely damaged and in many cases companies experience a negative impact on their resources. In the long-term, the way in which conflict undermines societal and economic progress will seriously impact a company's own prospects for successful investment and economic growth. Businesses obviously have a strong interest in peace and security in countries in which they are operating or might wish to operate. The private sector therefore has commercial interests as well as a moral imperative to help prevent and resolve violent conflict, and contribute to peacebuilding.
- The deteriorating relationship between Israel and Palestine, the expected forthcoming declaration of a Palestinian State and efforts from actors in Israel and Palestine to limit contacts and relations, economic and other fields, between Israelis and Palestinian, especially among key actors, call for an established platform as the PIBF to increase its efforts to bring economic actors together and to continue to stress the positive linkage between trade and peace.
- The nature of the PIBF platform and its organisation provides an arena for dialogue between key actors in Israel, Palestine as well as in Sweden, with the ability advocate for an contribute to change.
- It is important to build long-term relationships.

<u>Palestine-Colombia Conflict Sensitivity Exchange Project</u>
Finally, in 2011 a Palestine-Colombia Conflict Sensitivity Exchange Project was introduced. The idea behind this project is that by bringing together people working in the two conflict-affected areas, lessons learnt and knowledge exchange can provide a better understanding and assist in developing practices with regards to business approaches in conflict and peace.

The NIR core contribution has been used for the JAC and the Colombia-Palestine exchange project. Consequently, these interventions are the focus of the evaluation.

2.3 Methodological Note for Palestine

The main methodology for the evaluation is outlined in the Inception Report as well as in the main report to which this document is an annex. However, the team has identified additional methodological considerations applicable for Palestine.

First, the team is assessing core funding activities only. In the case of Palestine this is limited to the JAC and the Palestine-Colombia activities, consequently activities related to PIBF have only been included in so far as they are related to the establishment of the JAC.

Second, there are no log frame or results matrix guiding the NIR core support to JAC. The degree of effectiveness will therefore have to be assessed against the overall objective of the NIR core funding and the objectives of JAC itself.

3.0 Findings

In the following the findings of the Palestine field mission are presented in accordance with the OECD-DAC evaluation criteria of Relevance, Effectiveness, Efficiency and Sustainability.

3.1 Relevance Palestine

As explained in chapter 2, the business environment in Palestine has to be seen in the light of a complex and overshadowing political conflict and the Israeli occupation posing unique challenges to the Palestinian business sector. The decision by NIR to support the private sector in Palestine seemed highly relevant, especially with regards to bringing about a more conducive business environment.

The idea and the establishment of JAC came about as an offspring of NIR's bilateral support to PIBF. As a result of NIR's long-term engagement in Palestine and its partnerships through PIBF, it has been possible to identify the need for JAC and meet a need within the business sector.

The partners funded through NIR's core support and who have been involved in establishing JAC are ICC Palestine and ICC Israel, and indirectly PIBF. Considering the difficult context and the obstacles to promoting partnerships between Palestinian and Israeli organisations, the relevance of NIR's chosen partners is considered high.

As the Evaluation team did not come across any results matrix, and any development objectives for the JAC, it is difficult to assess the relevance in relation to the beneficiaries. The immediate beneficiaries are the companies seeking arbitration through JAC. Whether the support is beneficial to the 'primary beneficiaries' as defined in NIR's overall objectives (children, men and women), depends on whether arbitration contributes to job creation, enhanced economic development and peace, which is too uncertain to legitimise at this point.

<u>Focus on Private Sector Development</u>

Most development actors in Palestine agree on the importance and need for supporting the Palestinian private sector.
The National Development Plan of the Palestinian National Authority (PNA), 'Establishing our State, Building our Future', for the period of 2011-2013, confirms that the economy sector and the promotion of an environment that enables trade and investment is a priority for the government.[52] ICC Palestine requested from the Ministry of Justice to assign 3-4 judges that would be trained and accredited to enforce arbitration awards mainly those coming out of JAC. ICC Palestine and the Ministry of Justice have signed a Memorandum of Understanding and ICC Palestine has been invited to help support the Ministry in drafting a new arbitration law. The cooperation of the PNA during the process of establishing JAC proves a local interest and thus a relevance to the context.

The Office of the Quartet Representative Tony Blair, one of the development actors also focusing on private sector development, states: "One of the most critical factors for growing the Palestinian economy and generating new jobs, particularly for young adults entering the labour market, is the accelerated development of the Palestinian private sector." This marks a trend among the donors of including support to the private sector as part of their development portfolios. Several donors have supported JAC including Sida, GIZ and USAID. NIR's support to the Palestinian private sector and to JAC is therefore relevant as it feeds into donor efforts and discourses.

Conducive Business Environment

In Palestine, there is evidently a strong need to promote a more conducive business environment. Since 2010, NIR has supported the establishment of the JAC, which aims at filling the gap in dispute settlement between Israeli and Palestinian companies. The Israeli and Palestinian markets are closely tied, yet the political conflict poses major constraints to doing business, affecting not only free movement and access and reliable financial transactions but also basic trust between companies. One of the challenges is the lack of a common legal framework for both parties to solve disputes. The Evaluation team found that everyone agrees that JAC can potentially fill this gap, and that it fills an obvious need from a structural perspective.

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[52] The National Development Plan states: "The NDP includes commitments to continue legal and institutional reform in the economy sector, strategic investments in national infrastructure, and negotiation of international trade agreements that will, taken together, promote the competitiveness of Palestinian products and services in the global and local marketplace. Our economic policy agenda focuses on developing domestic capacities and resources, and creating an environment that attracts investment. This will lay strong foundations for sustainable economic growth, and ultimately reduce reliance of the national economy on public expenditure and, consequently, eliminate dependency on external aid",

The practical demand among Palestinian and Israeli companies for using the arbitration centre as a mechanism is still to arise, and it is too early to say to which degree it will be used. As it is now there is a gap between the Palestinian and Israeli private sector. Arbitration is commonly known in Israel and capacities within this field are there. On the Palestinian side, however, a process of awareness within the business community has slowly started. During the past two years JAC has started training judges and lawyers in arbitration, and preparations have been made to include arbitration in the curriculum in the university.

JAC, as the only mechanism of its kind, can potentially be a forum for solving conflicts within the business sector. Although the demand has to be created, the JAC can encourage Palestinian companies to do business with Israeli companies that they might doubt or lack trust towards by promoting the use of JAC. Having the International Court of Arbitration as a kind of guarantee, commercial disputes can be addressed and help creating a better environment for doing business.

Peace Promotion

It cannot *a priori* be assumed that the interest of the private sector actors involved in JAC is based on a desire to promote peace. It is evident that the actors involved in JAC have made a clear distinction between economics and business on the one side and politics on the other. This separation has been crucial to the creation of JAC as a neutral platform and a space that both parties can agree to enter. JAC ensures neutrality by having a third party mediator to act as international head of JAC, in the shape of the Turkish Businessman Rifat Hisarciklioğlu and the ICC Headquarters in Paris as the third party legal framework.

The challenges in making cooperation between Palestinians and Israelis work are many. Although Private Sector Development Programmes are a high priority to the Palestinian National Authority, things become delicate when involving Israel, due to the overriding fear of ‘normalisation’. The evaluation team found that JAC has succeeded in starting an initiative involving prominent and crucial people in the business sector on both side, something, which is commonly agreed upon as needed in order to break down the many barriers. While the Evaluation team cannot prove the direct link between NIR’s support to JAC and peacebuilding, there is no doubt that the potential role of JAC as being a platform for dialogue and a space for mutual cooperation is relevant and could potentially increase the incentive for cooperation in other areas and create an atmosphere of collaboration.

Another indirect effect of the establishment of JAC, has been the creation of ICC Palestine and the recognition by an international body, ICC International. Putting the issue of the Palestinian business sector on the international agenda can be seen as a positive effort in accepting Palestine as an authority and in creating awareness of the challenges it faces.

In view of the low level of participation of women in the private sector and their marginalisation from economic life in Palestine, no evidence was found that NIR has made special attempts of including the aspect of gender in its work with JAC, something that would be highly relevant.

Conclusively, the Evaluation Team has found that the approach applied by NIR in Palestine is to a large degree relevant to the context. Given NIR's mandate and core partners in Palestine, it was easier to find relevant entry points into the area of promoting a more conducive business environment, in comparison with the issue of promoting peace. One could question the relevance of NIR aiming at peacebuilding in the context of Palestine, especially considering the lack of motivation on this from the side of the partners.

3.2 Effectiveness

The private sector in Palestine (and Israel) is a long-term partner of NIR, which was cemented with the establishment of the Palestine International Business Forum, which is a joint Swedish-Palestinian-Israeli partnership, originally registered as a Swedish NGO, but now a programme under NIR. The PIBF has served as a platform for trade promotion and dialogue between the three parties since 2005.

One of the obstacles for Israeli-Palestinian trade has been the lack of access to neutral arbitration opportunities (disputes have till now been governed by the Israeli justice system). Consequently, the three parties to PIBF discussed the idea of establishing a joint Israeli-Palestinian arbitration centre. NIR thus engaged in supporting the establishment of the Jerusalem Arbitration Centre first through PIBF and then later directly using core funding.

The JAC has been two and a half years in the making, agreeing on the legal foundation and identifying and training arbitrators to work for the Centre and was finally launched March 2013 and will be formally endorsed by the International Chamber of Commerce umbrella organisation in Paris November 2013.

According to ICC Palestine and Israel NIR and PIBF have been instrumental in supporting the establishment of the Centre. Using the bilateral funding through PIBF, NIR provided the dialogue platform for nurturing the JAC idea. However, due to political complications and the questioning of PIBF operations by the Palestinian Authority in 2010 and based on recommendations from a 2010 evaluation, PIBF paused operations and restructured the organisation (over a period of two years). In the meantime NIR decided to use core funding to assist the establishment of the JAC.

In terms of effectiveness, NIR has provided the platform (output) for the idea of the JAC to emerge and be initiated (outcome) under the leadership of ICC Palestine (established as part of JAC process) and ICC Israel. NIR has furthermore supported the development of the JAC business plan (output) using bilateral funding and legal framework and training (output) using core funding. These have been instrumental in creating the JAC (outcome). However, the centre is not yet being utilised and the extent to which it will be used in the future (outcome) and improve the business environment (impact) is still to be assessed.

In Palestine the core funding enabled a continuation of funding to JAC in a situation where the legitimacy of PIBF was questioned in Palestine and funding approval from Sida for the bilateral programme was delayed till the programme was restructured. In this sense the core funding enabled swift and flexible support when the bilateral funding was temporary stopped. However, it also shows how Sida on the one hand terminates funding through NIR in the bilateral programme, while on the other hand it provides funding for continuation of activities using core funding. It is not evident from the programme document that this was the intention with the core funding when approved by Sida.

The team notes that there are no specific gender related activities in the NIR core funding activities in Palestine and thus no direct contribution to gender equality effectiveness.

In terms of confirming the theory of change, the fact that the core funding is yet to result in changes for the Palestinian and Israeli business community (as the JAC has only been launched recently and needs to be used by the business communities first) means that the theory cannot be fully confirmed at this stage. However, there are indications of confirmation. First and foremost the assumption that the JAC will improve business corporations (and in particular small and medium size business) legal security and thus be an investment guarantor was confirmed by the bulk of people interviewed in Palestine. The JAC fills an obvious gap and the interest in pursuing the idea by ICC Palestine and ICC Israel confirms this.

The extent to which the JAC will work to enhance peace is less evident and disputed among the interviewees. Few people interviewed agreed to the JAC having long-term or significant contributions to peace in the region and in particular the Palestinian interviewees are reluctant to confirm this theory. However, interviewees admitted to the fact that the cooperation meant that they now had a better understanding of the business community 'on the other side'. Similarly, the fact that the JAC is one of the only formalised cross-border initiatives, which has been endorsed by the Palestinian Authority as well as the State of Israel, is no small achievement. So while the support is unlikely to be a major contributor to the peace process it may still serve as an inspiration for similar initiatives in other sectors.

3.3 Efficiency

A total of 1.5 mill. have been channelled to the two ICCs from the core funding budget to assist with the establishment of the Centre. As no similar activity has been established in the past there is no benchmark to compare with. However, in light of the usual cost of establishing new institutions, the NIR contribution is assessed to be very limited and thus cost-effective (the team has only assessed the funds provided to ICC Palestine and ICC Israel and not the management costs in Stockholm). This is in contrast to the PIBF programme which has management costs of 54%. With reference to the latter some interviewees felt that *'a lot of money goes to management and expensive Stockholm-driven surveys and monitoring'.*

The utility of the PAM system was recognised if somewhat modest. Overall the PAM system was seen as 'a good way of communicating with Stockholm', but time-consuming. There was however also recognition that it has improved local level monitoring and that 'Stockholm can see what I do week for week'. By and large in particular one partner was of the opinion that the system was better than before and helped organise operations.

During the programme evaluation period funding has been managed directly from Stockholm as is the practice of NIR in all programme countries, which is described as a lengthy process, where Stockholm is not always in sync with the realities on the ground. The funding is however processed swiftly with no noteworthy delay. Since 2013 (beyond the evaluation period) NIR has devolved much more resources to PIBF locally which has drastically enhanced decision-making processes and made them more relevant to the context.

3.4 Sustainability

The core funding to Palestine has been provided for one major outcome: the establishment of the JAC. The sustainability of the support will depend on three parameters: (1) the degree of ownership of the intervention by the partners, (2) the initial financial sustainability of the JAC, and (3) the long-term utility of the JAC, i.e. the question of whether the private sector in Palestine and Israel will make use of (and pay for) the JAC in the future.

The degree of ownership of JAC of ICC Israel and ICC Palestine is undisputed. The two organisations have led the process since it s initiation (in Palestine the process was initially lead by leading business people until ICC Palestine had been established). The degree of ownership is significant as are the plans for the future operation of the JAC.

Financially the future of JAC is more challenging. The JAC is currently without funding of its running costs for the first two years, which makes it unsustainable in the short run. There are however options for funding from among other Norway, and NIR could consider providing bridging funding in the next phase of PIBF which was launched this February. It is hoped that once the JAC becomes utilised the fees of the Centre will fund its future operations. This theory is still to be tested in practice.

In terms of the Centre’s future utility, this too is more a question of theory and faith as the demand among the business community has not been tested yet. None the less the need for the Centre is evidently there as interviews have documented. The partners interviewed were also positive regarding the future use of the Centre, however the first case is still to be initiated now that the Centre has started functioning.

A final risk for the future of the Centre is the political volatility in which the Centre is operating. The segments of Palestinian society advocating against a ‘normalisation’ of the relations with Israel have so far not paid attention to the JAC. However as the

JAC is fostering cooperation between Palestinian and Israeli companies the Centre may risk becoming part of a future political agenda, which may have negative implications for its ability to operate. For the same reasons ICC Palestine has chosen to promote less attention to the JAC in Palestine, which of course is a fine balance as the Centre will need to be advertised to be used.

4.0 Evaluative Conclusions

The evaluative conclusions are presented in accordance with the OECD-DAC criteria.

4.1 Relevance

The NIR support to establishing the JAC is relevant to the local context and the needs in the Palestinian private sector. The challenge to come is creating the awareness about arbitration and the demand among companies. If this happens JAC has the potential to contribute to the business environment, ensuring both Palestinian and Israeli companies with a dispute settlement mechanism that can improve their relations and create a basis for collaboration.

4.2 Effectiveness

The NIR core funding has been instrumental in establishing the JAC. The programme has thus been effective in facilitating this process. The long-term contribution of the funding to the business environment in Palestine (and Israel) will depend on the use of the Centre by the Israeli and Palestinian business community. However, interviews with these seem to indicate a high probability of long-term effectiveness as well (impact).

4.3 Efficiency

The limited contribution to Palestine/Israel under the core programme (excluding management costs in Stockholm) appear cost-effective based on the limited information at hand. The new PAM has helped improve planning processes, but is time-consuming vis-à-vis the documented benefits.

4.4 Sustainability

The JAC is not yet fully financially sustainable, however the parameters in terms of institutional ownership and relevance to the context have been secured. JAC will however need seed funding for the first two years before it is realistic to be self-sustaining financially.

5.0 Recommendations

NIR should consider continuing support to the JAC for the initial two years to enable the Centre to prove its utility and sustainability. The funding should be continued channelled through ICC Palestine and ICC Israel to ensure that they will continue to lead the process. While ICC Palestine is arguably in more need of funding, it is important that funding is continued through both institutions so that the impression of equality between the two organisations and their mutual relation with NIR remain.

As part of the future support, NIR should consider discussing risk management and contingency planning for the Centre to avoid it being tangled into regional politics, which may jeopardise its operations.

Annex 6 – Terms of Reference

Terms of reference Evaluation of Sida & NIR Core Support Program (2009-2012)

1 BACKGROUND

1.1 Information about Sida

Sida, the Swedish International Development Cooperation Agency, is a government authority. Our goal is to contribute to enabling poor people to improve their living conditions.

As other Swedish government agencies, Sida works independently within the framework established by the Swedish Government and Parliament. They decide on the financial limits, the countries with which Sweden (and thus, Sida) will cooperate, and the focus and content of that cooperation.

For additional information, please visit Sida's website, www.sida.se

1.2 Information about Business for Development

Business for Development (B4D) is Sida's programme for collaboration with the business sector. B4D stems from the tasks given to Sida by the government and parliament, as well as an understanding that aid can become more effective by better harnessing the positive impact of private sector actors in their different roles – as actors focused on developing 'inclusive business', as advisors/dialogue partners and as suppliers in development cooperation.

For additional information, please visit Sida's website,
http://www.sida.se/English/Partners/Private-sector/About-Business-for-Development/

1.3 Partner country

Not applicable.

1.4 Cooperation partner - NIR

The International Council of Swedish Industry (Näringslivets Internationella Råd (NIR)) is an independent associate of the Confederation of Swedish Enterprise, which represents some 60,000 member companies. NIR is commissioned to support and broaden the scope of operations of Swedish business in markets characterised by political, economic or social complexities.

In many instances the scope of work and interest of NIR are similar to that of the Sida which sometimes leads to cooperation and financing of programmes. NIR undertakes long term development cooperation programmes aiming to improve structural conditions for business and economic development. NIR works closely with globally active key stakeholders from both the public and private sector that have a strategic interest and possibility to maintain a long term perspective in their activities and development operations.

According to the Swedish Governments policy on Civil Society, NIR is a Civil Society Organisation (CSO). The work of NIR differs from most of Sida's funded civil society programmes as NIR normally does not channel funds to their partners.

1.5 Intervention/Project description

NIR's objectives have been focused to three areas: Conducive Business Environment, Peacebuilding and Health, but recently the area of Health has been removed as a priority. NIR is implementing programmes on Conducive Business Environment and Peacebuilding in several conflict sensitive countries. All programmes differ from one another in terms of contexts, but the basic objective is to strengthen individuals, organisations and structures aiming at a more conducive business environment. This, in turn, will contribute to economic growth, employment, sustainable development and poverty reduction.

Sida and NIR are cooperating in bilateral, regional and core support programmes, but the focus of this evaluation is the core support programme for 2009-2012 with an agreed total budget of 36 MSEK.

The Sida and NIR core support programme is relatively new (started 2009) and therefore an evaluation of the partnership and its outcomes is requested. This evaluation will serve both as an end of programme period evaluation and as input to Sida's appraisal of an application of a renewal of the core support programme 2014-2019.

The overall objective for the Sida and NIR core support programme (see Sida & NIR agreement for 2009-2012) is to contribute to the development of conflict resolution and peacebuilding through influencing key private sector actors. Key private sector actors can contribute to the overall objective by providing, supporting and participating in activities and dialogues aiming towards enabling a conducive business environment.

1.6 Current situation in the relevant sector

Not applicable.

1.7 Related programmes/projects and other development cooperation activities

Not applicable.

2 SCOPE OF ASSIGNMENT

2.1 General information

Not applicable.

2.2 Purpose of the evaluation

As the Sida & NIR core support programme agreement started recently (2009) as a pilot for working with core support programmes with the private sector. The overall purpose of the evaluation is to evaluate how/if to continue with core support programme and to recommend changes for improvements (if relevant). This will serve as input to both Sida and NIR concerning expectations, results framework and monitoring and serve as input to decision makers within Sida. The evaluation will take into consideration the success factors, strengths and needs for improvements of the core support programme agreement in order to give input to a learning process.

The specific purpose of the evaluation is to:

- Evaluate how NIR programmes/contributions are relevant for Swedish development goals and Sida's main objectives i.e. development and poverty reduction and relevant policies and strategies
- Evaluate to what extent NIR's programmes/contributions meet expected outcomes from Sida and NIR agreement (2009-2012), from a core support programme perspective
- Evaluate to what extent NIR's programmes/contributions meet the expected outcomes for the specific programmes/contributions and alignment to the Sida and NIR agreement, from a core support programme perspective
- Evaluate how NIR's planning- , implementation-, monitoring -and reporting processes and tools are serving NIR's expectations in these areas
- Evaluate how NIR's planning-, implementation-, monitoring- and reporting processes and tools are serving Sida requirements, in terms of:
    - Relevant aggregation level of NIR's results framework
    - Clear causality of NIR's results framework
    - Relevant and consistent risk identification and risk mitigation
- Compare NIR programmes/contributions to other actors and their activities, with similar objectives, to assess added value of NIR's programmes/contributions
- Provide recommendations regarding how Sida should continue with the core support programme to NIR if a continuation is recommended.
- Provide recommendations regarding improvements to the Sida and NIR collaboration

It is of key concern that the evaluation consists of detailed assessments relevant for the purposes listed above.

The evaluation should focus on the same period as the original agreement of core support programme i.e. 2009-2012. The agreed extension period for 2013 is not in scope for the evaluation.

2.3 Methodology

The evaluation will start with an inception phase where the consultant(s) will provide an inception report including a suggestion of methodology and time plan.

In the inception phase, the consultant(s) will make a suggestion of relevant NIR programmes/contributions to evaluate, relevant countries, relevant interviewees and relevant other actors for comparison. The inception report will also include a description of the evaluation design and data collection methods.

The inception report will be discussed and agreed with NIR and Sida prior to start of the remaining activities.

The effectiveness and efficiency of the programmes should be assessed in accordance with the OECD/DAC quality standards for evaluations or other relevant methods and the DFID Value for Money methodology or similar.

2.5 Budget & Schedule
Sida estimates that the evaluation will include: desk studies, interviews, preparation for field trips, field trips, analysis, reporting and presentation.
The evaluation is expected to require 13 weeks and takes place from January 2013 to June 2013. The final evaluation report shall be submitted to Sida, no later than June 14, 2013.

2.7 Qualification requirements
The listed qualifications are required for the involved personnel in the evaluation team:

- Knowledge in market development and development of conducive business environments
- Knowledge in peacebuilding and conflict sensitive contexts
- Academic or other vocational education
- Very good knowledge in spoken and written Swedish and English
- Other work Experience adequate for the project

The tender will provide, for all involved personnel in the evaluation team:

a. A description in the form of a Curriculum Vitae for the person(s) who is to be responsible for the performance of the project. The CV will contain a full description of the person's theoretical qualifications and professional work experience.

No further requirements are listed as the supplier is an agreed partner for Sida reviews, evaluations and advisory services on results framework.

2.8 Expected Outputs

1. An inception phase report
2. An evaluation report
3. A presentation and discussion on the evaluation report to NIR and Sida to present the result of the evaluation and recommendations

2.8.1 Reporting
All reports should be written in English.

- A draft inception report shall be sent to Sida in February 2013
- A final inception report shall be submitted to Sida in February 2013
- A draft evaluation report shall be sent to Sida in May 2013
- A final evaluation report shall be submitted to Sida, no later than June 14, 2013
- The final evaluation report shall:

- Not exceed 20 pages (appendixes excluded)
- Adhere to the OECD/DAC Evaluation Quality Standards
- Adhere to the terminological conventions of the OECD/DAC Glossary on Evaluation and Results-based Management as far as possible
- In terms of content, include:
  - List of acronyms, tables, figures and appendixes
  - Executive summary (max 2 pages)
  - Evaluation purpose and scope
  - Methodology
  - Results
  - Analysis
  - Recommendations
  - Conclusion

3 CONDITIONS AND RISKS

Not applicable.

4 CONTRACT OBJECTIVES

See section 2.2 and 2.8.

Annex 7 – Inception Report

1.0 Introduction
Indevelop has been contracted to undertake an evaluation of the core support of Sida to NIR 2010-2012. The evaluation is implemented jointly by Tana Copenhagen and Indevelop. This inception report outlines the suggested approach and methodology for the evaluation as well as reflections on the Terms of Reference (ToR) and the implementation planning.

All team members have committed to upholding Sida's standard confidentiality statement at the onset of the evaluation. Furthermore, Indevelop will discuss together with Sida and NIR matters of confidentiality to ensure a common understanding of how the report should be drafted to ensure the highest level of transparency and confidentiality and also improve the accountability of NIR to Sida and, ultimately, the Swedish taxpayers.

2.0 Background on the NIR-Sida Cooperation
The International Council of Swedish Industry (NIR) is a non-profit organisation founded in 1960. NIR is an independent associate of the Confederation of Swedish Enterprise, which represents some 60.000 member companies.

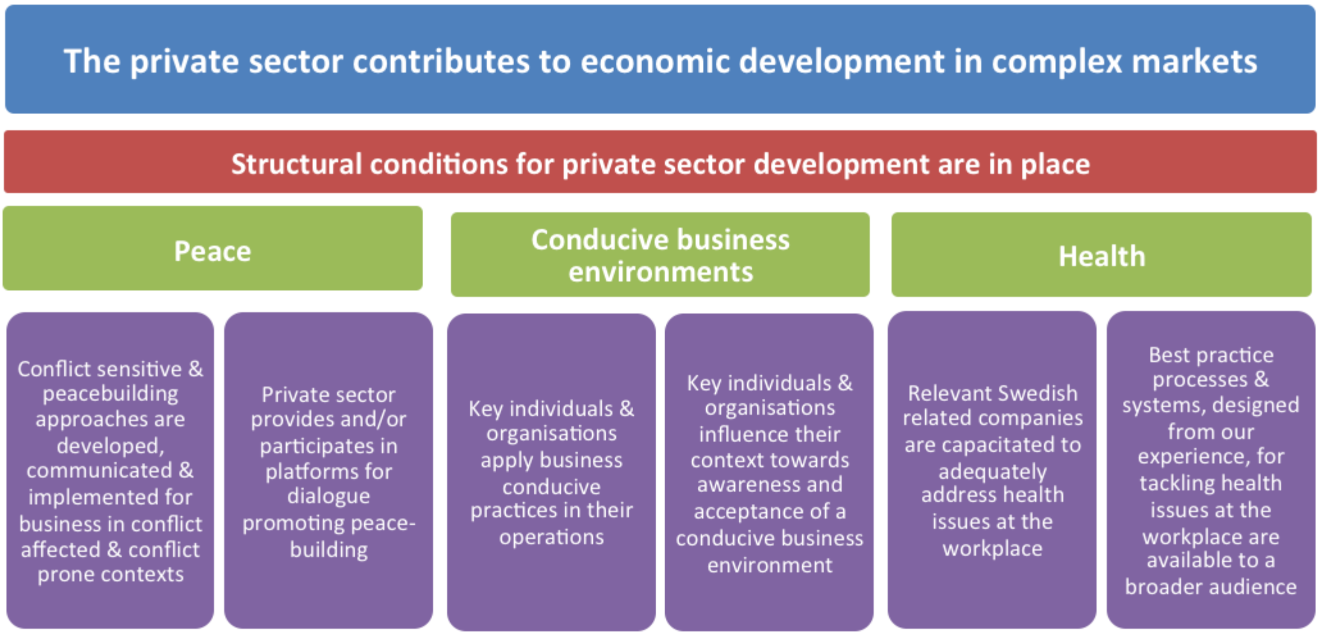
The Confederation of Swedish Enterprise has commissioned NIR to representing the long-term interests of Swedish business, especially in countries characterised by political, economic and social complexities (as defined by NIR. The team will need to assess the extent of the definition of 'complex' as applied by NIR). NIR represents Swedish business in many different settings and facilitates links to stakeholders, knowledge and markets. Through securing and representing the interests of Swedish business, NIR aims at contributing through the private sector to economic development in complex markets.

Since 2009, Sida and NIR have cooperated strategically through a framework agreement for 2010-2012 using a core funding modality (see box 2.1 for definition of core funding). The purpose of this cooperation is to contribute to Sida's development cooperation goals in valuable ways under its Business for Development Programme. Sida and NIR are cooperating in bilateral, regional and core support programmes, the latter of which is the focus of this evaluation.

The overall objective of the cooperation is aiming to support economic development in complex markets through the private sector (see fig. 2.1). As a prerequisite for this to take place it is necessary to promote adequate structural conditions.

Fig. 2.1 Overview of the NIR core programme

The programme's objective was initially focused on three areas and objectives:



1. Peace – the private sector contributes to establish essential conditions for building and preserving peace;
2. Conducive Business Environment – conducive business environments, characterised by market economy, democratic values, transparency, effective institutions and the rule of law are in place;
3. Health – the private sector contributes to a comprehensive health approach through workplace-based interventions.

In the first half of 2012, it was decided, based on previous limited progress and the need to focus resources, to exclude the health-component.

In addition to the core programme, NIR receives Sida funding for projects in different countries. Separate bilateral funding agreements include Belarus, Colombia, Zimbabwe, Palestine, Democratic People's Republic of Korea and an HIV/AIDS workplace programme for Southern and Eastern Africa. The projects in each country differ according to the local context and needs. What characterises the activities is that they involve links to many stakeholders in the business environment, from business member organisations to workers unions and governmental institutions. NIR facilitates activities that aim at increasing awareness as well as building skills. Activities focus on dialogue, and debate on peace and conflict-sensitive approaches as well as a promoting a conducive business environment.

In its application and the implementation of the core support programme, NIR has focused on linking the core support programme with the country projects facilitating the implementation of these while the country projects contribute to the objectives of the core support programme.

Box 2.1 Core funding definition based on OECD-DAC Paris Declaration on Aid Effectiveness

Core funding

The support evaluated is core funding. The term ”core funding” has different meaning for different actors. For the purpose of this evaluation, the evaluation team uses the concept as used by OECD/DAC. Core funding thus has the following characteristics:

- An unconditional grant to the organisation against its strategy and overall work plan.
- The funding of the individual donor goes to the main account and cannot be separated from other funding sources.
- Auditing, procurement and reporting are global using the organisations systems and procedures.

3.0 Assessment of scope of the evaluation

The scope of the evaluation is based on the directions given in the ToR and the dialogue on the proposal between NIR, Sida and Indevelop.

3.1 Reflections on the ToR

We understand that the assignment concerns the evaluation of the core support by Sida to NIR for the period 2009-2012 (the funding has been extended for 2013, which however is not part of the evaluation), and that the purpose of the evaluation is ’to evaluate how/if to continue with core support programme and to recommend changes for improvement (if relevant).’ The flow of funds to NIR began in December 2009, thus the *de facto* evaluation will cover the period 2010-2012.

The purpose of the evaluation is thus two-fold: first the team will need to evaluate the programme and document its achievements enabling Sida and NIR to decide on the ‘if’, i.e. if the programme should continue. Second, the team will provide recommendations on the ‘how’, i.e. outlining changes in the project design or cooperation if found relevant.

The objective of Sida’s support to NIR under the core support programme is according to the ToR ‘to contribute to the development of conflict resolution and peacebuilding through influencing key private sector actors.’ However, the team notes that the overall objective which the programme should be measured against should be identical to the results framework, which is ’the private sector contributes to economic development in complex markets’, and the programme purpose is ‘structural conditions for private sector development are in place’. This is agreed between Sida and NIR. The team will evaluate the core support in accordance with this latter agreement.

Based on the purposes outlined in the ToR, as well as the following discussion with Sida we understand that agreement has been reached that the main focus of the evaluation will be on:

1. The relevance of the core support to NIR to Swedish Government policies and strategies (these are assessed to include the overall Policy for Global Development, the Policy for Support to Civil Society in Developing Countries within Swedish International Development Cooperation – Pluralism including the strategy for support through Swedish civil society, The Policy for Economic Growth in Swedish Development Cooperation, policy for Peace and Security in Development Cooperation, and the Strategy for Capacity development and Collaboration.
2. The effectiveness of NIR's core programme and contributions towards meeting the expected objectives outlined in the Sida-NIR agreement from a core support programme perspective.
3. The efficiency in the NIR planning, implementation, monitoring and reporting processes and tools in particular in relation to results monitoring, causality and aggregation as well as NIR's risk identification and mitigation.
4. The sustainability of the NIR core programme's outputs and outcomes.

Based on the discussions with NIR and Sida following the submission of the proposal we understand that the following observations will also apply for the evaluation:

1. Given the limited time of implementation and the requests in the ToR the evaluation will not cover 'impact', but will work to try to assess outcomes where feasible.
2. It has been agreed that health has been phased out of the core programme support and is not part of the evaluation, instead the evaluation will focus on the remaining two areas of support concerned with peace and the promotion of a conducive business environment.
3. The annual reports of NIR indicate that the activities of the organisation are spread over many countries with a varied number of inputs. It is challenging with this geographical spread of input - described in the annual reports of NIR - to make a substantial impact or even outcome against the programme objectives. These circumstances are likely to limit the extent to which attribution of the NIR core programme activities may be linked with the changed context of the given country receiving support. Instead the evaluation will be focusing on the possible contribution of the NIR support building on outcome analysis and theory of change. The evaluation will take into consideration the shift of activities from 2012 to 2013 in light of the one-year extension provided by Sida.
4. It has been agreed that the team will look into cross-cutting issues where feasible, including gender, environment, and international labour law rights.
5. Likewise, the team will focus on poverty reduction and the rights-based approach and the ability of NIR to address these in their approach.
6. The ToR asks for comparison of the NIR programme with those of other donors. It is beyond the scope of the evaluation (and the ToR) to do a comparative evaluation of other PSD programmes, however the issue should be addressed as described in the ToR. We suggest, an assessment of benchmarks where feasible on e.g. comparison of efficiency and cost-effectiveness by engaging with other PSD donors in the field. On the outcomes we will use the empirical evidence from the field and compare with 'best practices' by of

OECD-DAC as well as DCED as described in 'Supporting business environment reforms: Practical guidance for development agencies.'

3.2 What to evaluate – the challenge of mixed core and non-core funding

The task according to the ToR is to evaluate the core programme support to NIR. However, while the team will be able to separate the activities funded under the core programme and the non-core activities respectively – given the detailed financial management of NIR – the two types of support are closely linked. NIR has designed the core programme to assist the non-core country projects with systems and monitoring procedures and the provision of funding for additional activities aimed at improving the performance of the country projects (consequently the bulk of the core funding has been used at central level for support to the bilateral programmes). The country project activities (of which the bulk are non-core bilateral funding, and part of Sida Cooperation strategies at country level) again contribute to meeting the objectives of the core programme.

Consequently, as the core programme is closely linked to the extensive list of non-core projects also funded by Sida, the evaluation will need to relate to these as well. The challenge is to evaluate the core programme, without underestimating the synergies and mutual contribution of the core with the non-core programmes and thus capture the potential Strengths, Weaknesses, Opportunities, and Threats (SWOT) of what is by NIR seen as mutually supportive interventions (see also theory of change description further below).

To meet the challenge of evaluating the core funding, taking into consideration the contribution to and of the non-core projects, the evaluation will relate to the two different funding streams as described in table 3.1 below (the final evaluation questions are described in table 4.1 further below). The basic principle is that if the core programme has contributed to the non-core projects' implementation the results of these non-core projects will– where feasible – be assessed against there contribution to the core programme.

There are two types of contribution of the core programme to the bilateral programmes:

1. Direct core contribution to a bilateral project, i.e. where 'core' funds have been used for specific additional project activities in an otherwise bilateral project. To assess this the team will use the two selected country programmes as case studies,
2. Indirect contribution, where the expected enhanced performance of NIR from the core funds contributes to enhanced performance across the board including in the bilateral project country. Again, the team will also use two countries as cases.

As most of the bilateral activities will be implemented irrespective of the core funding, the evaluation cannot *per se* state that the core contribution have contributed to achieving the bilateral project objectives. And thus, this assumption will be tested. In other words, the extent to which the non-core activities contribute to the core programme (from a core programme evaluation perspective) will depend on the extent to which the team can find evidence for this assumption. The evaluation will test these aspects first and foremost in the two case study countries.

Table 3.1 Core support evaluation and relation to bilateral funding

Evaluation criteria	Core programme	Non-core projects	Comment
Relevance	Relevance assessed in accordance with core funding related strategy and policy of which the major is B4D (see chapter below for details)	When core funding is provided directly to implementing the non-core projects, the team will assess the extent to which the outputs and objectives are aligned with the core funding related Swedish strategy	As the core funding is provided to the central level of NIR as a core grant, all relevance assessment will relate to the Swedish policy(ies) and strategy(ies) under which the grant is provided. In addition relevance will relate to the needs and priorities of partners and beneficiaries in the recipient countries
Effectiveness	The effectiveness will be assessed as the extent to which the core funding achieves the programme objectives	The effectiveness contribution of the non-core projects to the core programme objectives will be included in the effectiveness criteria where/if it can be established that the direct financial contribution of core funding has contributed to meeting the non-core project objectives	The link is based on the assumption that the non-core projects contribute to the NIR objectives (this will be assessed). The two country studies of the evaluation will form the basis for this assessment
Efficiency	Efficiency will be assessed for the full core programme in itself however taking into consideration the efficiency gains of the non-core projects	The efficiency contribution of the non-core projects will be included in the efficiency criteria where/if it can be established that the core funding has contributed directly to enhanced efficiency of non-core projects	The link is based on the assumption that the non-core projects contribute to the NIR objectives (this will be assessed)
Sustainability	Sustainability will focus on the outputs that are expected to be sustainable as	Sustainability will be taken into consideration if the core programme has contributed to enhanced sus-	The link is based on the assumption that the non-core projects contribute to the NIR ob-

Evaluation criteria	Core programme	Non-core projects	Comment
	well as the sustainability of the outcomes of the core programme	tainability of the non-core projects if these contribute to the core programme objectives	jectives (this will be assessed)

3.3 Utilisation and audience

The ToR state the need for the evaluation to give input to a learning process in Sida and NIR and as a way of providing input to expectation management, results framework and monitoring. We expect that this evaluation will provide lessons learned to all key stakeholders including NIR, Sida and NIR partners in the countries visited.

Three major events are of particular importance to Sida and NIR lessons learning process:

1. The theory of change workshop held in Stockholm 7 February 2013. The workshop provided an opportunity for all parties to discuss the NIR support rationale and expected effectiveness. The workshop aimed at stimulating critically reflective discussion of the results framework of the programme being evaluated and the logical assumptions and causality and thus the theory of change wherein outcomes are expected realised.
2. The validation workshop with NIR expected in May, where the findings and lessons learned will be discussed and validated.
3. The final presentation to NIR and Sida mid-June 2013.

During the inception phase, the team also welcomes suggestions from Sida and NIR on how the team can engage different groups of stakeholders to better understand how they expect to use this evaluation in their work, what kinds of decisions the evaluation may support and what kinds of data/information are expected to be most useful for these decisions.

3.4 Geographical coverage

In accordance with the proposal, two countries will be selected for case studies. These will represent the NIR core support activities at country level in the evaluation. It is suggested that the following criteria are applied for the country selection:

4. The country must have received a substantial amount of funding from the NIR core support programme;
5. Core programme activities should have taken place over a minimum of two years to enable mapping of outputs and possible outcomes;
6. The two countries should together contribute to the two themes evaluated: peace and conducive business environment.

There are five major recipients of core support funding. These include Belarus, Colombia, Myanmar, Palestine, and Zimbabwe. A short screening is presented in table 3.2 below.

Table 3.2 Selection of countries for case studies

Country*	Assessment	Selection
Belarus	Limited to feasibility study phase	
Colombia	Meets all three criteria, though only core funding in 2012	X
Myanmar	Feasibility study completed and activity implementation initiated. This is a fully core funded programme	
Palestine	Meets all three criteria, though only one core programme activity (arbitration centre)	
Zimbabwe	Meets all three criteria and is a model for similar NIR countries	X

** The selection of Zimbabwe relates to CBE objective, the selection of Colombia relates to the peace objective.*

3.5 Use of resources in the evaluation

Meetings with NIR in Stockholm reemphasised the extensive resources used on developing systems and undertaking cross-country initiatives coordinated from Stockholm. Consequently, to capture these activities and outputs in the evaluation, the team suggest reallocating two days from each field mission to Stockholm based interviews and research. The team will furthermore use available time to meet with Sida staff in Stockholm and at the Embassies who have been involved in NIR project implementation.

4.0 Relevance and Evaluability of Evaluation

With the considerations outlined in the chapters above in mind, we feel confident that the assignment is feasible and suggest it is implemented based on the methodology and implementation plan outlined in this document. That is, the time and resources available are assessed to suffice to make a qualitative evaluation in line with the ToR, however with a focus on outcome rather than impact.

The scope of the evaluation means that the findings will be based on desk studies combined with key informant interviews. The evaluation will thus first and foremost rely on qualitative data. Mapping changes to the business environment and private sector role in peacebuilding is best captured through qualitative assessments. Perception of business environment and peacebuilding / conflict mitigation are best analysed through more in-depth qualitative studies, which ensures that the nuances are captured, even if they are less quantifiable.

4.1 Data availability

The team has received a full 900 documents from NIR, which cover the full implementation period evaluated. Likewise progress reports and memos have been received from Sida. The team will assess this documentation and revert to NIR and Sida with requests for further documentation if required.

In addition to the desk study, the team will be collecting data during the field visits, as well as in the interactions with NIR and Sida during the course of the implementation. Finally, the validation workshop planned in May, will also work as a data gathering exercise.

4.2 Assessment of evaluation topics and suggested evaluation questions
The team finds the evaluation questions clear and find the evaluation implementable if the questions are revised in accordance with the recommendations outlined in table 4.1 below. The questions are based on an assessment of the ToR as well as the initial dialogue with Sida and NIR on evaluation expectations. The questions have been discussed and agreed with Sida and NIR at individual meetings 6 and 7 February 2013 in Stockholm.

Table 4.1 Revised evaluation questions

Evaluation topic identified in ToR* / **	Suggested evaluation question
Relevance	
Evaluate how NIR programmes/contributions are relevant for Swedish development goals and Sweden's main objectives, i.e. development and poverty reduction and relevant policies and strategies	1.1 How relevant is the NIR programme to the Swedish development objectives (as defined in Swedish policies)?
	1.2 Is the NIR support relevant to the recipient country and partner context and needs?
Effectiveness	
Evaluate to what extent NIR's programmes/contributions meet expected outcomes from Sida and NIR agreement (2009-2012) from core support program perspective	2.1 Is the NIR programme activities and outputs effectively contributing to the expected specific and overall outcomes outlined in the Sida-NIR agreement 2009-2012?
Evaluate to what extent NIR's programmes/contributions meet the expected outcomes for the specific programmes/ contributions and alignment to the Sida and NIR agreement, from a core support program perspective	Effectiveness part of question addressed in 2.1 above.
Efficiency	
Evaluate how NIR's planning-, implementation- monitoring and reporting processes and tools are serving NIR's expectations in these areas	3.1 Is the NIR planning, implementation, monitoring and reporting system and processes contributing to efficient delivery of NIR's programmes and designed to the specific needs of the programme?
Evaluate how NIR's planning-, implementation, monitoring- and reporting processes and tools are serving Sida requirements, in terms of relevant aggregation level and clear causality of the results framework and relevant risk identification and mitigation	3.2 Does the NIR planning, implementation, monitoring and reporting processes live up to Sida requirements for results-based management?

Evaluation topic identified in ToR* / **	Suggested evaluation question
	3.3. Does NIR reporting and monitoring provide a basis for assessing value for money, unit cost and general economic efficiency?
Sustainability	
	4.1 Are the NIR programme outputs and outcomes sustainable and/or have a high probability of being sustainable in the medium- to long-term?

** In the ToR several of the questions are lumped together of which one part related to e.g. relevance and the other to e.g. effectiveness. To further streamline the matrix in accordance with the OECD/DAC criteria, the team has split the questions when designing the final draft matrix.*
*** The ToR does not relate to impact and sustainability, however based on discussions with Sida and NIR sustainability has been included in the matrix.*

5.0 Proposed approach and methodology
The approach and methodology has been designed based on the ToR. Key instruments used include:

1. Theory of change analysis
2. Results-based management and value for money analysis
3. SWOT analysis

The details of the methodology are presented below. The main tool for the implementation of the evaluation will be the evaluation matrix. Similarly presented below.

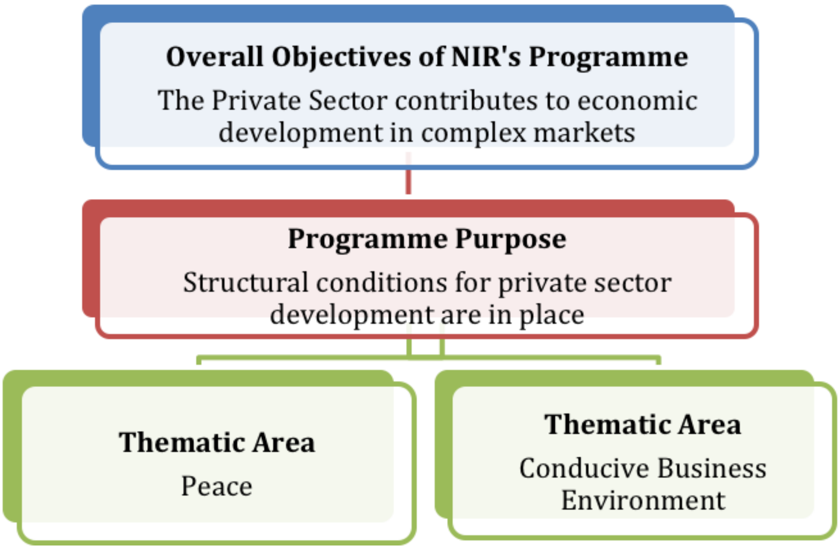
5.1 Theory of Change
To properly assess change over time (of the private sector actors role in peacebuilding and the conducive change in the business environment) and eventually evaluate outcomes, the evaluation team will identify the Theory of Change (ToC) of the support, based on documents review as well as through interviews and the workshop with NIR and Sida. Based on this, the team has developed a visual overview of the intervention logic.

The ToC exercise serves as a learning tool for NIR as well and facilitates a reflection of the results framework (and causality). The programme has been operating for three years and the results framework and the theory of change is likely to have evolved over time to meet the realities. This change can be reflected – as well as the relevance of this – through the joint ToC exercise.

<u>The ToC exercise with NIR and Sida 7 February provided the following reflections on the ToC:</u>
The overall objectives of NIR's programme is linked to the notion that the private sector is an underutilised actor in development and that the private sector plays a role

in influencing its environment. An essential part of this assumption lies in the understanding that if the structural conditions for the private sector are in place they will contribute also to economic development. Therefore NIR has set its programme purpose to focusing on improving these structural conditions for private sector development. NIR sees its programme as linked to Sida's Business for Development (B4D) strategy, which also aims at engaging the private sector to play a role in poverty alleviation. The overall objectives purposes and thematic support is illustrated in figure 5.1 below.

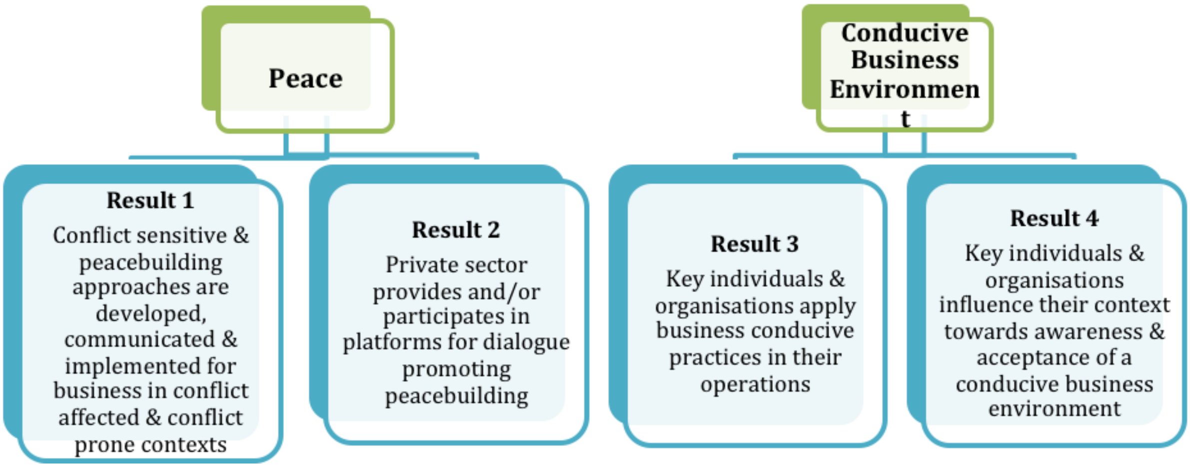
Figure 5.1 Overall level



NIR's programme furthermore (relevant for this evaluation of core support) covers two thematic areas namely Peace and Conducive Business Environment. These two areas are specifically linked to NIR's perception of working in complex markets. On the one hand, peace is regarded as a crucial area because it is a structural condition for being able to do business. Conflict affected countries put severe constraints on economic life and can present a hostile environment for businesses. NIR looks at the private sector as an actor in minimising these often complex and multifaceted conflicts, and attempts through dialogue, frameworks and platforms to improve this from the starting point of the business environment. Furthermore, NIR sees private sector growth as a necessary condition for peace on the one hand due to its crucial role in poverty reduction by being the key creator of wealth, jobs and economic development and on the other hand by investing in areas such as infrastructure, communications as well being able to influence at the policy level improving labour laws, human rights, environmental protection and e.g. anti-corruption practices. Finally, the private sector can be a driving force in promoting reconciliation or mediation among different ethic groups or communities and thereby contributing to peace <u>(this leads to the following ToC evaluation question: are the inputs and activities facilitated by NIR sufficient in scope and relevance to be effective in contributing to minimising conflicts?).</u>
On the other hand, NIR's other thematic area is working with improving the structural conditions of the business environment itself. NIR works with the assumption that

promoting a conducive business environment will mean promoting values such as free market economies, democracy, rule of law, transparency, and effective institutions <u>(this leads to the following ToC evaluation question: are the partners of NIR in the partner countries agents of change for free market economy, rule of law, and transparency?).</u>

Figure 5.2 Thematic logic



Under each of the thematic areas a set of predetermined results guide the programme work. According to NIR, Result 1 and 2 are closely linked. While one focuses on engaging the business actors themselves in changing their skills, attitudes and behaviour, Result 2 focuses on their role in influencing their environment by acting as neutral conveners for parties in conflict, promoting peace-building by arranging or participating in relevant platforms where knowledge can be spread and new partnerships developed <u>(this leads to the following ToC evaluation question: is there an interest and practice by NIR partners in applying conflict sensitive approaches and promoting these for other stakeholders in the recipient country?).</u>

There is a sharper distinction, however between Result 3 and 4. Result 3 mainly covers activities in markets characterised as ‘less complex’ and authoritarian where the business member organisations (BMOs) can act as policy advocates themselves and lobby at the political level. Countries where this is the case would be e.g. Zimbabwe or Colombia. Result 4 is mainly related to contexts that are exceptionally difficult, where businesses cannot risk being engaged directly in advocating for change in policies (see also figure 5.2). NIR works with BMOs as entry points and catalysts for changing the environment indirectly. This is mainly done through awareness raising activities on basic structures and values of market economies. An example could be the work of NIR in North Korea <u>(as in above this leads to the following ToC evaluation question: are the partners of NIR in the partner countries agents of change for a conducive business environment which by NIR is defined to include free market economy, rule of law, and transparency?).</u>

On the national level (primarily non-core funding), in the case of Zimbabwe, NIR's overall objective is to contribute to the development of a prosperous and democratic Zimbabwe. Once again NIR's assumption is that a process of democratisation is supported through improving the business environment (this leads to the following ToC evaluation question: are their documentation in Zimbabwe confirming that improved business environment leads to improved democratisation?).

NIR perceives that the overall objective and purpose of the Zimbabwe programme also contributes to the overall objectives of the core support programme. The approach that NIR takes is looking at the country level and identifying which structural changes are needed in order to empower the private sector to influence policy-making processes and democratisation. NIR tries to build on the local needs expressed, taking into account the scope of their resources. A set of outcomes steer the work in Zimbabwe, mainly working at unifying the business actors and promoting dialogue to prevent conflict (see figure 5.3 below).

Figure 5.3 Zimbabwe project logic

The activities under Outcome 1 mainly targets 4 organisations selected by NIR based on their capacity and legitimacy. NIR started working with them and also links to the activities of the Business Council of Zimbabwe (BCZ). The ambition is to create a framework (as expressed in a memorandum of understanding) between the business actors, in order to strengthen their joint cooperation and unify them. The underlying assumption is that unifying the business sector is crucial to develop dialogue with the government and reduce conflict in the society (again this leads to the following ToC evaluation question: are the partners of NIR in the partner countries agents of change for free market economy, rule of law, and transparency?, secondly the rationale and criteria for selecting four partners should be assessed, and identify how these are the best actors to contribute to the objectives).

Outcome 2 was created in order to work with training to capacitate and enhance the skills of the BMOs to be better and more effective at advocating for change. Although this was not identified locally as a need, it became apparent when the National Business Agenda (NBA) was developed (part of Outcome 3). Outcome 2 and 3 are therefore linked and should be seen as a process where NIR used the NBA as a way to of informing the training and vice versa. The NBA sets the policy that stipulates the strategy for economic recovery and economic development in Zimbabwe. The processes of identifying challenges, opportunities and recommendations has so far taken two and a half years for the actors to develop. The advocacy strategy (also part of Outcome 3) is the practical execution of the NBA. The BMOs were trained in advocacy as part of Outcome 2 to be better at carrying out their policy advocacy strategy (Outcome 3) <u>(this leads to the following ToC evaluation questions: how is the NBA used and adopted by the partners? And how /if the recommendations are adopted at policy level?).</u>

Finally, Outcome 4 is aimed at creating a platform for other stakeholders than BMOs. This Outcome is directed towards other actors in the society such as e.g. labour market partners where NIR has facilitated a dialogue between trade unions and employee organisations or even activities with regional actors. This Outcome was developed in parallel to Outcome 1 and the ambition to build a framework for strengthened collaboration amongst BMOs, however Outcome 4 encompasses any kind of dialogue that involves labour market relations. In this work a National Economic Vision was created (that is not very far from the NBA) <u>(this leads to the following ToC evaluation questions: how do the partners assess the relevance of this activity? And how has this activity been effective in contributing to the programme objectives?).</u>

According to NIR all the activities in the four outcomes will all contribute to economic recovery <u>(this leads to the following ToC evaluation question: are there indications to verify the assumption that the activities contributes to economic recovery?).</u>

Democracy is a line that goes through all of the work, especially the dialogue aspects of the work as well as the methodologies used. NIR has an assumption that the private sector has the right intentions to play the role as an actor in the democratisation of society as well as economic recovery <u>(again this leads to the following ToC evaluation question: are their documentation in Zimbabwe confirming that improved business environment leads to improved democratisation?).</u>

The bulk of the Zimbabwe programme is funded through bilateral non-core funding, but is supported through systems and procedures developed by the core funded programme. In addition, the core funding provided two add-on activities during the evaluation period: (1) to document and identify lessons learned for the NBA exercise for these to be transferred to other NIR countries, (2) studies on water, sanitation, transportation and energy as input to the policy dialogue with the government, (3) part of the labour market cooperation component, and (4) regional integration initiative.

In 2012, the stepping-stones were laid for two other initiatives that will be implemented in 2013 namely (1) specific activities for enhancing women's leadership in the private sector, and (2) the process to spread lessons learnt to other countries.

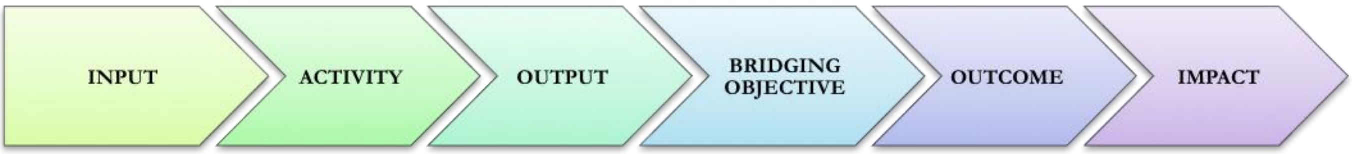
5.2 Results-Based Management and Value for Money

To assess the efficiency of the NIR core programme the evaluation team will analyse if the NIR planning, implementation, monitoring and reporting system and processes contribute to an efficient delivery and follow up of NIR's programmes, and to Sida's requirements for Results-Based Management.

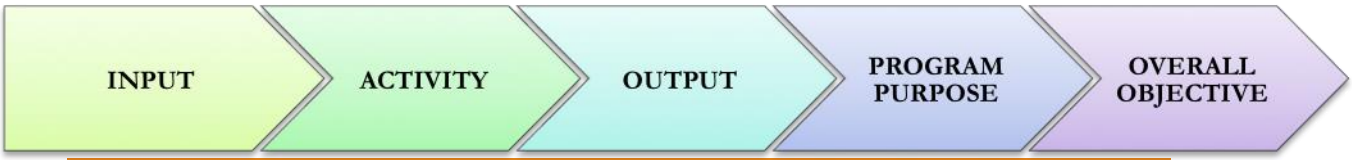
NIR has during the programme period developed two tools of particular importance for results-based management of the planning, monitoring and evaluation processes of the program: The planning and monitoring system (PAM) and the NIR outcome assessment tool (NOA). A handbook for programme managers on project management, "Managing and Reporting for Result at NIR; a Handbook for Project Management" has also been elaborated to guide programme managers through the project cycle.

The purpose of PAM is to assist programme managers to plan and monitor the progress and results of the program, including assessing risks and developing mitigation strategies. The main purpose with NOA, according to NIR, is to have a tool that assists the organisation to change strategies and improve prospects to reach program objectives.

Since the start of the program, Sida and NIR have simultaneously developed and clarified their perspectives and definitions of Results-based Management. Sida has, to overcome the challenge gap between output and outcome for example introduced the Bridging objective[53] level. Sida uses the OECD/DAC terminology of input, activity, output, bridging objective, outcome and impact:



NIR has since the start of the program changed its terminology. In the original LFA matrix NIR used the following terminology:



[53] Also called Intermediary outcome/objective or Bridging outcome

NIR has since then developed its planning and monitoring tools in line with a more standardised Results-based Management methodology and the terminology used has changed accordingly.

Throughout the evaluation, NIR's terminology of Results-based Management will be used. At an early stage discussions will be held with NIR to confirm the extent to which the terminology corresponds to Sida´s.

In line with Sida's decision on focusing the results analysis at outcome level and the bridging objective level and how this contributes to the outcome level, it is proposed that the main analysis of NIR's system will be on the Medium-term outcome level, and how the short-term objectives contribute to this level.

The analysis will include:

- The theory of change, how the intervention logic is formulated and how NIR uses problem and objective analysis;
- The system for performance monitoring including the use of indicators, baseline, means of verification and targets;
- The relevance and utility of tools for monitoring at the different levels of the results chain (primarily short-term and medium-term outcomes); and
- The use and relevance of systems for risk analysis and mitigation.

Questions that will be asked include: have the systems for planning, monitoring and reporting contributed to improved results-based management and better informed decisions by management based on results? Are the systems designed in a way that captures the complex contexts and processes in which NIR is working? Has there been a shift in focus from measures and actions to results analyses as a basis for planning and decision-making?

To ensure a deeper understanding and enable an analysis of NIR´s systems for Results-based Management, it has been proposed that the consultant that helped NIR develop the system should make a special presentation for the evaluation team. The presentation will be done during the first phase of the evaluation.

The relevance, use and efficiency of the planning, implementation, monitoring and reporting system and processes will be analysed in relation to:

a) The overall core programme,
b) The country programme Zimbabwe (where monitoring studies and tools have been used as pilots), and
c) The country programme Colombia.

5.3 Value for Money (VfM)

As proposed in the Evaluation proposal a Value for Money (VfM) approach will be applied focusing on economy, efficiency and effectiveness. The evaluation question raised is: Does NIR reporting and monitoring provide a basis for assessing value for money, unit cost and general efficiency? Through the VfM approach the team will assess:

1. The inputs in the programme (economy), e.g. what is the quality and cost of the inputs provided. In the case of NIR this is likely to include an assessment of the quality of the programmatic elements of the support such as seminars, feasibility studies, gender mainstreaming strategy, partner choice, innovations, and programme advice, as well as the management elements such as planning, monitoring, and reporting.
2. The inputs required to meet the outputs (efficiency), i.e. how well NIR converts the inputs (under 1 above) into outputs, thus producing the said results.
3. The output to outcome ratio (effectiveness), i.e. how well do the outputs contribute to meeting the desired (as well as unexpected) outcomes.
4. The balance between central/administrative costs and operational costs. Is the relation/balance reasonable?

The three parameters (economy, efficiency and effectiveness) are interlinked (and will feed into the ToC) through a reasonable causality process. Proper inputs are required to inform the implementation process where inputs are converted to outputs. These again need to be tailored to meet the outputs expected to influence the outcome of any intervention.

Key to the ensuring VfM for NIR is the ability to obtain and utilise information and evidence on the programme process, by the use of relevant systems for planning, monitoring and reporting from the initial identification stages, to implementation and eventually through the measuring of results during and post-implementation. This means that the data and evidence of the NIR programme will on the one hand provide evidence for the evaluation team to make the VfM assessment, while on the other hand the ability to deliver this data, the quality and utilisation of this will further inform the evaluation team of the NIR capacity to deliver VfM.

5.4 SWOT

In accordance with the ToR, the evaluation team will work with an assessment of the Strengths, Weaknesses, Opportunities and Threats (SWOT) of: (1) the NIR programme and its ability to deliver against the Sida development objectives and the objectives outlined in the Sida-NIR agreement, (2) NIR management and resource allocation, and (3) the planning, implementation, monitoring and reporting processes. The SWOT analysis will be developed and discussed within the team and with NIR based on the findings during the evaluation. An overview of the SWOT diagram is presented in Figure 5.1 below.

Figure 5.1 SWOT diagram sample

Strengths	Weaknesses
Opportunities	**Threats**

More specifically, the SWOT will be applied for:

- Reporting and monitoring tools of NIR
- Core vs. project funding approach to meet NIR and Sida objectives
- BMO partnership approach

5.5 Evaluation matrix

The major evaluation tool designed for this evaluation will be the evaluation matrix. The matrix is aligned with the OECD/DAC criteria, and the team will use the OECD/DAC definitions of relevance, effectiveness, efficiency and sustainability.

The matrix is an internal evidence tool, which ensures that all responses are captured in accordance with the evaluation questions, and that these can be derived and aggregated for the report. All team members will use the same format for the data collection to ensure that all areas are covered and that there is consistency in the application of the methodology. The final matrix will be a key output of the inception phase. An example is presented below (table 5.1).

Table 5.1 Matrix to be used for evaluation of the Sida-NIR core support cooperation 2010-2012[54].

The matrix will serve as a background tool for the evaluation team and will not be shared beyond the team to ensure anonymity of interviewees.

Interviews will be conducted using a semi-structured interview guide aligned with the questions of the evaluation matrix presented above. This approach is aimed at ensuring that all questions are answered and at the same time leave room for allowing the respondent to go more in-depth with issues of particular importance.

5.6 Implementation Plan

The implementation of the methodology will follow three distinct phases.

1. *Inception phase (January-February 2013)*. The objective of the inception phase is to ensure that the grounds are established for a successful implemen-

[54] Included in this report as Annex 3

tation of the assignment. This objective is achieved through, (i) methodology development, (ii) desk analysis of all relevant material in accordance with the assessment questions, and (iii) meetings and workshops with NIR and Sida to assess theory of change and agree on evaluation methodology. The findings from the desk analysis have been used for this inception report. Desk studies have included internal NIR and Sida documents such as reports related to progress including feasibility studies, project document, field mission reports, progress reports, etc. (still being collected).

2. *Implementation phase (March-May 2013)*. This phase will entail two separate field missions to NIR partner countries. The missions will include meetings with NIR partners in the respective countries and any other relevant stakeholder, including Sida Embassy staff, other bilateral donors, employers associations, unions, relevant government officials, NGOs and resource persons in the country. The list of persons to meet will be discussed with NIR. The implementation phase will also include interviews with relevant personnel at Sida regarding the bilateral programs and confirmation of policy and strategy relevance; and follow up meetings at NIR including the presentation of the PAM and NOA systems as described above.
3. *Analysis and validation phase*. The objective of the analysis and validation phase is to synthesise findings and have these validated. Once all the information has been compiled the team will analyse the data in accordance with the methodology and draft findings. Prior to the sub-mission of the draft report, the team will have a validation workshop with NIR in Stockholm. The findings will be compiled into the draft evaluation report and submitted for quality assurance in accordance with the QA system proposed in this proposal.

Annex 1 – Implementation Plan

	January				February				March				April				May					June			
	V 2	V 3	V 4	V 5	V 6	V 7	V 8	V 9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26
Briefing meeting with NIR and Sida																									
Desk review, dev. of methodology, preliminary interviews																									
Initial methodology presentation and ToC workshop with NIR (and Sida)																									
Drafting of inception report & planning																									
Submission of draft Inception Report							18																		
Feedback on inception report								25																	
Stakeholder interviews, field visits, data collection (including travel)																									
Validation workshop of preliminary findings with NIR																									
Drafting of evaluation report																									
Submission of Draft Report																			15						
Feedback from Sida																				24					
Drafting Final Report																									
Presentation seminar																							14		
Submission of Final Report																									

Evaluation of Sida & NIR Core Support Programme (2009-2012)

This is an evaluation of the core support provided by Sida to the International Council of Swedish Industry (NIR) for the period 2019-2012. The overall objective of the programme is to contribute to economic development by promoting peace building and improved conducive business environments for the private sector in complex markets.

The evaluation concludes that the approach applied by NIR is largely relevant to the context. However, due to high management costs and unfocused and slow-paced implementation the bulk of the support remains ineffective and with poor efficiency. This is partly a consequence of poor strategic direction from Sida as well as the organisation's own abilities to perform. NIR is, in many ways, a unique organisation in Sweden with a strong network and experience from working with the private sector globally. If Sida wants a Swedish angle to private sector development, then NIR remains a relevant partner. Funds should be earmarked to ensure alignment with Sida's policies, and Sida must make funding contingent on enhanced effectiveness and efficiency.

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