Guidance note on results and risk management for applicants

This document includes guidelines related to results and risk management for Norad applications, as well as a note on reporting requirement for grant recipients.

Results management guidelines for applicants

Norad believes that a solid system for results management will increase the likelihood of a successful initiative. Setting clear objectives and ensuring continuous collection, analysis and use of results information facilitates adjustments and decisions based on evidence and learning. Results management also strengthens accountability as it enables reporting on results.

Consequently, we ask our partners to include tools for results management in applications. All applications must include a theory of change and a results framework. These should be based on analyses of the context and current situation. The theory of change and results framework should be used to guide the development and implementation of more detailed work plans. They should also be used to assess progress and need for adjustments throughout the implementation and will form the basis for annual progress and final reports. Please note that the results framework is included as an annex to the grant agreement, and that major changes or deviations to results frameworks of funded projects normally must be approved by Norad.

Norad will review the analysis of the current situation, the theory of change and the results framework to assess the project's relevance. Norad will also assess its realism when it comes to achievement of expected results and set-up for collection of results information.

For applications spanning multiple themes and/or geographical areas, Norad will focus its assessment on the applicant's set-up for overall results management, i.e. how the organisation will monitor and report on results across the programmes. In such cases, an overall results framework should outline key expected results for the entire application. The overall results framework should be based on and have a logical connection to results frameworks at e.g. national or thematic levels. Applicants must attach the overall results framework with the application.

Please see below an explanation of some key concepts related to results management, including what Norad will pay attention to in its assessment:

Analysis of the current situation. The analysis should explain the nature and scale of the problem that the project or programme(s) seeks to solve or reduce, as well as the main causes of the problem. In the review process, Norad will assess if the application explains the need for this specific project or programme(s).

A theory of change is an explanation of why and how a project or programme can be expected to achieve its results and contribute to the desired change. It articulates the sequence of change between activities and results at different levels (e.g. outputs, outcomes and impact). The theory of change also explains the underlying assumptions for these causal relations and reveals any implicit aspects that are critical for the programme's results achievement. The theory of change should be supported by existing knowledge, such as previous experience, evaluations, research, or other documentation. The theory of change is normally a narrative description that may be accompanied by a figure illustrating the expected sequence of change and assumptions. There should be close alignment between the expected results formulated in the results framework and the change process described here.

For applications spanning multiple themes and/or geographical areas, there should be an overall theory of change that is related to the overall results framework.

In the review process, Norad will assess if the application explains the anticipated causal relationship and if this relationship is plausible and supported by evidence; i.e. how project/programme outputs will lead to the intended outcomes and how these again will contribute towards the impact.

The results framework should generally include the following key elements:

Expected results at various levels. Generally, we request expected results at three levels, namely at output, outcome and impact levels. However, please note that there is a certain degree of flexibility, e.g. if there is a need to include an additional level of outcome or impact this can be considered, or if it is challenging to plan for specific outputs at the time of application, indicative outputs or broader categories of outputs can also be considered.

-   **Impact** (often also termed Goal or Development Outcome)**:** This level is normally understood as the highest-level change a project/programme seeks to contribute to, normally in combination with many other factors. It is usually the main reason for the allocation of funds. The impact may typically be a changed situation in a group of people or society, and it is often clarifying to specify the geographical scope. For illustration purposes, an impact may for instance be: "Improved rights of women in cooperation countries."

-   **Outcomes:** These are the project or programme's expected effect on (or change) for defined target groups – which in turn are expected to contribute to the impact. For illustration purposes, an outcome may for instance be: "Indigenous peoples and local communities are more regularly consulted by national/regional forest/land administrations in [country or sub-national geographies]"

-   **Outputs:** These are the project or programme's most important deliverables, which result directly from a set of activities, and are anticipated to lead to the expected effect at outcome level. Outputs may for instance be products, services, trainings, conferences or workshops organised, tools or platforms developed, infrastructure constructed, campaign or demonstrations organised, advocacy paper or declaration submitted, newspaper or research articles published.

Norad will assess the application's description of expected results in terms of relevance, realism and measurability. We recommend clear, measurable and realistic results formulations that relate to the problem analysis. The formulations should only include the *result* – and not the means (e.g. activity or precondition) through which the result will be achieved. It should also be clearly stated in the results formulations who the **target group** is – e.g. indigenous peoples and local communities, women, youth, local/national politicians, local/national administrations, companies and private and public institutions. If the project's results are limited to a geographic area, this should be clarified in the application and/or in the results formulations.

Indicators are variables that help to track progress over time and measure the degree of results achievement. Indicators are normally quantitative (number, frequency, percentage, ratio) but may also be qualitative (observations, views, assessments). The indicators should allow for disaggregation when appropriate and possible. Disaggregation means breaking down information to a more detailed level, for instance by gender, age, income group, disability, or any other category of interest. Disaggregation enables analysis of results for specific target groups. For example, if a project focuses on achieving results for a particular group, such as girls or people with disabilities, the application should specify what results information will be collected for this group, e.g. with disaggregated baseline data and target figures for this group for relevant indicators.

Baseline values are established to define the status for each indicator at the start of the project. Baseline values should be defined before the implementation of the project starts, in order to enable a comparison with the initial situation as progress is made, and to track progress over the course of the project.

Targets are the expected values for each indicator at some point in the future. They are defined to give a sense of the magnitude of the expected changes and will serve as a benchmark for assessing the level of progress made. Targets should be defined from the outset and it should be specified how often results information will be collected for each indicator. Please note that the preferred frequency of data collection will vary according to the type of data source and method, i.e. it is not necessarily appropriate to set annual targets on all indicators, as some data will for instance be collected at the initiation, midterm and end etc. The cost of the data collection, and the time frame for the expected change to happen, will also influence the frequency of data collection.

Data sources/methodology for data collection describe the sources and method that will be used to acquire information relating to the indicators, e.g. an organisation's annual report, a country's national statistical bureau, a specific survey or public protocol. This information should be described from the outset, and it may also be useful to include information about the responsibility for collecting the required information. Any calculation made to produce the data should also be described. Please note that data source and methodology sometimes is identical and do not have to be distinguished in separate columns.

Norad will assess the total set-up for collection of results information to be used for learning, in decision-making and for reporting. This will include the indicators in the results framework and any studies, reviews or evaluations planned. Norad will assess the quality and relevance of the indicators with a view to ensure that they (together with other types of results information will be systematically collected) will provide adequate information about the results achievement throughout and at the end of programme implementation. Norad normally expects indicators to be included for results at output and outcome, and if possible and relevant, also at impact level. Studies, reviews and evaluations can be particularly useful for assessing results achievement in areas of particular interest, where there is a need to strengthen the knowledge base, and where it is challenging to find appropriate and relevant indicators to measure progress. This can be presented in the results framework, or as part of a monitoring and evaluation plan.

The figure below illustrates how all the elements mentioned above come together in a results framework, although there is no standard template that is mandatory for all grants from Norad.
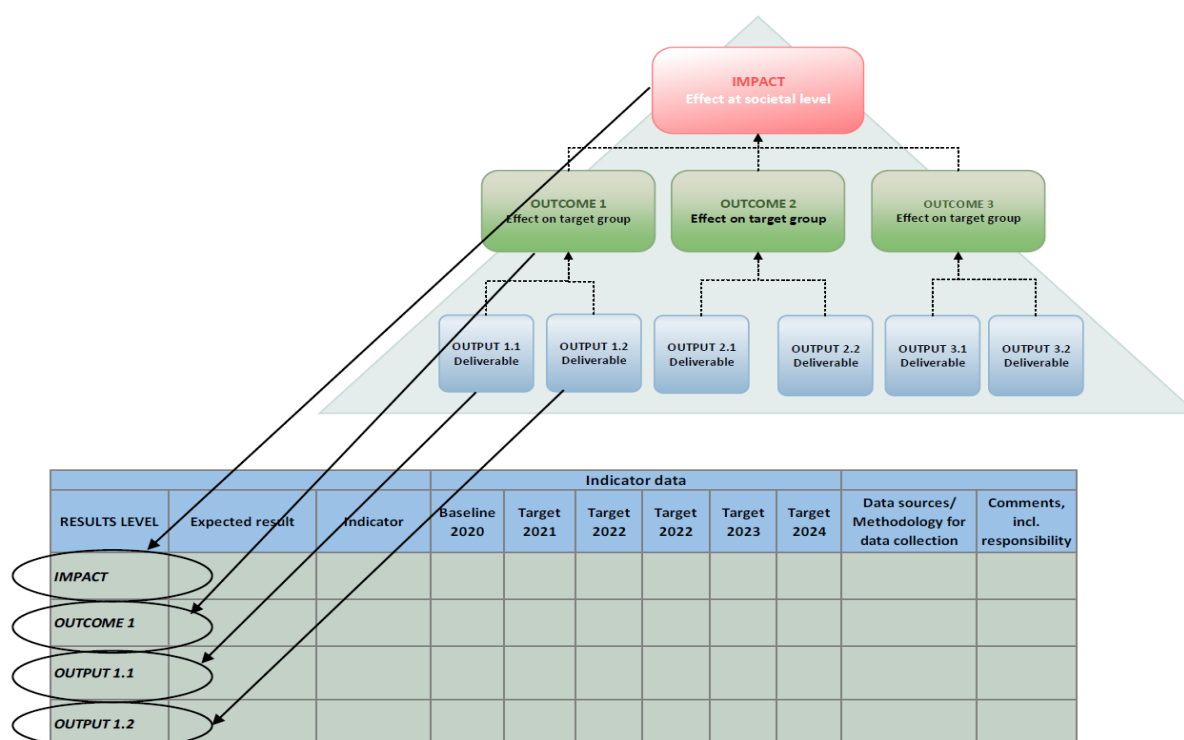
Overall results framework

Results management at the overall level should enable the grant recipient to set the strategic direction for the overall programme, while allowing sufficient room for individual implementation strategies in sub-programmes. It also enables the grant recipient to keep track, compare and summarise/aggregate key results across the programme, which can be used to identify where progress is or is not as expected, which in turn can be used for learning and adjusting the course of the programme. It also serves an important purpose for Norad, by providing a more accessible overview of progress and results, which is useful for our follow-up of grant agreements.

The overall results framework should include the same elements as explained in the previous sections of this guidance: key expected results, indicators, baselines, targets, and data sources/methodology for data collection. It should be possible to recognise the same clear logic in the overall results framework, as outlined in the theory of change and results frameworks for sub-programmes.

Given the complexities of some applications, we acknowledge that it is not always straightforward to set up an overall results framework. We would like to emphasise that not all results at sub-programme level should be included in the overall results framework – and recommend being selective, including only those that are essential for contributing to the expected results and that are relevant across multiple sub-programmes.

For output level, it will be particularly important to simplify. As deliverables and products often are quite context-specific, more general/overall outputs can be formulated in the overall results framework to represent similar deliverables/products. For illustration purposes, an output in the overall results framework could be "Educational material on climate-smart adaptation produced," while outputs in sub-programmes could be more specific, both in terms of what type of material will be produced and for whom. Other examples to illustrate could be "Policy proposals on disability inclusion submitted to decision-makers," "Trainings on gender equality provided" or "Advocacy events promoting transparency organised," which would encompass a variety of more context-specific outputs, identified in results frameworks at sub-programme level.

In the overall results framework, it should be easy to identify where the results information will come from in the results frameworks at sub-programme level. This can for instance be done by including systematic numeration of indicators in overall/sub-programme results frameworks and a column identifying the countries that report on each indicator in the overall results framework.

In their progress and final reporting, grant recipients are expected to submit the agreed results frameworks with updated results information both for the overall and for sub-programme levels. Information requested for the sub-programme level depends on the level of detail provided in the overall results framework. For complex agreements, it can be sufficient to submit the updated overall results framework, and only provide e.g. national or thematic level results frameworks on Norad's request.

Risk management guidelines for applicants

Norad believes that a solid system for risk management will increase the likelihood of a successful initiative. Norad therefore expects grant recipients to monitor risks continuously, to implement mitigating measures and to update the risk analysis as necessary during implementation.

Applications must generally include a risk analysis that describes the risks involved in the project/programme(s) and a plan for avoiding and mitigating such risks. The risk analysis should be context specific. In the review process, Norad will assess the risks identified and how the applicant plans to deal with them.

For applications spanning multiple themes and/or geographical areas, Norad will focus its assessment on the applicant's set-up for overall risk management. This includes an overall risk analysis and an explanation of how risk management is carried out in the programmes. The overall risk matrix should be based on and logically connected to risk analyses carried out at national or thematic level. It should outline and assess the most common and serious risks in the programme, and include measures to avoid or mitigate such risks. Applicants must attach the overall risk matrix with the application. Norad may ask the applicant to share the national or thematic level risk analyses/matrices upon request.

The risk matrix should include two types of risks:
1) Risks that may have a negative effect on the achievement of results. Both internal and external risks should be identified. Internal risks are typically linked to the way the project/programme(s) is/are organised and implemented, and may be related to for example the systems, capacity or leadership in the implementing organisation(s), or the way that stakeholders interact. External risks are normally outside the direct control of the grant recipient, for example political risks (including armed conflicts) and natural disasters. Although it may be difficult to influence the probability of external risks occurring, it may be possible to mitigate the consequences.

2) Risks that the project or programme itself may have unintended negative consequences on the surroundings, including for the four cross-cutting issues for Norwegian Official Development Assistance: human rights, gender equality and women's rights, environment and climate, and anti-corruption.

Example - education:
In a programme aiming to increase access to quality education, there are risks regarding inequitable access. If the programme has not been designed on the basis of a needs analysis, and makes use of disaggregated data, there is a risk that it may not take appropriate steps to

ensure the inclusion of all children. Disabled children, ethnic or language minorities and girls may experience discrimination. The groups and individuals that are at risk of being discriminated against will vary, depending on the context.

Similarly, if the education system – infrastructure, learning materials etc. – that is being supported is not socially and culturally appropriate, there is a risk that some pupils/students may be left behind.

If results-based financing is being used in such an education programme – basing disbursements on performance criteria such as completion rates – it may provide authorities and school administrators with incentives not to enrol pupils who are less likely to complete primary education. A potential consequence of this is that the children who are already left behind in education may be further marginalised, and their right to education violated.

These are all examples of risks of unintended negative consequences on human rights and gender equality, caused or further exacerbated by the programme. These types of risks should be assessed, and mitigating measures considered. Such measures could include to ensure that project design by implementing partners are based on needs assessments and mapping of vulnerable groups; ensuring that infrastructure, textbooks, learning materials, tests and exams are adapted for pupils/students with particular needs; and to consider introducing results-based financing incentives that also reward inclusion.

The risk analysis should be presented through a matrix or table, where each risk is identified and categorised according to the likelihood of occurring and consequences should it occur, along with planned mitigating measures and who is responsible for implementing these measures. Norad also encourages applicants to describe the residual risk after the mitigating measures have been implemented.

For illustration purposes, please see below a possible set-up of a risk analysis:

Risk category	Identification	Analysis		Risk reduction measures		
	Risk	Probability	Consequence	Mitigation	Responsible	Residual risk
Risks that may hinder results achievement						
Risks for potential negative effects on the surroundings						
-Human rights						
-Climate and environment						
-Women's rights and gender equality						
-Anticorruption						
-Other?						

For the analysis of probability and consequences of risks occurring, the following categories may be used:

Probability

	Very Low	Low	Moderate	Serious	Very serious
Very high					
High					
Moderate					
Low					
Very Low					

Red risks are critical and must be handled

Consequence

Reporting requirements

Partners are normally required to submit annual progress reports, as well as a final results report, to Norad. The specific deadlines for submission and content requirements for the different reports are described in the grant agreement.

A progress report is generally, a summary of implementation and results achieved by the project/programme(s) over a specific period and should describe any deviations from approved work plans, results framework and budget, as well as risk factors and other circumstances influencing the project/programme(s) during the same period.

Progress reports should include a narrative description of progress and results achievement in the reporting period, with reference to the results framework (which should be annexed with updated information on indicators). The reports should normally include documentation of delivered outputs and information on the effects that these outputs have had at outcome levels. If, at an early stage, the degree of achievement of outcomes cannot yet be determined, the likelihood of future achievement of outcomes should be assessed. An assessment of deviations from the latest approved implementation plan and application should be included, along with explanations of how the change affects the theory of change. If relevant, lessons learnt and needs for adjustments in the implementation should be explained. Unless there is reason to undertake major changes, the results framework is generally not updated or adjusted during the programme period, nor are targets. Instead, any deviations should be narratively explained in the progress report.

The progress report should account for any risks that have materialised (irrespective of whether they were initially identified as risks) and that have influenced the achievement of results or had unintended harmful consequences, including for cross-cutting issues. The report should describe the consequences of any materialised risks and explain if any mitigating measures have been implemented, either preventive or in response to risks that have materialised. The report should also identify any new risk factors and provide an updated risk analysis if needed.

Norad will assess whether the progress made is according to plan and agreed results framework and will be particularly interested in the effects at outcome levels or progress towards it.

A results report is required in the last year of the agreement, with an updated final report after the end of the agreement. E.g. for a five-year agreement, the report must include the results from the first four years of the agreement period. It should normally include documentation of delivered outputs and information on the effects that these outputs have had at outcome levels. If expected outcomes

have not been achieved, it should be explained why. In addition, it should include information at the impact level. We do understand that results achievement at impact level normally is far beyond the control of our partners. Nevertheless, we expect our partners to be able to explain the likely contribution of their project/programme(s) in the results- and final report. This can for instance be done by showing change/development/trends at impact level and assessing whether it is likely that the results achieved at the outcome level have contributed to the observed changes at the impact level, supported by the causal logic of the theory of change. In the results- and final report, we also expect our partners to use relevant results information from other sources such as evaluations, reviews and studies etc.

The results- and final report should account for main risks that have materialised and influenced the achievement of results or had unintended harmful consequences, including for cross-cutting issues. The report should describe the consequences of any materialised risks and explain if any mitigating measures have been implemented, either preventive or in response to risks that have materialised.

The final report must cover the results of the entire agreement and is an update of the results report.

The final report should also include lessons learnt and an assessment of whether the theory of change holds true or needs to be revised, e.g. if any of the assumptions did not hold true. An updated theory of change may in such cases be presented.