

## Norad's expectations for knowledge utilisation by grant recipients and opportunities for funding knowledge generation and evaluation

Updated 10.10.2023.<sup>1</sup> This is a translation of the original policy in Norwegian, approved by Norad leadership in July 2023. For inquiries, please contact [norad-kunnskap@norad.no](mailto:norad-kunnskap@norad.no)

Norad has strengthened its focus on knowledge in development cooperation to ensure that our resources have the greatest possible impact on stated objectives and in the countries and local communities where aid is needed. If we and our partners become even better at using knowledge actively in the design, planning, implementation, and follow-up of programs, we will be able to make better decisions and prioritize our resources more effectively. Over time, this will enable Norwegian development cooperation to achieve even more than it does today.

Based on the Norwegian National Budget (Prop. 1 S (2022-2023)), the most recent Allocation Letter to Norad from the Ministry of Foreign Affairs, and Norad's strategy, this note explains what kind of knowledge utilisation Norad expects from our partners and how knowledge generation and evaluation can be funded.

Prop. 1 S (2022-2023) stipulates that Norwegian development cooperation shall be *knowledge-based* and *of high quality*. Norad's strategy towards 2030 establishes our commitment to *strengthening development, sharing, and use of knowledge*. This applies to Norad and to Norad's partners.

Below we outline changes Norad is making in *calls for proposals* and, consequently, in the assessment of proposals and what we will include as part of the assessment of our *partners' systems* going forward

Changes include that Norad will:

- 1) clarify the formal requirements for a *knowledge base* in applications.
- 2) expect applicants to *capture knowledge* to a greater extent during the grant agreement period and to prioritize *evaluations of high professional quality*.
- 3) allow *funding* of strategically important evaluations and knowledge initiatives as part of grant agreements.

While Norad shall be a driver for more knowledge-based aid, it is important that the organizations themselves have ownership of their knowledge management. Norad's partners must define their own needs, what type of knowledge framework their efforts should have, and how they should manage information they obtain from this.

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<sup>1</sup> The changes primarily consist of language improvement and removal of information only relevant internally in Norad, plus adding an explanation of how this document is connected to Norad's calls for proposals

Below is a detailed description of the changes we make, generally structured according to the three points mentioned above:

## **1) Strengthened requirements for a knowledge base for programs and applications**

Most of Norad's calls for proposals going forward will require that potential grant recipients explicitly describe the knowledge base for their theory of change.<sup>2</sup> Norad wants the applicant to show and refer to evaluations and research that support the program's expected effectiveness and efficiency. The organizations' experience is an important part of the knowledge basis, but this should be validated by evaluations or research. Norad wants the applicant to make a case for why the proposed actions are best practice ("best in class") in the field, or, if they are not, to provide a justification for why they have been chosen anyway. This requires that the applicant has a good overview of knowledge and practices in their field. It is expected that the quality of this information will improve over time and that different types of partners have different starting points with regards to delivering on this. Norad wants to have a good dialogue with partners about our expectations and partners' approach to improve on this. Norad will continue to facilitate platforms for sharing experiences, learning, and development of knowledge for our partners.

This focus on knowledge should not be interpreted as an aim to maximize short-term measurable results at the expense of long-term results and sustainability. Different initiatives require different evaluation methods. However, even for complex efforts with a long-time horizon, Norad wants the applicant to have the most solid knowledge base possible about *if, how, and why* their proposal will work, and why it is better than the alternatives. Alternatively, if no such knowledge exists, the applicant should have a plan for how to develop this knowledge.

Increased expectations for the knowledge base should not be interpreted as a hindrance for applicants to apply for funds for *innovative* measures or measures where the knowledge base is still uncertain. Norad will still promote innovation and improvements in foreign aid. In such cases, however, we will require that applicants have a clear strategy for systematic piloting, monitoring, and evaluation, and possibly scaling of the initiative.

## **2) Increased expectations for knowledge capture during the grant agreement period, including strategic use of evaluations**

More systematic development, sharing, and use of knowledge among Norad's grant recipients should contribute to:

- a) higher quality in Norwegian aid, and
- b) better information about what Norwegian aid achieves.

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<sup>2</sup> The exact requirements and criteria that apply to each call for proposal is specified in the call.

The grant recipient's system for development, sharing, and use of knowledge will be part of Norad's assessment of partners. Improved and more strategic use of evaluations will contribute to better learning and, through this, higher goal achievement and impact of aid. This means higher quality. Furthermore, enhanced knowledge capture better enables Norad to report on what Norwegian aid achieves, both in terms of outcome and impact. While better reporting can also contribute to more learning and improved quality of aid, it may be appropriate to distinguish between evaluations meant to contribute to learning and higher goal achievement *during* the program period, and evaluations that report goal achievement *after* the program has ended. Both are important, and Norad will strengthen its focus on both objectives going forward.

Norad wants applicants to strategically plan for what should be subject to systematic evaluation and how this evaluation should be implemented, based on where new knowledge can add the most value. Norad also wants the applicant to have good routines and systems for this. All planned evaluations should be of high professional quality and be based on appropriate social science and evaluation methodology. The scope and ambitions for knowledge generation should be proportionate to the size of the programs/grants to be evaluated.

Where and when appropriate, Norad wishes to see more use of impact evaluations in Norwegian development cooperation, including randomized controlled trials.<sup>3</sup> Impact evaluations should as a rule also include a *cost analysis*, to make it possible to assess the program's cost-effectiveness.<sup>4</sup> Evaluations should contribute to better results management for the individual applicant and ensure good learning during and after programs. The plan and system for evaluations will be included as part of Norad's assessment of the application or partner evaluation.

Knowledge generation, as described here, must be viewed in conjunction with other knowledge work. Large knowledge efforts will usually be able to replace some other sources of evidence and information for projects. *Norad will be mindful not to ask for more reporting than what is needed.*

Reviews of 'decentralized evaluations', such as program reviews and mid-term reviews, have shown that these consistently hold too low quality.<sup>5</sup> Based on this, the Ministry of Foreign Affairs has indicated that they wish to see fewer, but larger and better, decentralized evaluations. Norad cooperates with the Ministry of Foreign Affairs on potential changes in guidelines for evaluations.

How one approaches regular data collection and monitoring in programs influences one's opportunities later to do analyses in evaluations and other knowledge capture.

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<sup>3</sup> *Impact evaluation* is a collective term for methods suitable for measuring the magnitude of observed changes in a target group caused by an action/program/intervention, based on *counterfactual causality*. The term encompasses both experimental (RCT) and quasi-experimental methods, and common to all these methods is the use of control/comparison groups as an estimate of the counterfactual.

<sup>4</sup> See detailed description in the attachment.

<sup>5</sup> See among others: [Quality Assessment of Decentralised Evaluations in Norwegian Development Cooperation \(2019-2020\) \(norad.no\)](#)

As an example, systematic fine-grained geographic information on interventions—often referred to as *geocoded data* or simply *geodata*—can in many cases make it easier and cheaper to monitor interventions and assess their effects. Norad will facilitate strengthened use of geodata among grant recipients, where relevant and after evaluating potential risks. It may be advantageous for multiple partners to collaborate on developing systems for use of geodata and learn from each other.

Evaluation and knowledge generation along the lines proposed here are intended to contribute to increased learning and quality in development cooperation, for the individual partner, for Norad, and for the field in general. It is therefore essential that all new knowledge and data are made *openly available*.

Evaluation and knowledge generation can and should be expected to contribute to increased development impact on par with other interventions seeking funding from the aid budget. Applicants are encouraged to ensure that *local knowledge environments* play central, and preferably leading, roles in the work, possibly in collaboration with Norwegian or other knowledge environments. This will contribute to locally led development and ensure that knowledge generation contributes to the goal of strengthening the local civil society.

### **3) Funding knowledge and evaluation initiatives**

Greater investments in knowledge development within a program can lead to valuable insights, increased efficiency, and better goal attainment. Thus, Norad wants our partners to prioritize this within their budget constraints. For the individual applicant, it may be experienced as challenging to divert funds away from implementation and towards evaluation. Nevertheless, we stress that evaluations are indeed meant to enhance goal achievement and impact.

The time horizon of programs and their impact can vary widely, from almost immediate to spanning many years. Norad aims to also facilitate evaluations of these long-term effects, requiring evaluations that stretch over multiple years. Financing these can be challenging, both due to their high costs—they often require multiple rounds of data collection—and possibly extending beyond the usual budget cycle. Applicants are advised to liaise with Norad about such needs and how such evaluations potentially could be realized.

For all comprehensive evaluation efforts, it is crucial that applicants have a robust plan for the evaluation's execution and collaborate with suitable partners who possess the necessary expertise to ensure ethical and high-quality execution. Moreover, going forward, Norad will regularly organize 'evaluation incubators' as an offer to current and potential new partners.<sup>6</sup>

*The document is electronically approved and does not require a signature.*

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<sup>6</sup> For information, see: [Invitation to Impact Evaluation Incubator December 2023 \(norad.no\)](https://www.norad.no/en/invitation-to-impact-evaluation-incubator-december-2023)

## APPENDIX: Guidelines on the use of cost analysis in impact evaluations<sup>7</sup>

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Impact evaluations financed by Norad must generally include a *cost analysis*. Below we specify what a cost analysis is and why it contributes to better knowledge.

### What are costs and cost analysis?

Costs in a development program are the monetary value of all resources required to develop and implement an intervention. These include funding from Norad and other partners, the value of in-kind contributions, and costs paid by beneficiaries. Cost is different from expenditure, which only refers to the amount of monetary resources spent. A *cost analysis* should systematically examine all the costs of carrying out one or more interventions within a given time frame, associated with both launching and running an intervention.

### Why are cost analyses so important in impact evaluations?

While an impact evaluation can measure a specific set of outcomes or effects attributed to an intervention, additional information is necessary to determine whether the measure provided good value for money, often referred to as effect per dollar or cost-effectiveness. A 2019 study from the World Bank shows that less than one in five impact evaluations report on this.<sup>8</sup>

### Cost analyses are valuable because they allow us to:

- *Identify cost drivers.* They can help us identify expenditures that are key to driving impacts and those that are not.
- *Improve resource allocation.* Once the cost drivers are known, we can look for alternative ways to deliver the same impact with fewer resources. That is, we can make better priorities.

### What do we need to conduct a cost analysis in an impact evaluation?

1. *High-quality, disaggregated cost data:* Cost analyses require reliable data that should be collected in real-time during the implementation of an intervention. The data should be disaggregated into categories relevant for the questions asked.
2. *Details of the intervention:* Cost analysis requires details about the implementation of the intervention being evaluated (schedule, participant costs, dosage, etc.). One may need to differentiate between costs of developing the intervention and costs of implementing it at scale. Comparing costs of alternative approaches will require consistency in data collection across different interventions in different contexts.
3. *Resources:* When planning an impact evaluation, it is important to emphasize the need for cost data collection and reporting requirements in the terms of reference (T.O.R) and to ensure that this is reflected in the budget.

To ensure that those conducting evaluations have the skills to do cost analyses, this requirement should be included in the T.O.R.

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<sup>7</sup> Strongly inspired by USAID's policy: [ADS 201 Additional Help: - Cost Analysis \(usaid.gov\)](#)

<sup>8</sup> [Integrating Value for Money and Impact Evaluations](#) (Brown and Tanner, 2019)