Evaluation Department

Norad

Evaluation of the Norwegian Investment Fund for Developing Countries (Norfund)

Report 1/2015

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Norwegian Agency for
Development Cooperation

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Evaluation of the Norwegian Investment Fund for Developing Countries (Norfund)

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Gaia Consulting Ltd

Preface

The Norwegian Investment Fund for Developing Countries (Norfund) is the single most important tool for Norwegian support to Private Sector Development. According to the Norfund Act, its purpose is to provide equity capital and other risk capital in order to assist in developing sustainable businesses and industry in developing countries.

This evaluation of Norfund was initiated to better understand its role as an instrument of Norwegian development assistance policy, by assessing Norfund's contribution to the growth of sustainable enterprises through documenting its development outcomes. This report presents the main conclusions with regards to Norfund's policy relevance, effectiveness, efficiency and sustainability.

The evaluation has taken more time than was anticipated. This is mainly due to the challenges associated with assembling a consistent dataset for evaluation. The Evaluation Department is thankful to the evaluation team for their efforts in compiling such a data set.

The evaluation was conducted by Gaia Consulting Ltd. The consultants are responsible for the content of the report, including the findings, conclusions and recommendations. All primary and secondary data, interpretations and conclusions presented in this report are intended to fulfill the purpose of this evaluation.

Private Sector Development is a priority of the Norwegian government and it is seen as a crucial instrument for poverty reduction. We hope this evaluation can contribute to an informed discussion of the role of Norfund as a development finance institution within Norwegian development cooperation policy.

Oslo, February 2015

Tale Kvalvaag

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Director, Evaluation Department

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This evaluation was carried out by Gaia Consulting Ltd (Gaia). Gaia would like to thank public sector officials, civil society and private sector representatives, in Norway and abroad for sharing openly information and participating in meetings and interviews. Norfund provided Gaia team easy access to Norfund staff in Norway and in regional offices, as well as facilitated access to other stakeholders of relevance for this Norfund evaluation, as requested and chosen by the Gaia evaluation team. The Gaia team wishes to particularly thank the Norwegian Embassies, the Ministry of Foreign Affairs, Norad, the Embassies and in particular Norfund, its regional offices and the selected investee companies for facilitating the field missions conducted as part of this evaluation.

Mr Tapio Wallenius acted as a team leader with the responsibility for: organizing and guiding the evaluation team at the beginning of the work; leading the field mission to Asia; issues covered in sections 3.1-3.3.; and commenting the other work flows. Mr Mikko Halonen acted as deputy team leader, being in charge of project management, production of the report and integrating the findings, conclusions and recommendations. Mr Erkka Ryynänen was responsible for ESG, financial and sustainability analysis and Ms Paula Tommila carried out portfolio and grant financing analysis and coordinated the case studies. Ms Julia Illman provided inputs to ESG analysis, Mr Johan Lunabba was responsible for tasks related to policy assessment and Mr Peter Platan acted as expert in finance and investment analysis. Mr Lauri Larvus acted as project assistant.

An important contribution to the field missions was provided by independent national experts, including Ms Mary Suzan Abbo, Ms Nguyen Hong Chi, Mr Thomas Opande and Mr Otieno Osoro to whom we express our warm thanks. Naturally we extend our thanks to all the people met during field missions for sharing their valuable insights and views.

The team was supported by an advisory board consisting of Dr Jehovaness Aikaeli, Mr Oddvar Sten Ronsen and Dr Iivo Vehviläinen, with the quality assurance team consisting of Dr Mari Hjelt and Mr Hendrik Lourens Van Nieuwenhuyzen.

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Acronyms and abbreviations

ADB	Asian Development Bank
BIO	Belgian Investment Company for Developing Countries
BNOK	Billion NOK
BRAC	Bangladesh Rural Advancement Committee
CDC	Commonwealth Development Corporation
CER	Certified Emission Rights
CDM	Clean Development Mechanism
CIP	Clearance in Principle
CLDF	Cambodian-Laos Development Fund
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee
DD	Due Diligence
DE	Development effects
DEG	Deutche investitions- und Entwicklungsgesellschaft
DFI	Development Finance Institution
DOTS	Development Outcome Tracking System
e.g.	"exempli gratia", for example
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EDFI	European Development Finance Institution
ERR	Economic Rate of Return
ESG	Environmental, Social and Corporate Governance
ESIA	Environmental and Social Impact Assessment
etc.	"et cetera", and so on
EVAL	The Norad Evaluation Department
FDI	Foreign Direct Investment
FI	Financial Institutions (Norfund's department)

FK	Norway Fredskorpset Norway
FMO	Finance for Development (Holland)
FRR	Financial Rate of Return
FTE	Full-time equivalent
GC	Global Compact
GDP	Gross Domestic Product
GF	Grant Facility
GHG	greenhouse gas
GIEK	Norwegian Export Credit Agency
GRI	Global Reporting Initiative
GWh	Gigawatt hour
HSE	Health, Safety and Environmental (standards)
i.e.	“id est”, that is
IC	Investment Committee
IFC	International Finance Corporation
IFU	Industrialiseringsfonden for Udviklingslandene (Denmark)
IOPSD	Information Office for Private Sector Development
IP	Industrial Partnerships (Norfund’s department)
IR	Inception Report
IRR	Internal Rate of Return
JV	Joint Venture
KPI	Key Performance Indicator
LDC	Least Developed Countries
LIC	Low Income Country
LMIC	Lower Middle Income Country
MEUR	Million Euro
M&E	Monitoring and Evaluation
MFA	Ministry of Foreign Affairs
MFIs	Multilateral Financial Institutions

MIC	Middle Income Countries
MNOK	Million Norwegian Kroner
MW	Megawatt
NGO	Non-governmental Organisation
NHO	Confederation of Norwegian Enterprises
NIS	Næringsutvikling i Sør
NMI	Norwegian Microfinance Initiative
NOK	Norwegian Kroner
NOU	Norges offentlige utredninger (Norwegian Official Report)
Norad	Norwegian Agency for Development Cooperation
Norfund	Norwegian Investment Fund for Developing Countries
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OeEB	Oesterreichische Entwicklungsbank AG (Development Bank of Austria)
OFC	Overseas Financial Center
OHS	Occupational Health and Safety
OLIC	Other Low Income Countries
p.a.	per annum (yearly)
PDF	Project Development Facility
PPA	Power Purchase Agreements
PPP	Private Public Partnership
PRI	Principles for Responsible Investment
PRSP	Poverty Reduction Strategy Papers
PSD	Private Sector Development
RE	Renewable Energy (Norfund's department)
ROA	Return on Assets
ROE	Return on Equity
SCBA	Social Cost Benefit Analysis
SF	Strømme Foundation

SME	Small and Medium Sized Enterprise(s)
SNPI	Statkraft Norfund Power Invest AS (SN Power)
SOE	State Owned Enterprise
Storting	Parliament of Norway
TA	Technical Assistance
tEUR	Thousand Euro
tNOK	Thousand NOK
ToR	Terms of Reference
UD	Utenriksdepartmentet
UMIC	Upper Middle Income Country
UNCTAD	United Nations Conference on Trade and Development
USD	United States Dollar
VAT	Value Added Tax
WB	The World Bank

Executive Summary

Introduction

This report presents the main results from an evaluation of the Norwegian investment fund for developing countries (Norfund). The main **purpose** of this evaluation is to understand the role of Norfund as an instrument of Norwegian development assistance policy through documentation of the developmental outcomes of its activities, and draw lessons for future programming of development financing for sustainable private sector development in least developing countries. The main **objectives** are to i) assess Norfund's contribution to the growth of sustainable enterprises, which would not otherwise have been possible due to the high risks associated with such ventures; and ii) document the developmental outcomes generated by these engagements.

The **scope** of the evaluation focuses on i) Norfund's core business of investing in enterprises in developing countries, and the main instruments used for this, i.e. equity (and equity-like) investments, loans and mezzanine; ii) services and instruments used to enhance the profitability, sustainability and development effects (DE) of the investments, specifically grant funds; and iii) Norfund's investments and divestments made directly or through offshore jurisdictions within the period 2007–2013. At year-end 2013, Norfund´s portfolio amounted to 9.6 billion Norwegian kroner (NOK) consisting of 118 investments managed by a staff of 54 Norfund employees.

The **main evaluation questions** are:

- *How relevant are Norfund's investment strategy, policies and procedures for fulfilling its mandate as an instrument of Norwegian development assistance?*
- *How effective is Norfund in achieving growth of sustainable enterprises which would not have been established due to high risk associated with these enterprises?*
- *How efficient is Norfund in its operations?*
- *How sustainable is Norfund?*

In addition, a number of more detailed evaluation questions guided the work, each of which required a separate analysis and evidence base. The evaluation was based on the extensive collection of primary and secondary data, where primary data was collected by means of interviews and case studies. The team was provided with access to a wealth of data on Norfund investments and operations as well as to the relevant knowledge holders. It had however to accommodate an evolving data regime during the evaluation period. Taking note of the fact that Norfund investment data is highly confidential the evaluation team had to respect strict confidentiality in respect of retrieved data and accommodate this in its final reporting. The evaluation was undertaken during the period February 2014 - January2015.

Key findings

Relevance

- In total 53 % of Norwegian bilateral support (approximately 8.5 BNOK) to Private Sector Development in the developing countries has been channelled through Norfund during 2006-2013.
- The formulation of Norfund's mandate and objectives is relatively broad, which leaves ample space for interpretations, but also enables an agile way of operating. The Board and Management of Norfund has been given plenty of space to define goals and react to trade-offs. The way in which they have chosen to do this is supported and/or accepted by most of the interviewed stakeholders.
- Norfund operations, instruments, thematic and sectoral focus are well aligned with Norwegian development policy and follow partner country priorities. However, Norfund's country focus is not fully aligned with the Norfund Act.
- Norfund's approach to the development impacts and effects (DE) of its investments is straightforward in comparison with many other Development Finance Institutions. Norfund concentrates on the effects on investee companies and their closest stakeholders.
- The strategic choice to focus on renewable energy production, financial institutions and agribusiness is well in line with Norfund's approach to DE; energy, credit and food production are necessary conditions for economic growth and development
- The share of equity in Norfund's portfolio was approximately 60% at the end of 2013. During the evaluation period, the share of equity and equity-like instruments has remained one of the highest among the European Development Finance Institutions. The focus on equity as investment instrument is in line with Norfund approach to active ownership and has strong development policy justifications.

Effectiveness

- The anticipated DE have a role in the investment decision making process at Norfund but Norfund does not use a specific method of assessing them systematically ex ante by e.g. using specific metrics or scoring like some other Development Finance Institutions use. Consequently, no baseline values and targets are set – except at the portfolio level through Norfund´s Key Performance Indicators.
- Norfund monitors the individual investments annually using a set of DE indicators common to all investments (and being harmonised within the group of European Development Finance Institutions) and reports of the DE on aggregate level.
- Based on Norfund DE reporting 2008-2013, at portfolio level Norfund investments, in collaboration with other investors, have contributed to employing annually between 148 000 and 313 000 people and generate taxes and government contributions to local

and central (host country) governments in the range of 24 BNOK. There are considerable challenges in attributing the reported total DE between Norfund and other investors.

- By investment areas, SME funds together with financial institutions have steadily contributed to 80-90% of total employment effects reported, with renewable energy investments averaging a share of 2% during 2008-2013. Of direct employment effects a majority has been reported in Least Developed Countries and Lower Middle Income Countries (their joint share in 2008-2013 variating yearly between 72%-85%). A majority of total government contributions are allocated in Least Developed Countries in 2008-2009 with the share of Upper Middle Income Countries steadily increasing at the end of the evaluation period.
- During the evaluation period Norfund, primarily through Statkraft Norfund Power Invest SA investee companies, has contributed to renewable energy production in the range of 30 TWh (with annual gross production increasing from above 2000 GWh in 2007 to almost 7000 GWh in 2013).
- The number and share of women employed serves as DE indicators, but current reporting procedures provide only limited information of Norfund’s effectiveness on gender equity.
- The evidence gathered through case study analyses, including documentation produced by other stakeholders and Norfund, points to the existence of wider local and regional DE than captured with the current Norfund reporting system. These include improved health and educational conditions, improved access to water, strengthened agricultural and marketing expertise of out-growers, improved gender equity etc.
- Norfund’s focus on equity investments improves its control and influence over its investee companies. Norfund has a board seat in most (in over 80%) of its equity investments, which provides Norfund with the opportunity to exercise active ownership. It is important to note, however, that Norfund is always a minority shareholder therefore limiting its ability to influence decision making at board level.
- Norfund has been in many investments successful in promoting the exchange of technical, financial, market and governance competence with investee firms. Norfund´s influence has been particularly evident with respect to financial management and governance practices as well as Environmental, Social and Corporate Governance (ESG) issues more generally. The ESG risk assessment has been usually effectively applied and ESG matters are well embedded in the Norfund decision making process.
- More than 40% of Norfund’s investments made in the period 2007-2013 were in greenfield investments and the first generation funds in which Norfund’s role can be deemed to be mainly additional. Norfund's strategy of concentrating investments in high-risk countries and regions supports its additionality claims as the majority of its portfolio is

allocated to non-investment grade countries where private investors would not normally invest.

- Currently Norfund does not measure its leverage effect in a systematic manner. Norfund's leverage ratio (ratio of invested capital to leveraged capital) was estimated at 1:9 in 2013, which is in line with other estimates (in the range of 1:5 – 1:10) provided to date. However, this estimate assumes that Norfund would have been catalytic in all of its investments. Assuming that Norfund has a catalytic role in roughly 30-40% of its investments, the leverage ratio could be closer to 1:3.
- While the number of investments in the Norfund portfolio has increased, the share of investments through OFCs in comparison to the total portfolio has declined in terms of value (from 27% in 2009 to 20% in 2013) and in terms of the number of investments (from 49% in 2009 to 39% in 2013). The number of investments through OFCs has simultaneously grown from 40 to 46 (by 15%), with the value increasing from 1438 to 1940 MNOK (by 35%).
- Norfund's provision of grant funding amounts to approximately 2.6% of annual Norfund investments. The geographical focus follows the regional priorities set for Norfund overall, with the thematic focus being in line with Ministry of Foreign Affairs guidance, i.e. prioritising ESG and enterprise improvements, and with decreased focus on project development.

Efficiency

- Norfund´s operating costs and workforce in relation to the investment portfolio size and new investments is in line with that of other European Development Finance Institutions. The remuneration of the managing director as well as that of the board has increased by around 40% during the assessment period (2007-2013), which is in line with the overall increase in the remuneration of Norfund employees. Executive remuneration is in line with other Development Finance Institutions, foundations, emerging market funds and social investment funds. The level of management fees and commissions in intermediary funds are about average with respect to other similar funds.
- Norfund´s regional offices have been efficient in generating market knowledge and new investments.
- The number of annual new investments has remained rather steady throughout the analysis period with an average of 14 new investments per year, while the average size of new commitments has grown from 98 MNOK per investment in 2007 to 144 MNOK in 2013. The size of new committed investments per employee as well as the operating costs per new committed investments have remained rather steady.

- Norfund portfolio productivity measured in terms of returns reveals mixed results. The returns on loans and Statkraft Norfund Power Invest SA have remained stable and on fairly good level whereas the returns on equity portfolio have reduced.
- Norfund portfolio productivity measured with DE of the reported number of jobs and the amount of taxes generated with respect to capital invested, has remained at the same level during the evaluation period.
- The key financial risks have, in general, been identified and are clearly relayed to the Investment Committee and to the Board. Although this has worked well, Norfund's approach to the assessment of financial risks is rather subjective and does not follow a strict standard assessment framework or use a separate risk rating committee, which some other Development Finance Institutions have.
- The Due Diligence (DD) process in Norfund is standardised and very similar to that of other European Development Finance Institutions. Norfund applies a set of standards and safeguards to ensure that its investments are in line with its own mandate and policies, which the evaluation considers sufficient for their intended purpose.
- The case studies indicated some coordination challenges in the ESG and DD process, in particular when responsibilities (between various areas of DD and the various parties responsible for it) have not been clearly shared and agreed upon.
- The nominal and real Internal Rate of Return (IRR) of Norfund's portfolio is 8.8% and 6.9% (respectively 3.7% and 1.9% excluding Statkraft Norfund Power Invest SA). These are fair returns compared to average Foreign Direct Investment rate of returns in developing countries as well as commercially risk adjusted returns. The Statkraft Norfund Power Invest SA has critically helped balance the overall profitability of Norfund's operations. Due to a low number of exited investments committed during the evaluation period (6), these figures involve some uncertainty.

Sustainability

- Norfund's current operational cash flow is insufficient to cover capital requirements for its investment activities (disbursements). Norfund's investment activities required 300 to 2000 million Norwegian kroner (MNOK) of new capital (net cash flow) annually between 2007 and 2013. Net cash flow from operations remained at a rather low level between 20 – 200 MNOK annually. On average, the annual need for external funding in 2007-2013 was 760 MNOK.
- While Norfund reporting procedures produce a number of indicators in respect of the achieved DE, assessing the sustainability of those effects remains a challenge**.** Profitability is predominantly used as proxy for the overall sustainability of DE. Norfund does not, however, follow up on the sustainability of exited projects. The number of exits overall, and in particular during the evaluation period, has been small.

Conclusions

Relevance

Norfund's operations reflect generally well the goal of the Norwegian Government to increase access to capital and establish sustainable enterprises in developing countries. The instrument, thematic and sectoral focus generally match Norwegian development policy goals. The country focus reduces the overall positive conclusion on relevance, as a share of the investments made by Norfund, mainly due to Statkraft Norfund Power Invest SA renewable energy investments, have gone to relatively affluent countries. The balance between Upper Middle Income Countries, poorer Lower Middle Income Countries and Least Developed Countries in Norfund's portfolio thus does not match fully its overall goals in respect of poverty reduction.

Norfund has addressed trade-offs between the goals and targets set for Norfund in a manner supported and accepted by most stakeholders. Norfund is required to be profitable in the long term and at the portfolio level, while helping to establish sustainable, viable enterprises in developing countries. Profitability sets the principal constraint under which Norfund has had to strike a balance between a number of other sometimes conflicting goals.

Effectiveness

It is not possible to assess Norfund's impact on the overall economic and social development of the investment host countries. The evaluation identifies quantitative and qualitative DE from Norfund investments although, compared to many other DFIs, Norfund produces fairly little information and material in relation to the internal and external communication on DE. The way Norfund views, measures and uses DE of its investments matches its approach to the selection of investments and programme theory more broadly. It is also commensurate with the policy and strategic goal of leveraging private investments to developing countries. However, the way Norfund assesses and tracks DE also has its drawbacks as the approach reduces the ability to follow the outcomes of its own operations over time and to apply this information back into its own management and organisational improvement.

Norfund has been successful in active ownership. Norfund's focus on equity investments and active board participation has provided it with a good platform to exercise active ownership. In many equity and especially greenfield investments, Norfund has played a significant role in guiding and supporting the investees. The Grant Facility has been successfully used to enhance various improvements. Norfund's approach to active ownership seems justifiable and in line with its objectives to assist in developing viable, profitable businesses and produce DE.

Key financial and ESG risks are, in the main, effectively identified during the investment assessment process. Both environmental, social and governance risks, as well as financial risks are well structured into investment decision making with appropriate mitigation actions outlined.

Norfund's policy and practices with regards to investing through Overseas Financial Centres (OFCs) are clear and in line with recommendations and guidelines from OECD, the European Development Finance Institutions member group and the Norwegian MFA. Based on the existing recommendations and guidelines Norfund has formulated its own operative guidelines to guide decision-making related to OFCs. Decision related to the use of OFCs are well documented and the reasoning behind investing through OFCs is in line with Norfund's OFC guidelines.

Norfund has integrated gender into its activities on a case-by-case basis. Norfund considers its 'strategic fit' and focus sectors (through investments in agriculture, SMEs and microfinance, and in renewable energy) to provide a good opportunity to promote gender equality. However, no systematic gender mainstreaming is conducted as part of the investment cycle. While case studies in this evaluation provide direct evidence of important local gender benefits no detailed conclusions on gender effectiveness can be drawn.

Norfund's investments have often been additional and have leveraged capital. Norfund has frequently had an instrumental role in the realisation of its investments, attracting other funding and supporting the investees through active involvement. On the other hand, one should note that a considerable proportion of Norfund's investments are in projects where additionality is hard to prove. Generally, it is difficult to factually compare additionality and leveraging effects between Development Finance Institutions and Norfund is not alone in facing this challenge.

Efficiency

Norfund's project cycle is efficient. Norfund has deliberately chosen a strategy to avoid formal structures as well as to reduce internal and external reporting, which contributes to a more simple and efficient project cycle. The actual project assessment process is flexible and, based on the case studies, efficiently adjusted for project-specific requirements. However, the approach chosen by Norfund also has its downsides as it reduces the consistency of the project cycle and the project-level data collected, which can complicate portfolio management and project learning.

Norfund's operational productivity indicators shows fairly good results while the results relating to portfolio productivity (measured by the returns and DE with respect to the capital invested) are mixed. Norfund's operational productivity, with respect to its peer group, can be considered fairly good, given its focus on equity, greenfield and agricultural investments as well as its rapidly expanding portfolio. With regards to portfolio productivity there is variation depending on the investment instruments and clear conclusions on the portfolio productivity cannot be made.

The Internal Rate of Return of Norfund's investment portfolio excluding Statkraft Norfund Power Invest SA is fairly low and reflects strategic choices made by Norfund during

the evaluation period. The results demonstrate that Norfund's strategic decision to focus predominately on equity investments in South and East Africa as well as the decision to increase the proportion of industrial partnerships, including investments in greenfield and agricultural projects, has pushed its investment profile towards riskier projects with lower materialized aggregated returns. For example, the Internal Rate of Return for investments in Africa and especially industrial partnerships are very low. On the other hand, investments in Asia and the Americas, as well as in renewable energy, generate fairly good returns around or close to 10% (nominal Internal Rate of Return).

Grant funding has been provided in line with the set priorities and guidelines. The geographical distribution of grant financing and grant financed projects reflects Norfund strategy, emphasising the increasing importance of Sub-Saharan Africa. While Grant Facility funding has been limited in financial terms, and data on its efficiency remains limited, it has served Norfund's strategic objectives of active ownership and, based on the case studies, contributed to the overall objective to strengthen the DE of Norfund's investments.

Sustainability

Norfund could not continue with its current investment strategy as a self-financing institution without capital contributions from the Norwegian development assistance budget. A self-financing Norfund could not continue the current rapid expansion of its portfolio, and to do so in accordance with its mandate of making additional high-risk investments in the long run, and would instead have to focus on projects, target sectors and countries with less risk and higher profit potential in order to generate stable internal cash flow. The option of ending government capital injections in the foreseeable future was not considered realistic by any stakeholders consulted during this evaluation.

The profitability of investments is generally used as an indication of the potential sustainability of the developmental outcomes achieved. Financial profitability is referred to by Norfund, as well as other Development Finance Institutions as the central precondition for sustainability of any developmental outcomes. Norfund collects information on its investments in line with its strategy and reporting processes, but does not collect data on exited investments, the number of which, at the current time of writing, is in any case too small to produce reliable conclusions.

Recommendations

- Norfund's operations reflect its mandate to establish sustainable enterprises in developing countries. The evaluation did not reveal any significant reasons to introduce major changes to the current operations but did highlight a number of areas for specific amendments and further development.

- The existing flexible steering model gives Norfund significant freedom to act and should not be changed, although more detailed goal setting on the part of the owner is recommended, primarily to help in balancing between central trade-offs.
- Norfund's current programme theory and interpretation of its mandate are coherent. Demanding wider responsibility for developmental impacts could risk its efficiency and complicate balancing between differing, partly contradictory goals. However, there are several reasons why Norfund should further develop the monitoring and reporting of its development effects (DE).
- Given the expected growth in Norfund's investment portfolio, Norfund should ensure that sufficient resources are made available for active ownership, outcomes of which should also be reported more systematically.
- Measuring leverage and additionality aspects in a more systematic manner would help Norfund to understand and develop its leverage capabilities, and showcase its achievements in line with its mandate.
- Norfund should consider developing more integrated and standardised financial risk management practices. Norfund should also improve coordination in its due diligence (DD) and risk management process.
- Norfund should improve the measurement and reporting of ESG results, taking note of the fact that Norfund's contribution to more sustainable investments through ESG improvements is an important part of its additionality and active ownership.

1 Introduction

1.1 Purpose and objectives

The overall purpose of this evaluation is to understand the role of Norwegian investment fund for developing countries (hereinafter Norfund) as an instrument of Norwegian development assistance policy through documentation of the developmental outcomes of its activities, and draw lessons for future programming of development financing for sustainable private sector development in least developing countries. By improving our understanding of the developmental outcomes of Norfund activities, lessons can be learned which will support future programming for development financing targeted at sustainable private sector development in the least developed countries (Annex 1, Terms of Reference (ToR) for the evaluation).

The main objectives of the evaluation of Norfund are to:

- Assess Norfund's contribution to the growth of sustainable enterprises, which otherwise would not have been possible due to the high risks associated with these ventures.
- Document the developmental outcomes generated by these engagements.

The report serves in particular to inform the Norwegian Ministry of Foreign Affairs (MFA), Norwegian Embassies, Norwegian Agency for Development Cooperation (Norad) and Norfund itself. In addition, the report may also help other donors and development finance institutions (DFIs) as well as non-governmental organisations (NGOs) and development cooperation partners (in developed and developing countries) with an interest in understanding the effectiveness of equity and debt financing in relation to achieving development outcomes through the promotion of business enterprises in developing countries.

1.2 Evaluation scope and main questions

The scope of the evaluation is on:

- Norfund's core business of investing in enterprises in developing countries, and the main instruments used for this, i.e. equity (and equity-like) investments, loans and mezzanine.
- Services and instruments used to enhance the profitability, sustainability and development effects (DE) of the investments, specifically grant funds.
- Norfund's investments and divestments made directly or through offshore jurisdictions within the period 2007-2013.[1]

[1] Timewise, the scope is defined in the ToR to cover "the time period 2006 to the present". However, Norfund's strategy was renewed in 2007, following the change of CEO in 2006. The reasoning, by Gaia evaluation team, behind the focus on 2007-2013 is that especially in terms of project level relevance analysis the assessment has to be made against the strategy period and government guidelines pertaining when the investment decision was made, i.e. projects approved in 2006 match the objectives of the previous strategy period, and thus should not be assessed against the strategy starting in 2007.

The main evaluation questions, grouped along the four key evaluation criteria, are as follows:

i. Relevance ("*How relevant are Norfund's investment strategy, policies and procedures for fulfilling its mandate as an instrument of Norwegian development assistance?*")

ii. Effectiveness (*How effective is Norfund in achieving growth of sustainable enterprises which would not have been established due to high risk associated with these enterprises?")*

iii. Efficiency *("How efficient is Norfund in its operations?")*

iv. Sustainability *("How sustainable is Norfund?")*

The ToR (Annex 1) also lists a number of more specific sub-questions under each of the four key criteria, which are regrouped and presented in more detail in Table 2, Chapter 2 (Methodology and analytical framework). The questions are also presented in the form of an evaluation matrix with key instruments and data sources, as outlined in the evaluation team's technical proposal for the evaluation (Annex 2). Chapter 3 presents the key findings of the assessment, (in line with the evaluation questions as grouped in Table 2) while the main conclusions are outlined in Chapter 4 (in line with the four main evaluation criteria listed above). Finally, Chapter 5 presents the key recommendations of the evaluation. A total of 10 technical annexes presenting relevant additional information are also presented.

1.3 Object of evaluation - Norfund

Norfund was established to promote economically, environmentally and socially sustainable development by channelling capital in the form of equity and other risk capital and/or loans or guarantees to the private sector in developing countries.

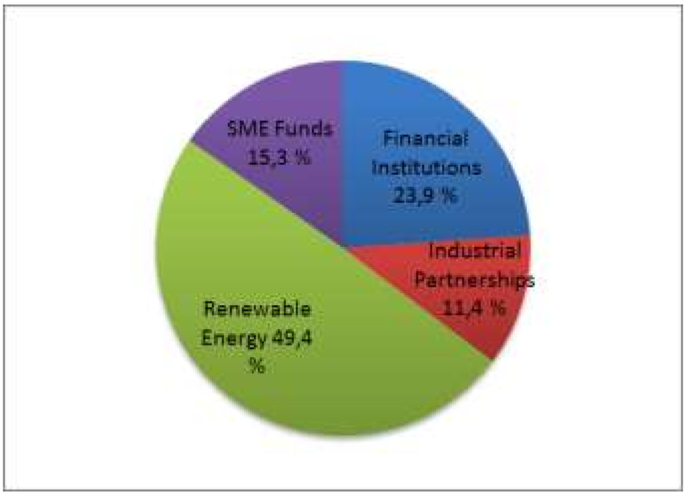
The Norfund Act[2] states: "The purpose of the Norwegian Investment Fund for Developing Countries (NORFUND) is to assist in developing sustainable businesses and industry in developing countries by providing equity capital and other risk capital, and/or by furnishing loans or guarantees. The object is to establish viable, profitable undertakings that would not otherwise be initiated because of the high risk involved. Only countries classified by the OECD as lower middle income countries and countries having a lower income per inhabitant than these countries, and such other countries as the *Storting* (Norwegian Parliament) has decided may receive assistance through business aid schemes, will qualify as recipients".

The Act which lays the basis for the mandate gives Norfund considerable flexibility when it comes to choosing a strategy to achieve these objectives as it may choose to cooperate with other entities through subsidiaries and employ a wide range of financial instruments. The mandate does not require an obligation in terms of the involvement of Norwegian capital, nor is Norfund meant to be an instrument of Norwegian industrial or innovation policy. While being an active owner, Norfund should

[2] ACT No. 26 of 9 May 1997:Act relating to the Norwegian Investment Fund for Developing Countries.

remain a minority investor. A summary of the main goals and targets that Norfund's strategies have set is provided in Table 1. At year-end 2013, Norfund's portfolio amounted to 9.6 billion Norwegian kroner (NOK) consisting of 118 investments managed by a staff of 54 Norfund employees. Figure 1 provides an overview of the distribution of the investments in 2013.

Figure 1. Norfund investment portfolio (NOK) in 2013 (Norfund portfolio data).



The investments have concentrated on Renewable Energy (RE), Financial Institutions (FI) and agriculture (agribusiness investments are classed as Industrial Partnerships (IP) together with some other high impact direct investments). In addition, Small and Medium Sized Enterprise (SME) funds constitute a separate investment area to support the development of local small and medium-sized enterprises across a range of sectors. One particular feature is the major role played by Statkraft Norfund Power Invest AS (hereinafter SNPI, Box 1) within the RE investments sector which will be highlighted separately in this evaluation, where relevant.

Box 1 Overview of Statkraft Norfund Power Invest AS (SNPI). SNPI was established as a joint venture between Norfund and Statkraft in 2002. SNPI thus has its origins in the time before the evaluation period. Originally both parties owned 50% of SNPI, but in the reorganisation of the company in 2009 this was changed to 60% (for Statkraft) and 40% (for Norfund). The company has grown into one of the internationally leading hydropower companies in emerging markets. SNPI operates through acquisitions, expansions and greenfield hydropower plant projects and additionally, in some countries also in transmission, energy trading and other renewable energy sources. At the end of 2013 SNPI had ownership in 16 companies (with assets in the operating or construction phase) in India, Nepal, the Philippines, Sri Lanka, Chile, Peru and Brazil and 2 via Agua Imara in Zambia and Panama, with a total operating capacity of approx. 2800 megawatt (MW).

Agua Imara was established in 2009 with a view to facilitating renewable energy projects in the high risk markets of Africa and Central America. Between 2009 and 2014 it was owned by Norfund (partly directly, partly via SNPI), Statkraft (via SNPI), Bergenhalvøens Kommunale Kraftselskap, and TrønderEnergi.

In 2013 Norfund and Statkraft agreed on the restructuring of SNPI to form a new company focusing mainly on Africa and Central America, with the 'old' SNPI to be turned into a company owned by Norfund and Statkraft (with options for further changes in the ownership during the period 2017-2023) and concentrating on the South American, Asian and European markets. The transactions were carried out and the new structure established in April 2014. The decision reflects changes in the financial and market situations, and in the strategies followed by Norfund and Statkraft since 2002. Such changes had already previously led to e.g. the establishment of Agua Imara in 2009. Partnership with Statkraft is designed to promote Norfund's strategy to leverage financing to developing countries and to draw on Norwegian expertise in hydropower. Simultaneously, the commitment to SNPI needed to remain on a level that allows for a sufficient volume of investments in Norfund's focus markets in Low Income Countries (LICs).

Throughout the evaluation period SNPI has been by far the largest of Norfund's investments. At the time of the 2013 restructuring it accounted for 43% of Norfund's invested capital and 67% of the value of Norfund's portfolio (Norfund portfolio data).

While the Norfund Act outlines the purpose and object, Norfund is expected to contribute to the creation of positive development effects in poor developing countries in the areas of commerce/industry, jobs, gender, the environment, social life, governance, thus contributing more broadly to poverty reduction. One of the key challenges for Norfund has been to develop a strategy that will ensure that the risk capital flows generated by Norfund, including capital leveraged from other investors, are additional to those that would have happened without Norfund participation, and to achieve this without incurring unsustainable losses. As such, the evaluation focuses on the extent to which Norfund strategies and performance have been relevant to and effective at meeting its objectives and how a number of trade-offs have been addressed.

Table 1. Goals and targets in Norfund strategy (Norfund 2007b, 2010c and 2012b).

Strategy	Key goals/targets
2007	Focus investments more clearly along overall priorities in Norwegian development aid policy Four geographical regions: 1. Eastern Africa, 2. Southern Africa, 3. Central America and 4. (selected countries in) South East and South Asia. Two focus sectors, including Renewable Energy (RE) and Financial Institutions (FI)
2010	Concentrate on the current four geographical regions with minor adjustments in Asia Direct investments outside energy and finance to focus on Sub-Saharan Africa with agribusiness in Africa as the new investment area (and where possible co-investing with Norwegian partners) Increase focus on additionality, on mobilising private capital and competence. Increased use of technical assistance funds for project development, developing sustainable businesses and promoting higher corporate social responsibility.
2012	Maintenance of regional and geographic/country focus. Key Performance Indicators (KPIs) set on share of equity and equity-like instruments (> 60%), LDC share (> 33%), Africa share (> 50%, excluding SNPI) and Greenfield share (> 20%).

2 Methodology and analytical framework

2.1 Evaluation framework and programme theory

Evaluation framework and detailed evaluation questions

The evaluation addresses the four key evaluation criteria of relevance, effectiveness, efficiency and sustainability (see Chapter 1) with a number of more specific sub-questions defined in the ToR. Norfund operations and processes were assessed against international best practices and standards, including those provided by other bilateral development finance institutions but also international finance institutions, when relevant and suitable data was available. The processing of data retrieved from Norfund's project management system, reports and databases enabled comparisons to be made within Norfund's own data space, e.g. comparisons between different investment areas, sectors and instruments. Most of the sub-questions required separate analysis, with the development of question-specific frameworks, indicators and comparators. Annex 2 contains the detailed evaluation matrix of the sub-questions with explanations of how each are understood by the evaluation team and the approach used in their assessment. Each chapter presents the key findings and analyses starting with a short introduction highlighting the analysis approach and key issues covered.

Most of the specific questions under the four key criteria were such that they have a bearing on and contribute to more than one key criterion. For example, Norfund's ability to leverage private capital from other sources is both a relevance and effectiveness issue. Therefore, the questions were grouped into smaller sets based on their thematic linkages (see Table 2). This thematic grouping was useful when the views and opinions of Norfund stakeholders were sought, allowing each group to be approached using questions best corresponding to their interests and knowledge in respect of Norfund, and enabling the analysis work of the evaluation team to be streamlined. The findings of the evaluation are also presented following this thematic structure in chapter 3.

Table 2. Thematic grouping of (ToR) questions, with link to the evaluation report chapters presenting the analysis results in chapter 3.

1. Questions with most direct link to policy relevance (Chapters 3.1-3.2)

- Asset allocation across countries, sectors, financial instruments and investments
- Coherence with Norwegian development assistance priorities and priorities of the host countries
- Functioning of the Board process and oversight by the Ministry of Foreign Affairs

2. Questions related to development effects (Chapters 3.2-3.3)

- Assessment of trade-offs between financial and developmental outcomes
- Monitoring and evaluation routines to generate relevant, credible and timely information to promote the developmental outcomes of investee operations. 1) Safeguards and compliance mechanism, 2) Choice of outcome indicators, 3) Processes, methods and tools for collection, quality control and the utilisation of monitoring data
- Utilisation of monitoring and evaluation information to improve developmental outcomes
- Promotion of developmental outcomes across countries, sectors, financial instruments and investments 1) Extent and actual developmental outcomes of active engagement with direct and indirect investees, 2)

Factors influencing success in these engagements, 3) Impacts on corporate governance and/or value of the investee firms

- Exchange of technical, financial, market and governance competence with investee firms

3. Questions on environmental, social and governance (ESG) issues, and on ways to affect investee/debtor companies' performance in this area (Chapter 3.4)

- ESG and financial risk assessment and provision of capital to firms facing constraints in capital markets
- Exercise of active-ownership in investee companies focusing on 1) Organisational, operational and financial, 2) ESG issues

4. Questions on transparency and disclosure of information (Chapter 3.4)

- Transparency around ESG plans and performance of its own and intermediary funds operations
- Public disclosure of developmental outcomes

5. Questions related to the leveraging of capital for development (Chapter 3.5)

- Leveraging of capital from 1) Bilateral and multilateral sources, 2) Norwegian, host-country and offshore private sources
- Additionality in establishment of sustainable enterprises that would otherwise not have been initiated due to the high risks (market, policy, security, project, etc.) associated with these establishments
- Complementarity/substitutability between Norfund and other private sector financing

6. Questions on use of Overseas Financial Centres (OFC), due diligence (DD) procedures and money laundering (Chapter 3.6)

- Use of offshore jurisdictions for investments
- Due diligence of host-country and offshore capital with respect to ownership and source of funding
- Standards and safeguards for screening of shell companies and money laundering

7. Questions related to the efficiency of Norfund (Chapter 3.7)

- Efficiency of Norfund's project cycle including project identification, approval, closure and exit
- Administration costs including framework for executive remuneration, management fee/ commission to intermediary funds
- Compilation of suitable productivity indicators to assess performance
- Costs of local offices and possibility of joint representation with other Norwegian development actors
- Potential synergy gains from cooperation with, 1) Other Norwegian private sector development assistance and other ESG policy initiatives, 2) Norwegian private sector firms and 3) Bilateral and multilateral financial institutions

8. Questions of profitability of Norfund operations (Chapter 3.8)

- Real rate of return on equity investments measured in Norwegian Kroner (NOK)
- Real rate of return on loan engagements in Norwegian Kroner

9. Grant financing (Chapter 3.9)

- Allocation and procurement procedures for grant financed activities

10. Sustainability (Chapter 3.10)

- Sustainability of developmental outcomes associated with investments and divestments
- Sustainability of Norfund as a self-financing institution with gradual phasing out of capital contributions from development assistance budget

In addition, relevant gender equality issues have been addressed across the relevance, effectiveness, efficiency and sustainability criteria.

Note: The evaluation report refers hereinafter to "local offices" as "regional offices" (term used by Norfund).

Norfund's current programme theory as it is generally understood within Norfund and by the Norwegian stakeholders, has served as a framework for the evaluation (see details in Chapter 3.3). Programme theory provides a framework for understanding the dependencies and causalities leading to expected development effects, i.e. the rationale behind Norfund's financing operations. The programme theory also outlines what are considered to be inputs, outputs and outcomes, and how these are understood to affect development; and what kinds of indicators and consequently what kind of data is required to assess and monitor success.

2.2 Methods and information sources

The evaluation made use of a combination of complementary primary and secondary data, which allowed for the triangulation and validation of the findings. The evaluation was undertaken during the period February 2014 - January2015.

2.2.1 Secondary data

Key generic information consists of references and information collected from the sources mentioned in the ToR and from an abundance of other sources (see References, Bibliography and Annexes 2-4). Examples of the main information sources include key documents used in the Government steering of Norfund, international and country-specific information, and Norfund internal documents such as guidelines for the investment process.

Portfolio level and project-specific information was retrieved from the Norfund project management system, databases and archives that the evaluation team had access to. This Norfund portfolio data for 2007-2013 has served as the main data basis for analysis, unless otherwise noted (see Annex 5). In addition, annual reports and operational reports and other publicly available documents have been extensively utilised. Given the existence of certain consistency issues and differing reporting procedures in time, differences may emerge between the Norfund portfolio data and annual reports. Such differences are highlighted where relevant. This portfolio data is mainly linked to the phases of Norfund's investment cycle, starting from the project identification and screening phases and running through to the later phases such as investment decision, ownership and exit. This pool of data contributed in particular to the overall portfolio analysis, but also to the project level analysis and the in-depth assessment of the case studies.

2.2.2 Primary data

Interviews were completed with key Norwegian internal and external stakeholders in April-June with selected follow-up interviews in July-September 2014. The list of stakeholders interviewed together with the field mission itinerary is provided in Annex 4. The interviews were carried out using adjustable questionnaires composed of key elements relevant for all stakeholders, and more tailored sections corresponding to the main interests and knowledge base of each stakeholder group. The stakeholder interviews also played a crucial role in the cross-validation of the information collected from other sources. Interviews were also completed in connection with thirteen (13) case studies

(Annex 3). The interviews with the representatives of case study investee/debtor companies and other host country stakeholders, carried out during the case study field missions, added value to the information collected elsewhere.

2.2.3 Project-oriented reviews and field mission case studies

The Norfund project portfolio covered in the evaluation contains 118 projects. As such, in order to promote an in-depth understanding of the details of the investment process, the differences between the various investment instruments and of the numerous development effects, a case study approach was deemed necessary. They also provided in-depth information on Norfund's decision making and management processes and how, in practice, strategic and operational guidance function in relation to investment cycles.

Case studies, through project-oriented reviews with the objective to complement and deepen the portfolio level analysis, were undertaken for a sample of 13 projects. For each case, document review was accompanied by stakeholder interviews and case study reporting in line with key evaluation questions. Projects were selected for this in-depth analysis on the basis that they were representative of the investment areas (renewable energy, financial institutions, agribusiness as well as SME funds) and investment instruments of Norfund (equity investments, mezzanine and loans). The selection process also took note of geographical considerations as well as the size of investments within the Norfund portfolio. Due to its major role within the Norfund portfolio, SNPI (see Box 1) was included among these reviews. A full list of projects covered by these project-oriented reviews is presented in Annex 3.

Field mission case studies were conducted for 4 projects selected from the above set of project-oriented reviews. While the number of investments covered by field missions was limited, with representativeness considerations from the evaluation perspective fully recognised, these provided an important insight into Norfund's efficiency and effectiveness. The field missions also assessed in-depth the level of relevance from the perspectives of investees, partner country representatives and beneficiaries in the respective cases. Concerning ESG and sustainability, the data collected through field missions provided important first-hand information on the ownership role and activity of Norfund, as well as insight into the sustainability (including financial, environmental, social and governance) and DE aspects of these investments.

2.3 Challenges and constraints

The evaluation covers a set of complex evaluation questions, with the objective of evaluating operations in regions where highly challenging conditions exist in relation to the achievement of sustainable enterprise growth. The evaluation framework and approach has been tailored to address these challenges, also making transparent the trade-offs encountered by DFIs more generally.

Confidentiality. Most of the Norfund investment information concerning investee companies is confidential and the evaluation team has respected strict confidentiality in respect of retrieved data. Norfund has remained highly co-operative throughout the evaluation process and has opened up its databases to the evaluators, sharing further data with the evaluation team as requested. While access to confidential data has been secured and facilitated, the evaluation team has respected the confidentiality issue in reporting, which has required that a certain level of generality is maintained in presenting some of the findings and conclusions. For example, integrating detailed data per individual investments on valuations, write-downs/ups or DE into this public final report has not ben possible due to confidentiality reasons. However, this data has been available to the evaluation team, used in the analysis, and presented in the report on aggregated level, where suitable.

Project data availability and validity. The evaluation team has had access to a large amount of information. The team selected the data considered most valuable for addressing the evaluation questions and has also assessed, to the extent possible, the relevance and validity of this accessed data. In assessing the validity of the data, it is e.g. noted that Norfund balance sheet data, cash flow statements, profit and loss accounts and notes, presented in annual reports are externally audited (see Annex 5 for further details on data). Despite the large amount of available data, for some of the evaluation questions the total number of Norfund investments was not sufficiently large for valid conclusions to be drawn based on the data alone or to allow for statistical analysis. For example, relatively few instances exist of Norfund disinvesting during the period evaluated, thus influencing the overall analysis on developmental sustainability. Moreover, with regards to some of the evaluation questions (e.g. leverage effect, real rate of return on equity investments in NOK and the cross-cutting question on gender equity), Norfund does not systematically collect and/or report supporting data or does it in a limited manner. These kinds of data gaps have been covered with qualitative elements of the assessment, reliance on proxies and/or complementary data collected.

Case analysis. The 13 projects selected for in-depth review provide important insights covering aspects of relevance, efficiency, effectiveness and sustainability. However, the evaluation team notes that investments in the Norfund portfolio, even within each investment area, vary considerably. Consequently, the evaluation team has been careful in not drawing any major conclusions based on single cases only.

Changes over time. With regards to the period covered by the evaluation (2007-2013), the evaluation has also taken note of other (pre-2007 and post-2013) information, where appropriate and of high relevance for key findings, conclusions and recommendations. In its analysis, the team has also noted the evolution of Norfund during the evaluation period, e.g. with regards to the tools used for assessing, monitoring and reporting on risks and development effects[3].

[3] E.g. the current Norfund regime for DE data collection and reporting was introduced in 2009/2010.

3 Findings

3.1 Policy relevance of Norfund operations

Introduction

Norwegian development policy is directed through various governmental policy platforms, such as governmental addresses to the *Storting* and White Papers produced by the government and its ministries. The 2008 document "Norwegian Development Assistance in 2008 – Priority Areas" (MFA 2008a) specifies five areas in which Norway can contribute most: 1. Climate change, environment and sustainable development; 2. Peacebuilding, human rights and humanitarian assistance; 3. Oil and clean energy; 4. Women and gender equality; and 5. Good governance and the fight against corruption.

According to the Ministry of Foreign Affairs (MFA), the objectives of Norway's development policy are to promote democratisation with an emphasis on universal human rights, and to provide supporting measures that can permanently lift people out of poverty. The MFA sees economic growth and strengthening the private sector as priority tools for successful poverty reduction. The Norwegian government has chosen to prioritise business development in the South and it seeks to promote cooperation with the Norwegian business sector in areas where Norwegians have a competitive advantage. More recently the Norwegian Government has reiterated its focus on operations in the areas of global health, peace and reconciliation, humanitarian aid and increased access to energy (MFA 2014).

In the following, the policy relevance of Norfund operations is assessed initially from a broad policy instrument view and then from the point of view of each theme and instrument.

Finding. Over 50 % of Norwegian bilateral support to Private Sector Development in the developing countries has been channelled through Norfund during 2006-2013. Norfund has developed during the evaluation period into the key instrument of the Norwegian support to Private Sector Development (PSD) in the developing countries. The Norfund Act (MFA 1997) – though written many years earlier – echoes current governmental thinking and key policy documents about the importance of private sector development in development cooperation. Norfund's strategy papers and other documentation reviewed as part of the evaluation published since 2007 chime with the government's thematic policy objectives. This was also the almost unanimous view of the stakeholders interviewed for this evaluation; the Fund was considered to be by far the most significant Norwegian development policy instrument for PSD. Over 50 % of Norwegian bilateral support (approximately 8.5 billion NOK) to PSD in the developing countries has been channelled through Norfund during 2006-2013.[4] The 2010 private sector evaluation (Norad 2010a) recommended that the Norwegian

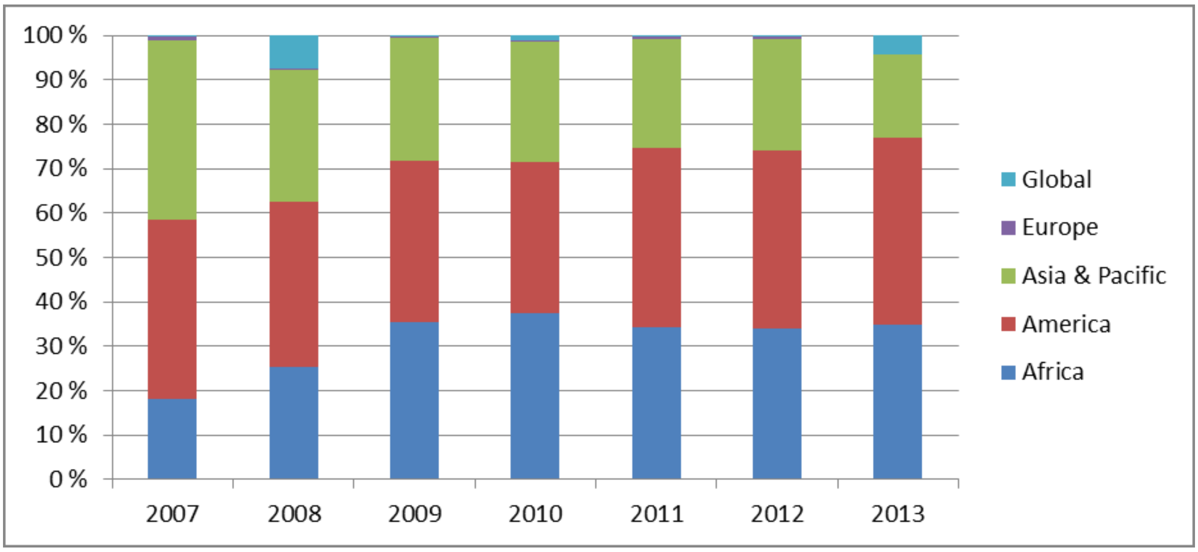
[4] Concerning Norwegian assistance to PSD in 2006-2013, out of a total of 18.8 B (billion) NOK, some 84% were channeled through bilateral aid, with Norfund share of this bilateral aid amounting to 8.5 BNOK (53%), Norad share to 2.68 BNOK (20%), Norwegian Embassies ´share to 4.35 BNOK (27%) and Fredskorpset Norway share to 0.16 BNOK (1%). Norwegian aid statistics website (http://www.Norad.no/en/tools-and-publica-tions/norwegian-aid-statistics).

government make Norfund its centre of company level and financial PSD. This aim appears to have been realised.

Finding. During the evaluation period Norfund has had committed investments through direct and indirect investments in over 80 countries. Norfund's focus countries have changed somewhat over the years, following instructions from, or discussions with, the MFA and other stakeholders, and as a reaction to changes in political circumstances in some countries. Since the beginning of the evaluation period following 2007 Norfund strategy, Norfund has concentrated its financing in four main regions: 1. Eastern Africa, 2. Southern Africa, 3. Central America and 4. (selected countries in) South East and South Asia. Country-specific breakdown of Norfund investments 2007 – 2013 is presented in Annex 5.

Looking at the Norfund portfolio the share of investments in Africa has in recent years been between 30% and 40% (Figure 2), which remain above average among EDFIs (EDFI 2013). One of the annual KPIs in Norfund's 2012-2015 strategy is linked to this regional focus: the share of the investments (excluding SNPI) in African countries should be > 50%. This target was already included in Norfund's 2007 strategy document. The share of investments in Africa (excluding SNPI) has stayed above 50% since 2009 (Annex 5).

Figure 2. Share of Norfund investments (% of NOK) in key geographic regions 2007-2013 (Norfund portfolio data).



In addition to this regional focus, throughout the evaluation period Norfund has also aimed to concentrate its financing on the poorest countries. When looking at the Norfund portfolio the share of investments in LDCs has in recent years been between 16% and 28% if SNPI is included and between 25- 37% with SNPI excluded (Table 3). One of the KPIs in the latest (2012-2015) Norfund strategy states that the LDC share of the investments (excluding SNPI) should be > 33%, which Norfund portfolio has reached since 2008.

Table 3. Share Norfund's investments in LDCs (MNOK) including and excluding SNPI 2007-2013 (Norfund portfolio data).

	2007	2008	2009	2010	2011	2012	2013
Investments in LDCs	587	1096	1229	1428	1791	2306	2155
Share of total investments in LDCs including SNPI	16.0 %	22.8 %	23.3 %	24.4 %	23.6 %	27.7 %	22.4 %
Investments in LDCs (excluding SNPI)	404	906	1101	1282	1507	1709	2012
Share of total investments in LDCs excluding SNPI	25.0 %	35.4 %	35.2 %	37.4 %	33.9 %	36.3 %	35.9 %

Finding. Norfund's country focus is not fully aligned with the Norfund Act. The Norfund Act (MFA 1997) specified that countries classified as Lower Middle Income Countries (LMICs, as classified by the OECD) and countries having a lower income per habitant than these countries qualify as recipients. In addition Norfund can invest in enterprises in countries where the Storting has approved the use of business related assistance. Further guidance on country priorities and eligibility is provided in annual National Budgets (Prop. 1 S, Kap. 161 Næringsutvikling) (Regjeringen 2006-2012). In 2007-2012 eligible countries were defined as per maximum Gross Domestic Product (GDP) per capita, allowing investments also to be made in some Upper Middle Income Countries (UMICs) with lower GDP per capita to be invested in. Also ODA eligible countries in the Western Balkans were among the possible target countries. In line with government guidance, in 2013 all ODA recipient countries were considered eligible. The National Budgets also note that priority shall be given to Sub-Saharan Africa and Least Developed Countries (LDCs), as well as long-term Norwegian development cooperation partner countries.[5]

The definition of eligible countries with an income level above that of the LMICs varies from year to year. Table 4 shows the share of commitments over the evaluation period 2007-2013 that fall outside the scope of countries defined in the Norfund Act and other guidance to Norfund. In addition to some SNPI investments in 2007 and 2008, these mainly consist of investments in South Africa. Part of SNPI renewable energy investments are in countries with a GDP per capita level above the threshold set for Norwegian business related assistance, with SNPI investments in Chile and Brazil accounting for most of these investments. While the annual National Budgets note this issue, the annual guidance letters to Norfund by the MFA from 2009 onwards explicitly state that the GDP per capita threshold for eligible countries does not cover SNPI investments, hereby allowing SNPI to invest in all ODA eligible countries (Regjeringen 2008-2012) [6].

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[5] According to a Norad report "*The Economic Case for Investing in Environment*" (2007), Norway had 30 partner countries. The 2008 OECD Peer Review refers to 28 partner countries. The development aid statistics show that Norway provided development assistance to 128 countries in the period 2007-2013. More than 1 MNOK was provided for 118 countries and 72 countries received more than 100 MNOK during the seven years.

[6] The National Budgets 2008-2009 and 2011-2012 make reference to some SNPI investments in countries with GDP/capita above the acceptable threshold level set for business related asistance, while also referring to potential wider benefits of Norfund engagement in SNPI and to the restructuring of SNPI:

Table 4. Share of committed investments (% of NOK) in Norfund's portfolio in 2007-2013 in countries outside the scope (non-eligible) set in the Norfund Act (Norfund portfolio data)[7]. From 2009 onwards all SNPI investments in ODA eligible countries are considered eligible, and in 2013 all Norfund investments in ODA eligible countries are considered eligible.

	2007	2008	2009	2010	2011	2012	2013
Commitments in non-eligible countries (share of total portfolio)	15.9%	17.9%	0.4%	6.5%	8.6%	8.0%	0.0%
SNPI's commitments in non-eligible countries (share of total portfolio)	12.0%	14.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Commitments in non-eligble countries excluding SNPI (share of total portfolio)	3.9%	3.7%	0.4%	6.5%	8.6%	8.0%	0.0%

It should be noted that SNPI was established in 2002, with its contractual commitments to Norfund set prior to the evaluation period covered here. The establishment of Agua Imara in 2009 and the restructuring of SNPI (Box 1) represent measures already taken during this evaluation period to improve country coherence in line with the Act. The data shows a clear increase in other commitments outside the country scope between 2007-2012.

Finding. Among the EDFI institutions Norfund has, throughout the evaluation period, had either the highest or one of the highest shares of infrastructure projects (Renewable Energy) in the portfolio. As noted above, since 2012 one of Norfund's KPIs has been to channel annually at least 50% of new capital injections to RE projects. Even before this specific target RE was one of the Norfund focus sectors (Table 5).

Table 5. Share of investments in Renewable Energy, Financial Institutions and Industrial Partnerships departments with agribusiness sector highlighted separately 2007-2013 (Norfund portfolio data)[8].

MNOK	2007	2008	2009	2010	2011	2012	2013
Renewable Energy	56.0 %	48.6 %	44.4 %	45.2 %	47.4 %	49.3 %	49.4 %

- St.prp. nr. 1 (2008-2009): SN Power, som Norfund eier sammen med Statkraft, har hovedtyngden av sine investeringer i land som har en BNI per innbygger som er innenfor den øvre grensen som er satt for bruk av bevilgningene på kap. 161 Næringsutvikling. SN Power har imidlertid også investeringer i noen utviklingsland som nå har passert denne grensen, som Chile. Det er likevel ønskelig at Norfund beholder en eierandel i SN Power og bruke denne til fordel for et samarbeid om en særskilt satsing på utvikling av ren energi i Afrika (Regjeringen 2008).
- St.prp. nr. 1 (2011-2012): SN Power Invest har hovedtyngden av sine investeringer i land som har en BNI per innbygger som er innenfor den øvre grensen som er satt for bruk av bevilgningene på kap. 161 Næringsutvikling, men selskapet har også investeringer i noen utviklingsland som nå har passert denne grensen, som Chile. Det er likevel ønskelig at Norfund beholder en eierandel i SN Power Invest. Omstruktureringen av SN Power Invest og etableringen av datterselskapet Agua Imara med fokus på Afrika og Mellom-Amerika har gjort fondets energiinvesteringer mer målrettede og mer i tråd med prioriteringene i utviklingspolitikken (Regjeringen 2011).

[7] The analysis is based on World Bank GDP per capita data in 2013 US dollars (World Bank 2014a). The annual figures are revised in retrospect by WB, and may include differences with country GDP per capita data available to Norfund at the time of investment decision making.

[8] In 2007-2009 Direct Investments are included under Industrial Partnerships

Financial Institutions	7.3 %	17.2 %	21.7 %	20.1 %	26.0 %	22.4 %	23.9 %
Industrial Partnerships (Agribusiness)	7.7 % (N/A)	7.9 % (1.4 %)	8.1 % (1.6 %)	9.4 % (3.8 %)	8.3 % (3.4 %)	10.2 % (4.5 %)	11.4 % (6.2 %)

Finding. Doubts exist among the stakeholders as to the policy relevance of all Renewable Energy (RE) investments. From the perspective of the host country governments consulted during this evaluation, however, they are considered relevant as energy investments are of crucial importance for their economic development. The focus on RE is justified by Norfund by its major sustainability benefits, including environmental (e.g. climate change) and economic (e.g. substitution of imports needed for fossil fuel thermal energy; balance of payment effects) benefits: "Reliable energy supply represents a fundamental element in a country's infrastructure, and is a prerequisite for sustainable growth" (Norfund 2008b). According to Norfund, especially in Africa, resources are scarce and there are few investors willing to take on the risks (related e.g. to hydrology, environmental footprint, long construction and payback periods, and changes in the policy environment) typical of hydropower projects. Hydro is, the argument goes, still an underutilised power option in Africa: the continent's share of installed hydro capacity is below 2% in a global context, despite its vast resources.[9] The importance attached to this sector can also be seen in various policy documents of the Norwegian government.

Norfund's stakeholders widely endorse this approach and see the fund as the key Norwegian instrument in promoting RE investments in developing countries. This applies particularly to hydro, where Norfund can draw on the vast array of accumulated sector-specific expertise and knowledge in Norway. There are, however, caveats to this mostly favourable assessment. The recent report by the National Auditor's Office's (2014) for example judged overall the Norwegian support mechanism for the clean energy to be "fairly ineffective". Some interviewees expressed concerns related to country selection in respect of Norfund's RE investments, mostly linked to the operations of SNPI. SNPI has not focused on poor countries or populations, but has made its investments on the basis of the growth strategy of a globally active energy company. The majority of the capacity, plants and value of the assets are located in South America and in Asia, with the key countries here being Brazil, India and the Philippines, each of which can already access international capital markets for the financing of well structured and viable energy projects. While SNPI has also been building an investment pipeline in some poorer countries, e.g. Myanmar, the weight of investments clearly lies in more affluent countries. Moreover, the partnership between Norfund and Statkraft has clearly not been very successful in promoting RE investments in Africa.

Concerns in respect of country selection can also be found in the National Auditor's Office's (2014) recent report on Norwegian support for clean energy in developing countries. Views also diverged as to whether Norfund's RE investments really facilitate the intended increased access to energy and

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[9] A view backed by e.g. by the World Energy Council www.worldenergy.org.

transformation (of e.g. institutional capacity and productive sectors) in the receiving economies. The two main lines of argument that emerged from the stakeholder interviews are summarised in Table 6.

Table 6. Arguments concerning the relevance of Norfund's RE investments.

Arguments against the relevance of Norfund's RE investments	Arguments in favour of the relevance of Norfund's RE investments
It is not clear whether Norfund's RE projects actually fit the host country governments' development needs and plans, or benefit the poorer elements of the population in these countries; producing power does not automatically lead to increased access, affordability and the consumption of electricity, if the necessary transmission and distribution infrastructure and services are not available and affordable.	The Power Purchase Agreements (PPA)/off take agreements, which generally form the basis of the future cash flows, are in most cases signed with public entities, e.g. utilities, or are based on feed-in-tariffs set by the government. The concessions needed for construction and plant operations, as well as for the control of the power fed into the grid are, similarly, at the discretion of the government. Policy relevance from the point of view of the host country government is therefore self-evident.
RE is in some cases /countries subsidised and produced even though the capacity of the transmission grid cannot absorb it. What is required are either investments in the transmission and distribution infrastructure, or smart, small scale off-grid solutions for rural areas, based, where possible, on RE sources. Separate infrastructure or even small additional power plants providing access to electricity for the populations in the plant site neighbourhoods which have in some cases been added to the list of Norfund/SNPI hydro projects, do not address the fundamental developmental deficiencies of the investment project itself.	To increase access to energy a full product chain from generation to transmission and from transmission to distribution is required with the different parties having their own natural role in this chain: The private sector is a natural actor relation to investments in generation, whereas transmission (especially on the national level) and distribution can be viewed more realistically in the public sector or development assistance realm, because of the economic issues typical for such investments. In some Norfund investment countries the private sector is not even allowed to participate in distribution. As such, embarking on the transmission or distribution business would not make financial sense.
Norfund 'crowds out' private sector investments especially in the RE sector in Eastern Africa, where there is actually a scarcity of bankable, high quality projects.	Norfund brings in not just financing, but also the expertise and industrial competence required for successful RE investments.

Assessing the validity of these arguments is challenging. Norfund generally does not give much consideration to 'downstream' issues such as access to energy during the project design and preparation activities. The indicator in the RE sector closest to the wider societal development effects assessment is the number of people supplied[10] (Annex 6). In addition, the Norfund investment process does not

[10] SNPI, in its annual reporting uses a somewhat larger set of indicators, see Annexes 6 and 10.

include a specific ex ante assessment of the investment's fit with the host country government's development plans.[11]

Consequently, the data and information required to assess such wider societal/development effects are not produced in a routine-like manner during the Norfund investment cycle, and were not therefore available to the evaluation team. Assessment of the policy relevance of Norfund's RE investments thus had to rely on other project-specific secondary data, and especially on the primary data, i.e. interviews with stakeholders. The host country authorities responsible for energy policy and planning and economic development in African countries covered by field missions, and the interviewed community representatives of the visited RE project site were however of the view that Norfund's renewable energy investments are relevant and support well the governments' energy policy intentions.

Finding. The Financial Institutions (FI) investments have generally proven development relevance, but the overall impact of Norfund financing in this sector cannot be ascertained or assessed exactly. The need to provide developing countries with better access to global capital is clearly expressed in the Norwegian government's key development policy documents (e.g. MFA 2009). In many cases it may not, however, be possible or rational to invest directly in developing country enterprises, due to e.g. local laws and regulations concerning Foreign Direct Investment (FDI). Reaching SMEs directly is also both costly and resource-intensive. FIs can multiply the effect of the invested capital in their final (on-) lending to private sector clients. Norfund invests in FIs mainly with loans, but also with equity and – to a lesser extent – mezzanine investments. The development of the share of FI investments in the Norfund portfolio is shown in Table 5.

Several evaluations and research papers emphasise the importance of coherence and coordination between support modalities (finance, regulatory reform, support for the host country's economic policies) as success factors especially in SME financing (e.g. Independent Evaluation Group 2014). As preconditions for success, according to a recent study, it can be expected that: inputs are relevant; the FI worked with have a clear focus/policy on SME finance; and the support is given in an overall environment which is conducive for SMEs (Horus Development Finance 2014).

In the case studies of this evaluation the preconditions were mostly attained, with some reservations regarding conducive policy environments. The case studies also reveal that Norfund systematically e.g. through the investment preparation process and loan agreements with its investees, works closely with the investees to ensure that the FIs have SME focused strategies, instruments and reporting in place to allow Norfund to monitor whether SMEs do indeed benefit from improved credit opportunities. Norfund financing was said by the investee FIs and stakeholders interviewed during the field missions to have been relevant and to have led to increased financial sustainability (though the

[11] SNPI prepares an extensive "country paper" on the host country for all its potential investments, also covering the government's energy policy. The purpose of the country papers is, however, to ensure that all of the necessary information for a sound, profitable investment is available, not to assess and map its development policy relevance.

amounts of Norfund loans and their subsequent effects were modest in comparison to those institutions' funding from other sources) and to the expansion of medium to long term lending. The wider developmental impact of Norfund's investments in the FI home countries cannot however be easily assessed.

The financing from a group of EDFIs (including Norfund) for six financial institutions in Sub-Saharan Africa was found in a recent evaluation to have been relevant and beneficial for these institutions' financial strength and sustainability – albeit with considerable reservations related to the availability and comparability of data (Horus Development Finance 2014).

Finding. The relevance of agribusiness investments is high, especially when using equity as an instrument. The risks in the sector are, on the other hand, considerable, while the share of the sector in Norfund's portfolio remains modest. Norfund's focus sector (since the 2012 strategy) that enjoyed the most support from stakeholders is agriculture. The MFA has also signalled to Norfund of the importance of the sector (MFA 2012b). The need for development financing in agriculture stems mainly from the lack of private capital willing to invest in the high risk, resource-intensive sector. This applies especially to Sub-Saharan countries, where the need for industrial agribusiness is great, but the conditions for success are difficult to gauge. It also presents a sector where the potential for gender (co-)benefits are widely recognised, taking note of the critical role women play in advancing agricultural development and food security in developing countries. However, in comparison to men, women overall own less land, have only a limited ability to hire labor, have limited access to credit and other services[12]. Many DFIs have recently engaged in this sector.

There is, currently, no target or KPI for Norfund's investments in the agricultural sector. The share of agribusiness in the Norfund portfolio was, on average, 3.5% in 2008-2013, reaching 6% by the end of 2013, reflecting the increasing importance of the sector in Norfund's strategy (Table 5). The share of agriculture in the Norfund portfolio, even in 2013, is however still below the average of the EDFI institutions (EDFI 2013). However, Norfund has mainly financed agribusiness in Africa through equity. After choosing agriculture as one of its focus sectors, all of its agribusiness investments were made in the form of equity.

[12] See e.g. Food and Agriculture Organization of the United Nations (FAO, 2011), noting that with the same access to productive resources as men, women could increase farm yields 20-30%, which could reduce the number of hungry people in the world by up to 150 million .

Instruments

The main financing products offered by Norfund are equity capital, mezzanine financing and term loans of long maturity. It also offers guarantees, but in comparison to other types of products the volume of guarantees has remained small.

The purpose of development financing is to provide developing country enterprises with the long term funding they require for capital investments and growth, and to a lesser extent for operational costs. Equity capital is, in principle, the most stable kind of financing and is well suited for capital investments. Being the riskiest capital investment tool it is also often in the shortest supply though it generally has a high expected rate of return. The investee company can also use equity in leveraging more financing from the market, and in the case of financial institutions, can increase their lending. The receipt of equity capital coming from an established and respected government-owned DFI such as Norfund was viewed by the interviewed investee companies as sending a strong signal to other potential financiers/investors of the financial soundness and viability of their businesses. Government backing also provides a certain level of security against target country political risks and instabilities.

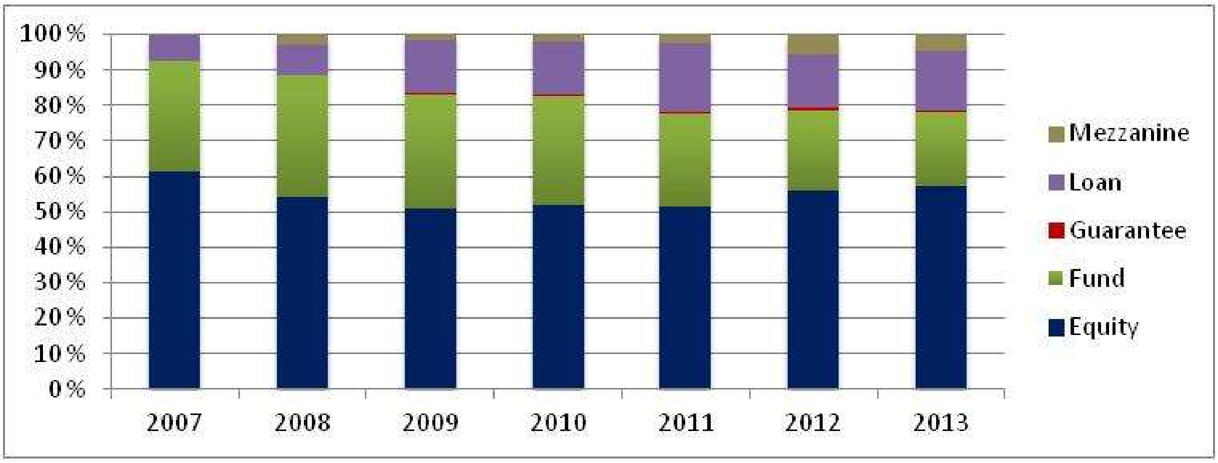
Finding. The share of equity in Norfund's portfolio was approximately 60% at the end of 2013. During the evaluation, period, the share of equity and equity like instruments has remained one of the highest among the EDFIs[13]. The Norfund Act emphasises the role of equity in fulfilling Norfund's mandate and the focus on equity has strong development policy justifications. A KPI for the equity share (> 60% of the portfolio) was added in the Norfund 2012 strategy. The share of equity has been above 50% over the whole evaluation period (Figure 3). SNPI has a significant effect here as the exclusion of SNPI would see the share of equity investments become significantly smaller, falling to half of or less than the shares presented in Figure 3 (Annex 5).

During the evaluation period 72%-85% (in NOK) of equity investments are in LDC, OLIC and LMIC, with the LMIC hosting the biggest share of equity investments.[14] The policy relevance of Norfund's financing, however cannot be assessed on the share of equity investments alone. Companies do not always need or prefer equity. In some cases local legislation and rules concerning foreign investments and/or ownership may limit the financing options. As such, debt or combinations of instruments may better suit their financing needs and structures.

[13] EDFI (2013) includes both equity and quasi-equity in this category when comparing the share of various financial instruments in the portfolios on EDFI members.

[14] Of equity-like instruments (including equity, mezzanine and funds) 77-83% (in NOK) are in LDC, OLIC and LMIC with again LMIC hosting the biggest share of equity investments. This analysis covers 2007-2012 (see Annex 5).

Figure 3. Share of investments (% of NOK) per instrument in Norfund portfolio 2008-2013 (Norfund portfolio data).



In some of the projects studied in detail Norfund has invested in a developing country enterprise both in the form of equity and debt. Interviewed representatives of these Norfund investee companies that have benefitted from more than one financing instrument, thought favourably of the flexibility open to Norfund in providing them with customised financial products and services.

Finding. The share of funds in Norfund's portfolio at the end of 2013 was approximately 20% and has decreased in recent years. The share of fund investments is below average when compared to the EDFIs as a group.[15] During the first decade after its establishment Norfund channelled a considerable share of its investment through funds into funding SMEs. The funds provide an opportunity to tap into the management company's knowledge and familiarity with the local markets, economic policies, regulations, SMEs and Microfinance Institutions. They also distribute risk among fund investors, increase outreach to a larger number of companies and disperse risk among fund target countries and sectors.

The 2007 and 2010 strategies still allocated the funds a considerable role, but thereafter with the increase in Norfund's own competence and experience of financing the private sector in developing countries, their share has fallen.[16] The 2012 strategy stated that in the future such fund investments should be decreased. Ongoing trends in the global financial markets also influenced this decision; especially after the 2008 financial crises a large amount of liquid capital was channelled towards the emerging markets in the search for better returns. As a result, many new SME and private equity funds were established. In 2013 Norfund made only two new fund investments.

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[15] It should be noted that some of the EDFIs (for example CDC) concentrate predominantly on funds.
[16] Source Norfund portfolio data. In 2010 the Evaluation of Norwegian Business-related Assistance (Main Report, report 3/2010 – Norad Evaluation Department) pointed to the extensive use of funds in Norfund's operations and recommended increasing the proportion of direct investments.

Finding. In some recently made investments in fragile states Norfund has used "enhanced blending" with additional MFA grant funding. The projects would probably not have materialised without such a blend. During the evaluation period Norfund has embarked on investments in some very high risk countries that are recovering from or even still in the grip of instability and/or political and economic turmoil (often called *"fragile states"*), including investment commitments in Myanmar, South Sudan and Zimbabwe (total value of MNOK 132 in 2013). Norfund's own grant-based support for enterprise and project development and ESG management in these countries has been provided since 2009 (totalling MNOK 15).[17]

In these investments the standard criteria for approving investments, especially concerning profitability and the accepted level of risk are not necessarily fulfilled. Solutions that have made such investments possible have thus far included grant funding from Norfund's own Grant Facility (GF) (see Chapter 3.9) and funding (additional to Norfund capital injections and GF allocations) from the MFA. This funding has been disbursed in different forms (equity acquired by the MFA, first loss support to a project company) and for different purposes (e.g. to develop the project as viable, to bear down on capital costs, to reduce the final price to consumers or to build the transmission infrastructure). In some cases this support has been substantial, and the project would not have been assessed profitable and commenced without it (see also Annex 5). This kind of 'blended finance' is becoming more and more common among the donor countries. In Norfund's case it is safe to assume that it fits well with the policy goals of the MFA, and for example the case study from South Sudan notes good MFA, Embassy, Norad and Norfund collaboration.

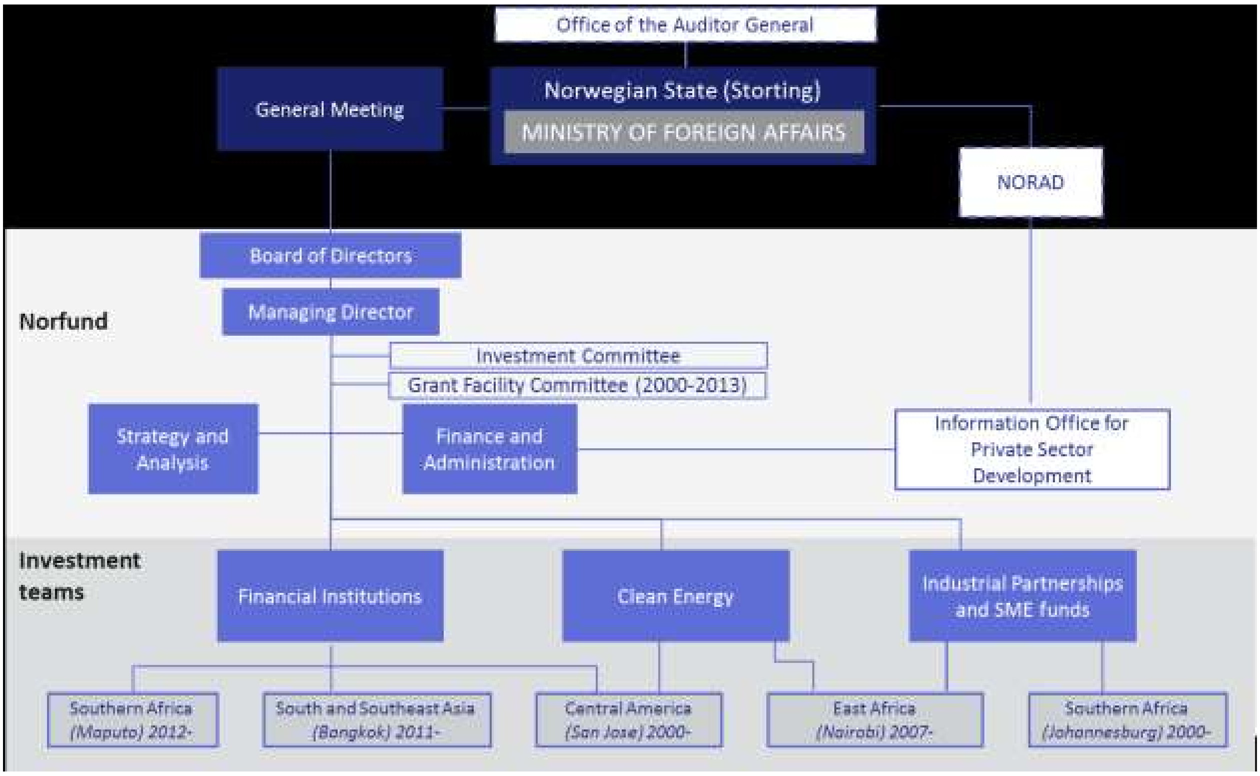
3.2 Functioning of the Board process and oversight by the Ministry of Foreign Affairs

Introduction

The governance structure put in place to enable Norfund to fulfil its mandate is depicted in Figure 4 with the main guidance tools summarised in Table 6. More specific government-owner policy guidance is given to Norfund formally through annual budget allocations, guidance letters (Tildelingsbrev) and liaison meetings (Kontaktmøte)[18]. The Norfund board has defined the direction of operations in greater detail in its Strategy papers of 2007, 2010 and 2012. The key content of these strategy papers is summarised in Table 1 (Chapter 1.3). Originally Norfund was tied to investments with Norwegian partners. This restriction was lifted in 2002.

[17] These grant figures do not include project funding provided by the MFA. See also Annex 5.
[18]Noted in report references and bibliography, with key guidance aspects highlighted in the analysis. The Norfund Act was revised in 2013 in order to harmonize it with other Norwegian corporate legislation. The General Meeting was introduced as the highest decision-making body.

Figure 4. Structure of Norfund's governance.



Finding. The formulation of Norfund's mandate and objectives is broad, leaving ample space for various interpretations and definitions. The formulations in the Norfund Act and Strategy are relatively loose, leaving ample space for various interpretations. In both the Act and the Strategy the logical structure of the operations expected from Norfund and the terminology used (i.e. the "Programme theory") is left somewhat ambiguous; what are the inputs, outputs, outcomes and impacts (or using another, similar set of terms: activities, results, purpose and development outcome) and how do they relate to each other?

Table 7. The main guidance tools used at different levels of the Norfund's governance structure.

Governance levels	Tools
Storting > MFA	Norfund Act (MFA 1997), Annual Budget 19
MFA > Norfund Board	"Instruks for UDs styrings- og kontrollviromhet overfor Norfund", 2000; Annual guiding letters, regular contact meetings; annual General Meetings (2012 onwards).
Norfund Board > Management	Strategy, Investment mandate
Management > Departments, offices, teams, staff	Operational plans

[19] Annual Budget text, The *Storting* allocates annual capital grants to Norfund in its development assistance budget.

Finding. There are a number of trade-offs between the goals and targets set for Norfund at different levels of government guidance and oversight. Many of the different goals and targets set for Norfund (and/or adopted by Norfund) at different points of time form – when observed in pairs – at least partial trade-offs: achieving one goal diminishes the chance of realising another. This is not an uncommon feature in terms of government/owner policies and different kinds of goal setting for EDFI institutions in general. In many cases they are also not just between financial and developmental outcomes, but also between various developmental outcomes. Some of the trade-offs highlighted in the interviews and present in the literature on development finance (see Bibliography/literature) are summarised in Table 8.

Table 8. Selected trade-offs encountered by Norfund.

Goal/target	Trade-off	Goal/target
Cost of finance for the investee	< -- >	Leveraging private capital
Rigorous screening and monitoring of development effects (DE); conditioning of investments by the DE.	< -- >	Leveraging private capital
Focus of high risk projects, sectors and countries	< -- >	Leveraging private capital, sustainability of Norfund portfolio
Sustainability of the financed enterprises	< -- >	Limited investment periods and maturities
Preference on equity	< -- >	Concentration on high risk countries
Avoidance of OFCs	< -- >	Risk management, leverage of private capital
Active ownership pursuing developmental policy objectives	< -- >	Leveraging and partnering private capital

Norfund is required to be profitable in the long term and at the portfolio level. This profitability sets the principal constraint under which Norfund has to strike a balance between the above-mentioned often conflicting goals. This is done mostly on a case-by-case basis; there is not just one trade-off here but many. Consequently, in a typical Norfund investment some goals are achieved while others not. This is important to note when the relevance and effectiveness of Norfund – or indeed of almost any DFI - is assessed.

Finding. The Board and Management of Norfund has been given plenty of space to define goals and react to trade-offs. The way in which they have chosen to do this is supported and/or accepted by most of the interviewed stakeholders. The programme theory (see Chapter 3.3) and the way of handling trade-offs are left fairly open/unspecified in both the government steering and board oversight processes relating to Norfund. There are various reasons for this, including e.g. i) the tradition of Norwegian government/owner policy, which normally leaves plenty of space for the State Owned Enterprises (SOEs) to decide on their own strategy and operations[20], ii) the juridical form of Norfund (Hybrid limited liability company), with the associated governance structure and processes which reduce the owner's responsibility, and iii) efficiency and the minimisation of bureaucracy and its costs.

As a consequence of this delegation, a lot of decision-making power has been left to the Norfund Board and Management. Based on the interviews with stakeholders, the Board and Management have used the delegated power in a proactive and politically savvy way. Most of the strategic goals, targets and KPIs have been selected by the Board (those on the share of RE in the investments made of new capital injections, and the share of LDCs in the portfolio however came from the *Storting* and from the MFA[21]). Potential trade-offs have been handled on a case by case basis, balancing between different goals and optimising the aggregate outcome.

This delegated governance model received almost unanimous acceptance among the interviewed Norwegian stakeholders as did the strategic choices made by the Norfund Board and Management. The guiding letters (Tildelingsbrev), notes from the Norfund biannual (later General) meetings and interviews also show that the MFA as the owner's representative and the ministry responsible for steering Norfund has generally been satisfied with its strategic choices and operational focus.[22]

When it comes to supervision and guidance within the Norfund organisation, the Board has in turn entrusted considerable decision making power to the Management. The Management can approve investments without prior consent of the Board if they have been recommended by the Investment Committee (IC), are in line with the current strategy, and are under 50 MNOK (for high risk projects) or 75 MNOK (medium or low risk projects). Investment decisions not fulfilling these criteria should be presented to the Board at the Commitment in Principle (CIP) stage, after which Final Approval can be delegated to the Management (subject to IC approval).

In Norfund's investment cycle the role played by the IC is significant. It consists of an external chairperson, in-house representatives of investment departments and an ESG specialist. Based on the evaluation, the IC seems to hold a key role in ensuring that investment decisions follow the strategic goals of Norfund. In the IC attention is given to a wide array of aspects relating to the proposed investment – including ESG, DE and additionality.

[20] This is also broadly in line with the "OECD Guidelines on Corporate Governance of State-owned Enterprises. OECD, 2005".

[21] The minimum requirement for LDC share >33% has been modified to "significant share should go to LDCs" but has been retained by Norfund in Norfund strategy in line with previous official MFA guidance.

[22] E.g.in the 2012 general meeting (21.5.2012) MFA expressed its satisfaction with Norfund as a development policy tool, considering the fund being run efficiently and professionally.

Finding. Norfund's ownership and financing structure (100% government ownership without the authorisation to raise commercial funding) has enabled it to choose a focused and concise strategy. Norfund is one of the few (4) EDFI institutions with 100% state ownership and is not allowed to finance its operations through commercial funding. Most other DFIs have e.g. private sector enterprises, financial institutions, commercial banks, export credit agencies or similar as their shareholders in addition to the government (Kingombe et al. 2011). Many of them can also draw on the markets for financing. This kind of ownership and financing structure has benefitted Norfund in many ways. With few owners and no creditors the number and intensity of different stakeholder interests and consequent agent costs remains moderate and thus easily manageable. The strategy can be focused and streamlined, when compared to institutions with a more fragmented ownership and financing structure in which the strategy process often highlights the existence of conflicting viewpoints between different stakeholders. Norfund has been able to keep the dialogue with the owner simple and reporting lines short and unambiguous. The evaluation team's view is that Norfund's present geographic and sector focus would have been much more difficult to achieve, were the ownership and financing structure rather different. The current structure has enabled Norfund to react rapidly and move into new countries and types of investment when the political need for it to do so has arisen.

3.3 Development effects of Norfund operations and Norfund programme theory

Introduction

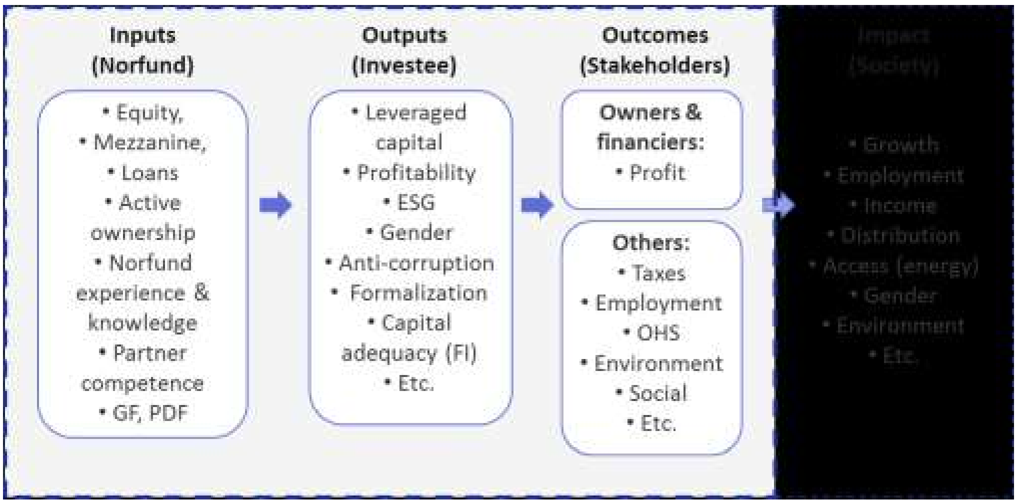
Defining, assessing and measuring the impacts of development finance is a challenge. The causal and contribution chains from inputs (financing in different forms; technical assistance to enterprises) to wider societal impacts are long, difficult to trace with certainty, and easily broken. The economic literature on the overall impact of DFIs on macro-level development, moreover, remains scarce. There is some evidence of impacts if one concentrates on major or multiple players and frames the question carefully. To find evidence of a single DFI's impact at the macro-level would, however, be technically very difficult. The DFIs often prefer to speak about the effects rather than the impacts of their operations.

Even the understanding of, and attention given to, the development effects (DE) differ from one DFI to another. Some (e.g. IFC and Commonwealth Development Corporation (CDC)) include the financial performance of the investee company, wider economic effects (e.g. contributions to employment, taxes etc.), environmental and social effects, and private sector development (capital market efficiency, improvements in regulatory environment etc.). Others pay considerable attention to their own role in making the investments possible (for example additionality of Finance for Development Holland (FMO), catalytic effect and non-financial role; consulting or "umbrella" role of Deutsche investitions- und Entwicklungsgesellschaft (DEG)). An approach typical of large Multilateral Financial Institutions (MFIs) in particular is to identify each investment's key stakeholder groups and calculate the costs and benefits accruing to them as a consequence of the investments (Social Cost Benefit Analysis, SCBA). These monetised benefits are then used as a part of the overall assessment of the investment's DE. The purpose here is to ensure a sufficient economic return for the whole society (Economic rate of return, ERR), not just a financial rate of return (FRR) to the investors. The smaller bilateral EDFI institutions often follow – though in a less expansive form – the conceptual frameworks produced by the larger ones. As SCBA is a data- and resource-intensive exercise, the EDFI institutions in particular have opted for a more qualitative approach or for a combination of quantitative (partly monetised) and qualitative effects and indicators. Many of them (for example FMO, DEG, Finnfund, CDC) summarise the DE into a score card that is then used to assist in decision making, monitoring and reporting.

Finding. Norfund's approach to the development impacts and effects of its investments is straightforward in comparison with many other DFIs (see Box 2 and Figures 5-7). Norfund concentrates on the effects on investee companies and their closest stakeholders. Based on assessment of the evaluation team, it is not understood to be Norfund's role to ascertain whether this contribution generates 'downstream' impacts in the society, neither is it seen as legitimate to take credit for them (the 'attribution problem'). The strategic choice to focus on (renewable) energy production, financial institutions and agribusiness is well in line with this interpretation; energy, credit and food production are necessary conditions for economic growth and development. Whether they will be used – once produced – in the best possible way to benefit the society is not at the discretion, or the responsibility, of Norfund.

The interpretation of the mandate as it is seen by the evaluation team to have been adopted at Norfund is illustrated in the Figure 5. A boundary is used to depict Norfund's understood sphere of influence, or the part of the causal chain of the investment the Fund concentrates on. Norfund focuses on the enterprises it finances, not on the surrounding society. Norfund's financing operations are expected to have impacts on the society at large, but it is not understood to be Norfund's role or responsibility to try to assess, monitor and report on them.

Figure 5. Norfund's current programme theory and the boundary of its accountability and influence chain as identified by the evaluation team.



As an example of this approach the main development outcome of the Norfund RE investments is considered to be the power generated and fed into the grid; an indicator for this is included in the Norfund DE reporting template for energy investments. Whether more people actually have access to electricity (a societal development impact) is on the other hand, not really addressed[23].

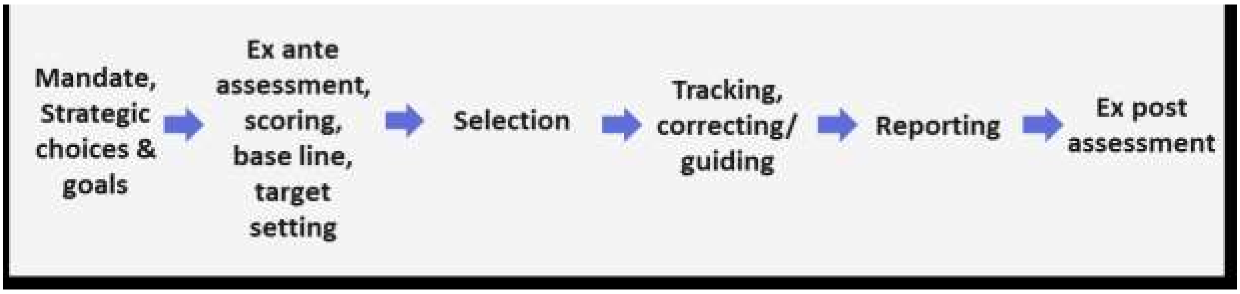
One can however find in some of Norfund's key guiding and strategy documents formulations outlining a more detailed and wider approach to DE. Thus for example the 2007 strategy states that the ultimate goal is to fight poverty, but no method of bridging the causality chain from the enterprise level effects to this wider societal goal is presented. The "Tildelningsbrev 1/2012" on the other hand states that "Investeringene skal ha en målbar utviklingseffekt knyttet til etablering av arbeidsplasser, skatteintekter til vertslandene, utvikling av markeder og teknologioverføring. Effekten for kvinner, likestilling og konsekvensene for helse/miljø/sikkerhet skal vurderes og følges opp".[24]

Box 2. Development Effects (DE) in the investment cycle of DFIs. A generic illustration of how information on DE can be used in the investment cycle of a DFI is depicted in Figure 6. How, in practice, this is applied varies significantly from one DFI to another. The steps are followed systematically, from the first to the last, by the large MFIs, with IFC being in the van with its Development Outcome Tracking System (DOTS) system (IFC 2014). It is applied throughout the cycle, and the outcomes are published already from the early phase of the cycle. The IFIs have an extensive harmonisation agenda in terms of assessing and evaluating DE. Their Good Practice Standards (for the Evaluation of Private Sector Investment operations, by the Evaluation Coordination Group), with a focus on harmonising the evaluation work among multilateral development banks, offers an ambitious basis for ex post evaluation practices for development finance.

[23] A proxy is calculated as a part of the DE reporting. The number is attained by dividing the production by the average consumption per capita in the host country (see Annex 6)

[24] The statement noting that investments should have measurable development effects linked job creation, tax income to host country, market development and technology transfer. The effects on women, gender equality, health/environment/safety should be assessed and followed-up.

Figure 6. Illustration of how information of DE can be used in the investment cycle of a DFI.



EDFIs such as CDC, FMO, DEG and Finnfund all do ex ante assessments of investments and apply the results when making the investment decisions while some also do so in relation to monitoring the development of the portfolio as well as in relation to the investee companies/projects during the investment period. Such ex ante scoring systems may include a large set of indicators (more than 100 in the case of e.g. DEG, 21 in the case of Finnfund, much more in the bigger EDFIs) under several assessment criteria (for example FMO assesses a) the businesses' effects on the local community, b) the relation between the effects and volume of the investment, and c) the investee companies' progress in improving their ESG management). Scoring is often modified according to the differing characteristics associated with each investment instrument and sector. The DE ex ante assessment provides important information for the scoring system used, but is always just one of the assessed elements (in addition to e.g. financial return and risk). The score, on the other hand, is only one of the decision criteria for investments. The extent to which the (ex ante) assessed development effects are tracked during the investment period also varies significantly from one institution to another. Ex post assessments/evaluations of the investments – when carried out - are in most EDFIs undertaken on an *ad hoc*/sample basis.

Finding. The anticipated DE have a role in the decision making process at Norfund but no specific method of assessing them systematically ex ante by e.g. using specific metrics or scoring is used. Consequently, no baseline values and targets are set – except at the portfolio level (KPIs). Compared to the practices of other DFIs (Box 2), the role of DE assessment in the Norfund investment cycle is rather straightforward, in line with Norfund's basic approach to DE. Norfund selects investments by checking them against the main criteria (including sector priorities (with priority to renewable energy, industrial partnerships, financial institutions and SME funds), instrument priorities (with priority to equity and equity-like instruments), types of investees (with priority to SMEs and greenfield investments) and regional/country priority (with priority in Sub-Saharan Africa and LDCs), derived directly from the Norfund's strategy (see Table 1). In addition, the size of the potential investment is important, as is – naturally – its profitability and risk level. In addition, some rather more nuanced and varied criteria are set out e.g. in various Norfund departments' operational plans. Basically, however, if the investment fits Norfund's strategic focus and no major weaknesses are found after a more detailed investigation (see Chapters 3.4 and 3.6 on ESG assessment and DD), financing can go ahead. After the investment decision there is yearly reporting on the DE. Only a part of the information on the DE of investments emerging during the cycle is systematically captured and utilised. Figure 7 illustrates the approach called "the strategy fit" in this evaluation.

Figure 7. Illustration of DE as part of the Norfund investment cycle.

Finding. Norfund monitors the individual investments annually using a set of DE indicators common to all investments (and being harmonised within the EDFI group) and reports of the DE on aggregate level. Annual DE indicators cover i) persons directly employed, ii) women employed, iii) indirect employees [25], iv) total contribution to government revenues, and v) corporate (income) taxes. In addition Norfund uses sector-specific DE templates which include 3-10 indicators for each sector, including technology transfer (Annex 6). The data for DE is reported annually by the investee company using these sector-specific templates. The delivered data is checked at Norfund, and additional information or clarifications are requested, if required. The DE data that Norfund systematically consults is rather effectively captured and summarised in various in-house reports, and partly applied also in its external reporting. The monitoring and reporting of either common or sector-specific indicators is not, however, guided by, nor does it follow, the findings made or any targets set in the ex ante assessment or decision phase.

Generally the interviewed case study companies considered Norfund's reporting requirements to be manageable, even light in comparison to some other DFIs. Since, in many cases however, Norfund invests together with other DFIs, there are synergies in reporting. The case studies (Annex 3), out of which four investments were covered by field missions, could confirm that DE are reported by the investees through self-reporting in line with requested Norfund processes, templates and guidance (Annex 6), and the effects reported are in line with the figures captured in Norfund DE database. Based on field missions (Annex 4), contributions made through Norfund investments to employment, female inclusion in the workforce and tax revenues in respective host countries are valued by the partner country authorities, local communities and various investment beneficiaries.

Finding. Based on Norfund DE reporting 2008-2013, at portfolio level Norfund investments, in collaboration with other investors, have contributed to employing annually between 148 000 and 313 000 people and generate taxes and government contributions to local and central (host country) goverments in the range of 24 BNOK. Time series examples of data extracted from Norfund's DE reporting 2008-2013 are presented in Table 9. Further DE summaries disaggregated by investment area and by countries/country groups are presented in Annex 5. One should note that drawing Norfund specific conclusions from the absolute numbers is highly challenging due to the attribution problem. As noted, these figures represent the total DE figures in companies where Norfund has invested in. One approach would be to attribute a part of these DE to Norfund based on Norfund's share of ownership in the investee company like Norfund has been doing to some of the indicators, providing considerably lower total DE figures[26]. The effectiveness of Norfund to generate

[25] The total employment in Norfund funded companies and the Norfund share (for equity investments).

[26] On the other hand, this approach has the disadvantage of for example not accounting for Norfund loan investments in respective investments or Norfund´s investment specific contribution through active ownership.

DE is further discussed in the following chapters related to, e.g., the active ownerhip, additionality, leveraging effects and productivity analysis.

Table 9. Norfund's DE 2008-2013 (Norfund 2014b). These figures include all jobs and the taxes generated by the companies that Norfund has invested in together with other investment partners.[27]

DE 2008-2013	2008	2009	2010	2011	2012	2013
Women employed	10 681	11 548	16 611	28 013	33 891	45 337
Jobs	51 732	52 982	53 927	94 468	98 534	126 990
Total jobs	158 145	148 146	165 321	266 452	293 899	313 814
Total Government Contribution (MNOK)	3 239.1	3414.6	2 692.2	4 207.3	4 290.3	5 884.5

With regards to investment areas, SME funds (contributing on average to 52% of employment effects) together with financial instiutions (contributing on average to 37% of employment effects) have steadily contributed to 80-90% of total employment effects reported, with renewable energy investments averaging a share of 2% during 2008-2013. Of direct employment effects a majority has been reported in LDCs and LMICs (their joint share in 2008-2013 variating yearly between 72%-85%). A majority of total government contributions are allocated in LDCs in 2008-2009 (approximately 70%) with the share of UMICs steadily increasing to 35-40% at the end of evaluation period. With regards to total government contributions disaggregated by investment area the picture is mixed. During the evaluation period Norfund investment portfolio, primarily through SNPI investee companies, has contributed to renewable energy production in the range of 30 TWh (with annual gross production increasing from above 2000 GWh in 2007 to almost 7000 GWh in 2013) (see Annex 5).

Norfund development indicators include sex-disaggregate data on jobs/women employed for the entire portfolio, and e.g. for the FIs sector, indicators on female depositors and borrowers (see Annex 6). DE data on direct jobs shows e.g. that on average 59% of women gaining employment 2008-2013 are living in LDCs and LMICs. While these provide an indication of gender related DE it provides only limited information on gender equity impacts as part of poverty reduction.

Finding. The evidence gathered on investments points to the existence of wider local and regional quantitative and qualitative DE than captured with current reporting. Norfund's external DE reporting is concentrated at the portfolio level and the EDFI indicators, with individual reach indicators, such as the number of out-growers (in agribusiness projects) or the number of SME borrowers (in financial institutions), used to complement the picture. A separate report on the Norfund's

[27] The current Norfund regime for data collection and reporting was introduced in 2009/2010. Therefore, the time series does not necessarily contain fully comparable figures over the whole period presented. The definition and practices of counting for employment effects has evolved during the evaluation period, noting also differences depending on the type of investment (see Annex 5). Jobs refer to all direct jobs while total jobs refer to direct and indirect created jobs. Total government contributions cover taxes and all fees and proceeds, including customs duties and royalties, value added tax (VAT), social security payments, etc. to local and central (*host country*) government from the company. Norfund procedure for assessing Norfund "share" of DE in some of its investments is presented in Annex 6.

operations' DE and the ratio behind their assessment and use was published in 2011 (Norfund 2011b). Individual cases exist where information has been systematically gathered and published on the wider societal effects of an investment. An evaluation of the net direct, indirect and induced employment effects (also covering a number of other wider societal effects) of the Norfund & TrønderEnergi's Bugoye hydropower plant in Uganda (Scott et al. 2013) is one case (and is highly complementary in its findings and conclusions). Norfund has also produced internal DE assessments on some agriculture projects, indicating wider DE on a local level, and in some cases also depicting effects on the regional and even national levels. [28]

Although Norfund does not systematically assess, track and report on a wider set of DE, this does not mean that such effects would not be understood, addressed or achieved. DE precipitated by Norfund's financing and participation were found among the 13 case studies covered by project oriented reviews and in particular the 4 projects studied in the field for this evaluation. These cases served to review the reported DE through interviews with national and local knowledge holders and to access additional data, some of which could be used to validate reported DE as well as understand wider societal impacts (e.g. Scott et al. 2013). They included e.g. the leveraging of additional finance (private and public), leveraged industrial expertise, improved agricultural and marketing expertise of out-growers, improved skills of employees, improved gender equality (including participation, economic empowerment), improvements in ESG systems and management, improved stakeholder engagement and communication, improved infrastructure and access to energy and water, demonstration effects, improved health and educational conditions etc.

A proportion of such effects have their origin in the negotiations phase of the investment. Many of these effects are not however currently covered in Norfund's external reporting, and some not even in its internal DE reporting system, though in many cases they became more evident from the interviews undertaken with the investee companies and documentation on the case projects. Although representing a limited sample of the Norfund portfolio, it is worth noting here that such effects generally occur where Norfund suggests they should, namely, within the investee enterprise or among its closest stakeholders.

3.4 Environmental, social and governance (ESG) issues, financial risk assessment and active ownership

3.4.1 ESG and financial risk assessment

Introduction

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[28] Some of the reported DE, e.g. GHG emissions avoided in the case of RE investments, in practice pierce the boundary (Figure 5) of the current programme theory.

DFIs invest in some of the least developed regions in the world. These investments involve much higher risks than financial institutions usually take and weaknesses in risk assessment and management structures have been shown to be the key determinants for DFIs' poor financial performance (Calice 2013). Avoiding excessive risk is also important because only successful investments yield lasting development impacts such as jobs and enhanced local business activity.

To execute its mandate, Norfund has chosen to make investments in a selection of countries and sectors where it targets new businesses and SMEs while giving preference to equity investments over loans. Within these limitations Norfund balances its ability to take project risk and generate DE. Given that Norfund's investment strategy guides investment decisions in high-risk areas, it is crucial that Norfund uses a well-functioning risk assessment process to enable it to recognise viable, profitable investment opportunities and generate profits.

Finding. Key risks related to financial performance have, in general, been well identified and addressed in the investment assessment process. Financial risks such as insufficient project financial profitability and viability are the most common reasons for rejecting an investment proposal. This is clearly emphasised in the decision making process. Financial risks are also carefully explained in the CIP and final approval papers and the IC often debate the risk scores to reveal potential weaknesses or shortcoming thus promoting a more thorough risk evaluation process. According to the interviews undertaken, the IC and the Board receive sufficient information to properly consider the financial risks attached to any investment decision.

Although the 13 case studies suggest that there remain some shortcomings in the investment assessments, no systematic deficiency in the process can be identified. Risks have however also materialised, as the case studies highlighted that a few projects had experienced unexpected problems which led to worse than expected outcomes and significant financial losses. While it is within the mandate of Norfund to take risks[29], Norfund has analysed these failed projects carefully and prepared lessons-learned documents in order to learn from them. The documents revealed multiple reasons behind the problems in risk assessment including shortcomings in coordination, unclear responsibilities between Norfund and other stakeholders and deficiencies in the external assessments. It is also important to note that not all risks can be identified in the assessment process as some external risks such as sudden political conflicts or natural disasters are effectively beyond the scope of these assessments.

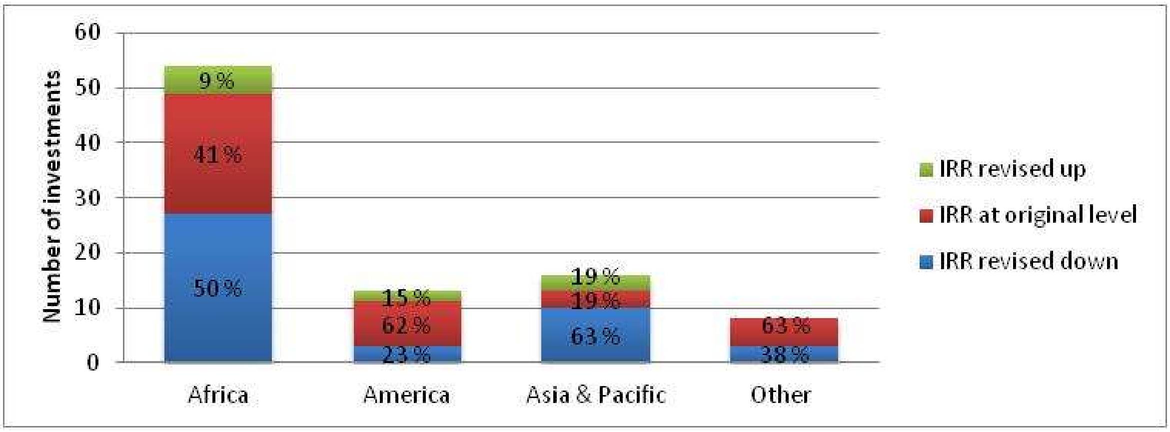
Finding. Norfund's approach to assessing financial risks does not follow a strict standardised assessment framework. Norfund has chosen a fairly flexible approach to assessing project financial risk (for a description of Norfund's investment process, see Annex 7). There are no specific maximum limits related to risk levels and the acceptable risk level depends *inter alia* on expected project returns (IRR) and development effects as well as other project risks. Nor is there a standardised framework

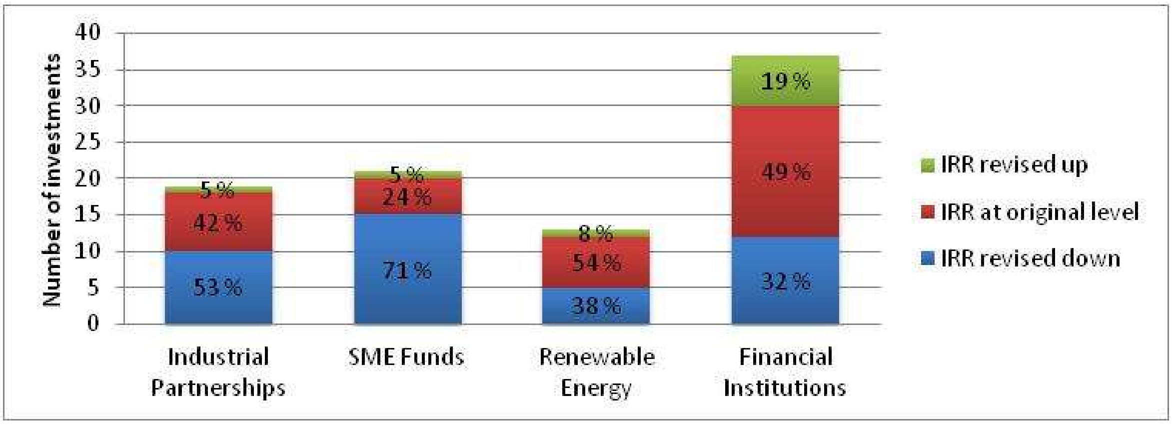
[29] In line with the Norfund Act, *the object is to establish viable, profitable undertakings* ***that would not otherwise be initiated because of the high risk involved*** (bolding by the evaluation team).

for comparing project risks and conducting the risk assessment or a separate risk rating committee, which some other DFIs have. Hence, the financial risk assessments are rather subjective and vary between project managers and departments.

Finding. The profitability of around half of Norfund's projects has been revised down after the investment decision. This suggests that there may be a tendency to evaluate financial risk differently in different sectors and geographic areas, possibly guiding investment towards more optimistic estimations. One way to evaluate the success of the financial risk assessment process is to analyse the changes before and after the investment decision in relation to the estimated profitability of the investments. Figure 8 illustrates the changes in the expected IRR of the investments made during the period 2007–2012 divided according to geographical areas and sectors. The IRR has been revised downwards in 47% and upwards in 11% of the investment cases in comparison to the initial IRR estimates. The revaluations are geographically most common among projects in the Asia & Pacific region. They are also common in Africa while in sectoral terms the revaluations focus on SME funds and industrial partnerships. This suggests that there may be a tendency to evaluate the financial risks differently in some specific sectors. Given that expected project IRR is a key criteria in the investment decision this may influence the decision process by steering approvals inadvertently towards the segments with more optimistic IRR estimations. However, the evidence is not conclusive here as various issues influence the IRR estimations.

Figure 8. The changes in IRR by geographical region (above) and by department (below) for the number and share (%) of investments made during the period 2007-2012 as of the end of 2013. Only the investments with complete IRR data are included.





Finding. The ESG risk assessment has, in general, been properly carried out and ESG matters are clearly embedded in the decision making process. Norfund has a professional ESG team supporting the process. However, the ESG-related problems that have emerged (e.g. related to re-settlement processes, corruption and governance issues) highlight the fact that it would be beneficial if increased attention was given to the coordination of tasks and to the sharing of information between Norfund and its investment partners. Norfund has three ESG specialists, each of whom specialises in one or two of Norfund's focus sectors. Each project is assigned the most suitable ESG specialist in the early phase of the assessment process. The ESG risk evaluations are mainly conducted by these specialists who use the IFC Performance Standards on Social and Environmental Sustainability as the key reference level for the evaluations. The ESG risks are probably more comparable with each other than other risk scores as only a few specialists conduct the ESG analysis using a standard reference level for assessing the risk and the assessment is carried out separately for environmental, social and governance aspects.

As with most of the other DFIs (e.g. CDC 2010), Norfund carries out the ESG assessment as an integrated process, in which ESG issues are taken into account alongside more traditional financial and business performance considerations. Gender issues are also addressed as part of these ESG issues, in practice relying and/or building upon relevant IFC standards. While the in-house expertise on gender equity is on an appropriate level Norfund does not systematically mainstream all projects for gender equality. Norfund has a formal approach to reporting on the share of women employed (Chapter 3.3, Annex 6) and Norfund actively looks for opportunities to improve gender equality in its projects, but gender is not a key determinant in investment decisions nor are any gender specific (sex-aggregated) baselines established.

According to the case studies, the investment-specific ESG risks are comprehensively identified and addressed in the investment assessment. For projects that receive a high ESG risk, separate ESG assessments such as environmental and social impact assessments, livelihoods, settlement and gender assessments are prepared to strengthen the understanding of the key challenges. Case studies also reveal that ESG risks are considered properly in the due diligence process. A review of Norfund investments and interviews highlights cases where insufficient consideration of ESG issues has led to a rejection of those investments, as well as cases where Norfund has decided to exit due to insufficient ESG performance. While Norfund helps to actively improve the ESG level, and does not expect excellence on ESG aspects initially from its investments, this serves, in addition to the well-functioning assessment process, as one indication of the integral role of ESG matters in Norfund's investment processes and decision making.

The interviews conducted with both the investees and Norfund indicated that the negotiation process between investee and Norfund always involves ESG aspects. A requirement of mutual understanding on ESG risk issues and the necessary actions to mitigate them is built into the investment process. However, the 13 project reviews reveal one case where a lack of coordination between investment partners led to the misjudgement of a critical ESG problem, threatening to stop the investment process. This particular case (as with the financial risk assessment above) highlights that the clear coordination of tasks and sharing and validation of information between Norfund and its investment partners is one of the central areas where greater attention in the investment process is required. The case studies also provide initial indications that in addition to natural climate variability, which is being addressed in most ESG processes, the advancing impacts of climate change are already influencing the success of some Norfund investments.

3.4.2 Active ownership

Introduction

There is growing evidence that active ownership (e.g. Becht et al. 2009) and activism in corporate responsibility (Dimson et al. 2012) as well as high ESG performance (e.g. Dimson et al. 2013 and McKinsey & Company 2009) play a crucial role in the success of investments. This highlights the importance of DFIs bringing knowledge and expertise, in addition to capital, to the companies in which they invest. Addressing risks and realising opportunities for improving investees' operations during the investment period are important levers for DFIs to add value to their portfolio companies (e.g. CDC 2010). This is also an important way to build more sustainable companies, which in turn can bring about more lasting jobs and contribute to wider societal improvements in DFI target countries. This kind of knowledge transfer is necessary especially for SMEs in developing countries, which are often deficient in critical business functions such as governance and financial management, hindering their growth and their ability to contribute to development as well as their ability to attract new sources of capital (Divakaran et al. 2014, Zerah 2011).

Finding. In accordance with its strategy, Norfund focuses on equity investments in order to improve its control and influence over its investee companies. In 2013 close to 60% (27% excluding SNPI) of Norfund's commitments (in % of NOK) involved equity (Figure 3). With funds included the share is close to 80% (around 60% excuding SNPI). Furthermore, Norfund has a board seat in most (in over 80%) of its equity investments which provides Norfund with the opportunity to exercise active ownership. On the other hand, it is important to note that Norfund is always a minority (ownership < 50%) shareholder (in 2013 in 83% of the (equity) investments Norfund ownerhip share was less than 35%) therefore limiting its ability to influence decision making at board level. However, the fact that many equity investments are conducted together with other like-minded DFIs provides additional control over common DFI issues and an ability to influence investees together.

Finding. With respect to loan and mezzanine investments, active ownership concentrates on the pre-investment negotiation phase as Norfund's ability to exercise active ownership during the investment period, especially concerning areas that have not been pre-negotiated, is limited. The key terms and performance indicators are stipulated in investment agreements, which, according to the interviews, are often stricter than in the case of equity. However, according to case studies, investment agreements usually focus on ensuring that the investee meets the basic requirements (e.g. ESG requirements) and fulfils pre-agreed financial performance levels. After the disbursing of the loan, active ownership is usually reactive focusing on reviewing the regular reporting and monitoring non-routine events and the deliverables set in the agreement. Other communications with the investee take place mainly on an *ad hoc* basis although in some high risk projects more regular communication is commonplace.

If the loan investee performs well Norfund usually has no reason to become actively involved. On the other hand, if payments are late, reporting is insufficient, there is evidence of mismanagement or financial results are poor, Norfund usually tries to push and/or support the investee towards making the necessary improvements. According to interviews, in such cases Norfund takes an active role in initiating and/or demanding that the relevant changes take place. The case studies reveal that in extreme cases, where there is strong suspicion of inadequate governance and the investee does not show any willingness to correct the situation, Norfund may withdraw early from the investment.

Box 3. Active ownership in SNPI. Originally Norfund and Statkraft had an equal share of and influence in SNPI. After the 2009 restructuring Norfund has had veto power only in those projects that would exceed the jointly agreed annual capital commitments or would not follow the lines of the SNPI strategic plan.

The governance of SNPI at Norfund has been very streamlined, with project preparation taking place mostly in SNPI. In 2009 and 2012 the Norfund board delegated stepwise to the management and IC the authority to approve investments within certain limits (provided that they fell into the agreed capital commitment) and follow the SNPI strategic plan. In this context the board also authorised the management to present biannual updates on SNPI and Agua Imara (at the beginning of the evaluation period such updates were given in all board meetings). Though constituting about two thirds of the whole portfolio, SNPI requires fairly little management from Norfund. In addition to a separate Norfund employee in SNPI's board of directors, the management work is similar to other investment involving an appointed project manager supported by head of department and colleagues. Despite the existence of such light governance processes the stakeholder interviews and the documentation both at SNPI and Norfund reveal that Norfund has nevertheless been an active owner in SNPI; not so much at the project/investment level, where SNPI has to a large extent drawn on Statkraft's project management and energy sector competencies, but at board level and in the dialogue with Statkraft. The two restructuring processes (2009 and 2013) have their origins to a large extent in this Norfund involvement.

Little divergence is evident between the Norfund and SNPI (or Statkraft) approaches to key issues related to hydropower development, especially when it comes to the ESG, health, safety and environment (HSE) and

CSR issues. The large hydro projects belong automatically to category A (the highest risk) in the Norfund ESG classification, while the SNPI assessments and procedures for ESG and HSE screening and management have been even more systematic than in many other Norfund investments. In terms of ESG issues SNPI follows IFC Performance standards in its project assessment and requires them to be followed by the investee companies, as does Norfund. In the small sample of SNPI investments studied for this evaluation the company appears to have actively influenced the investee companies ESG, HSE and CSR management, in some cases even demanding a work stoppage until safety routines are in place and complied with, even going as far as to replace the responsible managers or staff in the investee companies to bring about the necessary improvements. In most cases SNPI owns between 50% and 100% of the investee companies, which gives it a strong position to influence their governance.

Finding. Norfund has frequently taken an active role in guiding and supporting the investees. This has routinely contributed towards operational, organisational and/or ESG improvements and is widely appreciated by Norfund investees and partners. Norfund is actively involved with its potential investee companies already during the investment assessment process. The tenure of Norfund's investments is usually four to ten years, which provides ample time to make operational and organisational changes, improve corporate governance culture and help update ESG standards. Active involvement is also a risk management tool which helps to identify and avoid problems (case SNPI presented in Box 3).

Norfund's involvement with equity investments depends predominantly on its role with respect to other investors and project-specific characteristics. If another investor (usually a DFI) takes a lead position, Norfund's role may be limited to monitoring the investee's progress and participating in board meetings. On the other hand, according to the case studies, Norfund is frequently the anchor investor, which implies that it takes an active role in the investment process providing input to operational, ESG and financial issues as well as support in terms of assessments and the development of the necessary action plans. Norfund has also often had a key role in setting up and developing proper governance frameworks and practices. As Norfund operates in some of the least developed areas in the world, the work often starts from a very basic level. At the same time, ensuring that proper governance structures are in place is necessary in order for the company to raise funding from other external sources. Norfund's contribution to governance has in this way been critical for the future prospects of the investees and the case studies suggest that in some cases Norfund's investments have indeed opened doors for alternative sources of financing. As for fund investments, the case studies reveal that these good practices have also trickled down to the fund investee companies.

After the investment is made, Norfund closely follows the execution of the agreed upon action plans and other operational issues as well as providing support and advice when necessary. Although the heaviest workload is often required at the initial stage of the investment, the case studies reveal that Norfund has, particularly when faced with the most severe challenges, made significant efforts to continually support the investees throughout the duration of the investment. The case studies suggest that Norfund's support has generally been viewed as valuable. The interviews and case studies also show that Norfund has actively used grant funding in support (see Chapter 3.9) of the investees.

Project audits are carried out for high risk projects more or less every two years. *Ad hoc* audits have also taken place in cases where severe problems have arisen and during the investment assessment phase. According to the interviews and case studies, the audits have successfully provided information on the progress of the action plans and achievements towards targets as well as providing valuable opportunities to enter discussion with the local authorities, company management and local workers and communities. Audits have proved to be an important working tool in understanding the projects, confirming investee performance and identifying opportunities for improvements. According to the Norfund interviews and case studies, the project audits and audit reports have often led to improvements in ESG or operational practices.

Finding. Norfund has been in many investments successful in promoting the exchange of technical, financial, market and governance competence with investee firms, which has sometimes been critical for the success of its projects. A detailed review of selected case investments (Annex 3) has revealed that knowledge transfer has taken place in multiple phases of the projects and through multiple channels. Norfund has frequently played an active role in the pre-investment assessment, in which the negotiation process and collaboration with the investee have been the main vehicles for knowledge transfer. Similarly, based on stakeholder interviews and case studies Norfund's contribution during the ownership period has provided ESG benefits and been appreciated by Norfund partners. Norfund´s influence has been particularly evident with respect to financial management and governance practices as well as ESG issues more generally. In projects reviewed in more detail, Norfund has also frequently brought in partners with the necessary expertise, something which has, on occasion, been critical for the realisation and success of the investments. For example, in RE projects, Norfund has helped to attract the necessary technical partners to join the projects thus ensuring the transfer of suitable technologies as well as management and health & safety processes. However, the transfer of technology and know-how is not accounted for very systematically within current DE reporting practices.

3.4.3 Transparency and disclosure

Introduction

Transparency and the disclosure of information are important in building trust with stakeholders and maximising development impacts (IFC 2012). The recognition that ESG issues are important contributors to investment value has led to rising demands from stakeholders for more ESG information (e.g. Frank and Horst 2011). Reporting on ESG performance is also a way to strengthen stakeholder relations and improve brand and reputation (IFC 2013).

Despite the obvious advantages, DFIs report on ESG performance and plans in various, often incomplete and non-transparent ways. As presented in Table 10, few EDFIs have joined the common reporting standards or initiatives including rigorous reporting on ESG. This is surprising given that numerous private investors embrace some if not all of these schemes. On the other hand, all EDFIs have at least some information about their ESG practices in their annual reports and on their websites.

Table 10. Participation of EDFIs to some common reporting standards. Those EDFIs, that follow the standard but are not signatories, are marked with an asterix (*).The data is summarised from the Carbon Disclosure Project, Principles for Responsible Investment (PRI) signatory lists and EDFIs' website.

	BIO	CDC	Cofides	DEG	Finnfund	FMO	IFU	**Norfund**	OeEb	Proparco	SBI	Sifem	Simest	Sofid	Swedfund
Carbon Disclosure Project (CDP)	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
Global Reporting Initiative (GRI)	✗	✗	✓*	✗	✗	✓	✗	✗	✗	✓*	✗	✗	✓*	✗	✓*
Principles for Responsible Investment (PRI)	✗	✓	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	✗	✗	✓

Finding. Norfund's reporting standards around ESG plans and performance are limited and ESG information is disclosed mainly on *ad hoc* basis. Where ESG-related problems have emerged, Norfund has successfully assumed an active role in communication with stakeholders. Norfund has published its main ESG practices in respect of investment activity and portfolio management as well as its own operations on its websites and in its annual reports. The annual ESG performance reporting on investments is however rather meagre in scope. The Norfund annual public reports present, in brief, some of the main guidelines regarding corporate governance and the environment as well as annual figures on gender equity, absences, injuries, fatalities, reduced carbon emissions as well as some information on Grant Facility activities (see Box 4 on SNPI).

The limited reporting is in line with the reporting practices of many other DFIs as well as with owner expectations. On the other hand, some DFI's clearly display more advanced reporting procedures in respect of ESG. For example, FMO reports on the implementation of ESG plans as well as ESG performance through specific ESG action items while it follows separately the PRI and GRI reporting standards. IFC has a very ambitious disclosure policy, which involves the dissemination of project-level ESG information, assessments and reports. Many private investors also have more extensive reporting standards on ESG than Norfund. Increasing recognition of the importance of ESG issues however suggests that broader external ESG reporting might become topical also for Norfund in the coming years.

On the other hand, Norfund and stakeholder interviews reveal that Norfund has taken an active role in communicating with stakeholders on ESG issues, and when ESG-related problems have occurred it has addressed them transparently while providing additional ESG-related information when asked to do so. One of the annual liaison meetings (Kontaktmøte) between Norfund and the MFA is dedicated to ESG matters. Despite the limited nature of the reporting, the stakeholders consulted during this evaluation have in the main been satisfied with the ESG information available and in particular considered the direct dialogue with Norfund to be open and constructive.

Box 4. Information disclosure of SNPI. Norfund discloses information on SNPI in the same way as it does with any other investment. SNPI for its part follows Statkraft's principles and policies in respect of reporting. SNPI and Agua Imara have published separate annual financial reports, but the reporting on e.g. Corporate Social Responsibility (CSR), Occupational Health and Safety (OHS), climate and environmental impact, social impact, human rights etc., has been integrated into the Statkraft annual reporting process (with SNPI- and Agua Imara-specific figures and data in most cases separated). Statkraft is a member of UN Global Compact (GC) and reports annually to the GC membership register. For example fatal accidents at SNPI project sites are reported publicly on the company's web pages.

3.5 Leveraging of capital for development

3.5.1 Leveraging of capital

Introduction

Multiple definitions exist, depending on the context, of leveraging investments. In this study, leveraging investment refers to other public and private money, which Norfund has been able to catalyse as a result of its own investment and participation. In addition, leverage may refer to the use of partners' intellectual assets such as technologies and operating practices. Leverage generally varies considerably according to the type of financing. The leverage effect of non-concessional or partly concessional lending has been estimated at around half of grant or equity (Brown et al. 2011). The ability to leverage also depends on a number of other factors such as the investment sector, the novelty of the technology and the level of informational and other barriers to investment (The World Bank 2011).

While there is no uniform methodology to calculate the leverage ratio, one common definition used by DFIs is the ratio of total leveraged funding to invested capital or the ratio of leveraged private funding to invested capital. However, regardless of the methodology, the output does not usually reflect the actual leverage of the investor as it does not consider the extent to which the investor's participation and active role has actually catalysed third party financing. In the DFIs' case, each project inherits project- and country-specific risks and other elements, which would need to be assessed on a case-by-case basis in order to examine the role of investor in catalysing external funding for the project. Due to these problems, leverage ratios can only provide a rough picture of the actual leverage achieved.

Leveraging capital from other sources towards its investments is a central part of Norfund's mandate. Norfund's ownership stake is generally limited to 35% in each project and it always invests jointly with other Norwegian or non-Norwegian partners. Therefore, Norfund is naturally open to co-investors and to leveraging its investments as it must attract additional funding in order to fulfil individual project funding requirements.

Finding. Currently Norfund does not measure its leverage effect in a very systematic manner. Norfund's leverage ratio (ratio of invested capital to leveraged capital) was estimated at 1:9 in 2013, which is in line with other estimates (in the range of 1:5 – 1:10) provided to date. However, this estimate assumes that Norfund would have been catalytic in all of its investments. Assuming that Norfund has a catalytic role in roughly 30-40% of its investments, the leverage ratio could be closer to 1:3. As noted above, depending on the assumption made considerable variation exist in the leverage estimates. The case studies suggest that Norfund has however been instrumental in the establishment of several investments as well as in attracting other co-investors for these projects. For example, in agricultural and greenfield projects, Norfund has frequently been the first provider of capital and Norfund's presence has encouraged other investors, and especially DFIs, to co-invest alongside it. Looking into the number of investments made in 2007-2013, in nearly 20% of these cases Norfund invested along with a Norwegian partner (see also Chapter 3.7.3). The case studies reveal that grant funding from the Norwegian government has in some cases been provided to reduce the project risks and increase the expected return to acceptable levels for private co-investors, with the leverage outcome being the result of collaboration without which the investment would not have been realised at all (see also Chapter 3.9).

According to the case studies, leveraging knowledge has been important in several of Norfund's investments. For example, in renewable energy projects co-investors have brought in the necessary knowledge and technologies while Norfund's expertise in developing countries has been beneficial in understanding the markets and operational environments. This kind of cooperation has been particularly fruitful with SNPI and other hydropower investments such as Bugoye HPP in Uganda. The case studies suggest that Norfund has also been able to leverage knowledge in other areas such as agriculture and finance. Moreover, as discussed in section 3.4.2, Norfund's contribution through active ownership has been important in supporting the investees to build the necessary governance structures, which in turn has enabled them to raise alternative funding from private capital markets.

Norfund claims to achieve an approximate 1:10 direct leverage effect in its investment projects (Norad 2010b). An assessment of theoretical leverage ratios for Norfund's investment portfolio is presented in Table 11 while more detailed calculations can be found in Annex 9 also explaining the differences in ratios when excluding SNPI. According to the calculations, Norfund's leverage ratio between 2007 and 2013 has, on average, been 1:8 (1:13 excluding SNPI) and 1:9 (1:14 excluding SNPI) as of 2013. These calculations assume, however, that Norfund would have been catalytic in all of its investments. In practice, according to the case studies and interviews as well as to the project data more generally, Norfund's role may have been catalytic in around 30-40% of its investments suggesting a real leverage ratio of 1:2 – 1:3 (1:4 – 1:5 excluding SNPI) as of 2013. These kinds of calculations are, however, highly speculative. It is also important to note that the assumption made concerning different financing instruments influence the outcome.[30]

[30] In this calculation the following assumptions were made: i) for loans the leverage was estimated to be 1:3; ii) for equity the leverage included direct leverage of other equity to meet the capital requirement of the investee and expected leverage related to loan funding that the investee has been able to attain due to the expansion of its equity base (expected 1:2); and iii) SNPI includes only the direct leverage.

Table 11. An assessment of Norfund's theoretical leverage, that is, the ratio of leveraged capital to invested capital (MNOK). More accurate calculations and additional information about the assumptions is presented in Annex 9. Norfund's leverage is limited to the funding leveraged for the investees.

	2007	2008	2009	2010	2011	2012	2013	Average
Committed capital	3186	4999	5643	5867	8355	8348	9550	-
Leveraged capital	24216	34219	41063	46476	60975	79384	83712	-
Leverage ratio	7.6	6.8	7.3	7.9	7.3	9.5	8.8	7.9
Committed capital (excluding SNPI)	1544	2658	3063	3251	4544	4676	5441	-
Leveraged capital (excluding SNPI)	21753	30708	37193	42552	55259	73875	77548	-
Leverage ratio (excluding SNPI)	14.1	11.6	12.1	13.1	12.2	15.8	14.3	13.3

Norfund (2012c) prepared a separate study on its ability to leverage investments based on its portfolio (excluding SNPI). The study implied leverage ratios of around 1:8 including and 1:5 excluding the co-investments from DFIs. This suggests that around 35-40% of the leveraged funding comes from other DFIs. According to the study, the leverage ratio was especially low in investments made in Asia and renewable energy while other sectors and geographical areas mobilised funding quite evenly.

3.5.2 Additionality in the establishment of sustainable enterprises

Introduction

Many DFIs highlight additionality as one of their key purposes. Within development finance additionality often refers to a DFI's special contribution to a project not offered by other market participants and without which the project would not have materialised. Financial additionality refers to projects which would not have been possible without the funds or partnership of a public body such as a DFI. Different financing instruments are associated with different levels of additionality, equity normally being the most additional because of its scarce availability. Additionality can also be qualitative (provision of expertise and knowledge through e.g. active ownership and/or technical assistance linked to the financing) and concentrated on different functions (e.g. environmental and social management systems, or corporate governance) within the investee company or on a certain part of its value chain.[31]

Measuring additionality in a transparent and reliable way has proved to be difficult. Although DFIs claim to be additional on multiple levels they measure their impact only at the micro level, considering and summarising project-level outputs (Spratt and Collins 2012). Due to differences in the overall policy goals; target countries, sectors, or instruments; operational models and the ways in which development effects are understood, it is very difficult to make comparisons between DFIs based on the DE they have brought about (Kingombe et al. 2011).

Additionality is a central part of Norfund's mandate. Norfund strives to be additional quantitatively by accepting higher risks and lower income than private investors would, and qualitatively by contributing to better investments through high requirements for ESG, active ownership and effective support for business development. Moreover, Norfund has made a strategic decision to focus on specific sectors and regions and it also prefers to invest in SME companies, greenfield businesses and equity instruments which, as such, guide investment towards projects which are assumed to be more additional.

Finding. Norfund has been able to meet its objective for additionality in many of its investments through its instrumental role in realising the investments project, by attracting other external funding and by supporting its investees through its active involvement in the process. The degree of additionality varies between the financial instruments and distribution channels used. Norfund's sector and investment choices provide some support to the additionality claim (see Chapter 3.1 on policy relevance, including a review of asset allocation across countries, sectors andfinancial instruments), as does the reviewed documentation, and stakeholder and the investee company interviews. Norfund's role has often been essential in materialising the investment project and the additionality it has provided has in many cases been both qualitative and quantitative. Indeed, the case studies reveal several investments that would not have materialised without Norfund's active role - even if Norfund´s financial (quantitative) additionality remained questionable in some of the reviewed cases (i.e. Norfund funding could have been substituted by other private sector financing), qualitative additionality could be evidenced in these cases. The use of Norfund's Grant Facility to develop projects and enhance their sustainability and development effects also enhances the additionality effect. However, a systematic framework for assessing, tracking or reporting on additionality, was not discernible in the context of this evaluation.[32] The greatest uncertainty in respect of Norfund's additionality relates to SNPI investments (Box 5).

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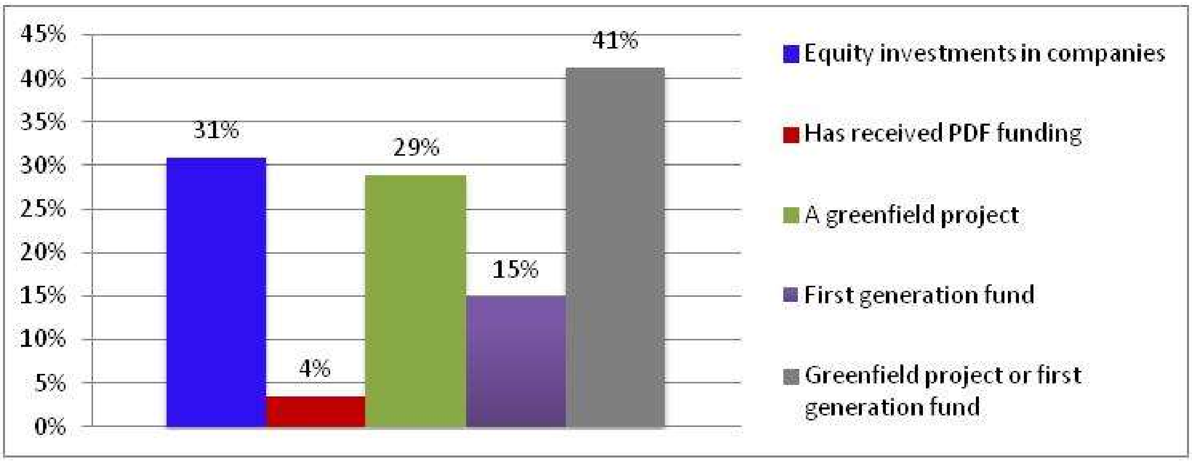
[31] As additionality is so difficult to define and assess, the EDFI institutions are working towards a common understanding of it, as part of their efforts to harmonise development effectiveness assessment more generally.

[32] Together with other EDFI institutions Norfund is working to develop tools for such an assessment.

Box 5. Additionality of SNPI. SNPI can be seen as a competitive and vigorous investment vehicle for renewable energy production in developing countries. As one of the two original investors Norfund has made an investment that can be described as 'very additional', when establishing SNPI with Statkraft in 2002. However, in a typical case SNPI competes with local and other international energy companies in tender processes on acquisitions, privatisations of state owned power plants, production licenses or greenfield projects. The investments would in most cases probably have been realised even without SNPI. SNPI could, on the other hand, claim additionality when it comes to refurbishing existing assets and increasing their capacity. However, data on additional capacity built in plants that SNPI has acquired during the evaluation period was not available to the evaluation team. The transfer of technology and Norwegian hydropower expertise is likely to have occurred in rehabilitation projects (e.g. the Ambuklao and Magat plants in Philippines). Qualitative additionality as a consequence of enhanced ESG and CSR management, better production planning or services production as a consequence of SNPI investment also seems to have taken place. Hydropower greenfield plant projects typically create a considerable number of jobs during the construction period, but far fewer permanent positions when the operation phase begins. In acquisitions the job creation effect is supposed to be significantly smaller. This is, however, not straightforward and often depends on the nature, size and technology of the investment. For example, in 2013, of SNPI's 16 investee companies 9 were acquisitions and 7 greenfield/rehabilitation projects.

Indirect indicators illustrating Norfund's additionality are compiled in Figure 9 showing the share of investments in areas considered to have high additionality (see also Annex 9). More than 40% of Norfund's investments made in the period 2007-2013 were in greenfield investments and the first generation funds in which Norfund's role can be deemed to be mainly additional. Norfund's strategy of concentrating investments in high-risk countries and regions supports its additionality claims as the majority of its portfolio is allocated to non-investment grade countries where private investors would not normally invest. Also, as noted previously, equity is usually the most additional investment instrument. Direct equity investments comprise 31% (58% including funds) of Norfund's investments between 2007-2013.

Figure 9. Share of the number of investments in areas considered to have high additionality. The data includes the new investments committed between 2007 and 2013.



Finding. Most of Norfund's investments are allocated in non-investment grade countries with difficult business environments as measured by Standard & Poor's and the World Bank's *Ease of Doing Business* rankings. However, the World Bank's *Getting credit* ratings suggests that, of these countries, Norfund has focused on the ones where credit is fairly easily available. One way to evaluate Norfund's additionality is to assess its portfolio against international country credit ratings and scores which have an important impact in determining developing countries' cost of funding and access to capital. This is a relevant approach particularly as Norfund claims that its geographical focus is an important contributor to additionality. The credit ratings used in this evaluation are Standard & Poor's *Country risk*[33] and World Bank's *Ease of doing business* and *Getting credit* ratings[34]. The detailed analysis results are presented in supporting Annex 8. The World Bank's *Ease of Doing Business* rankings suggest that most of Norfund's portfolio is concentrated in countries associated with difficult business environments where expertise and active involvement from DFIs such as Norfund is usually valued. However, the World Bank's *Getting credit* ratings imply that investments are allocated in countries where credit is fairly easily available.

3.6 Use of offshore jurisdiction for investment, due diligence and safeguards

3.6.1 Use of offshore jurisdiction for investment

Introduction

In recent years public discussion has raged, both internationally and nationally, over the use of OFCs and tax havens in the establishment of overseas operations. In the development cooperation sector, the discussion has been particularly lively with a broad international consensus emerging over the notion that tax evasion undermines sovereign states' revenues and poses a threat to social development in developing countries. Furthermore, it has been argued that by using OFCs the necessary tax reforms and macroeconomic policies are not being undertaken. Finally, it has been claimed that the lack of transparency and accountability related to OFCs runs contrary to one of the key objectives of DFIs, namely, to promote the highest standards of social, environmental and governance policy compliance (Murphy 2010).

The Norwegian MFA published a report in 2009 describing the current legislation on the use of OFCs and tax havens as well as current Norwegian practices on OFCs and tax havens with a view to providing recommendations on reducing the use of tax havens (NOU 2009). Norfund's use of OFCs was also scrutinised in the report with a special focus on investments through Mauritius, which is the most used offshore jurisdiction. One of the key suggestions made was that Norfund would, over a three

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[33] Standard & Poor's country risk reflects the target country government's willingness and ability to service its debt taking into consideration political risk, economic structure and growth. It therefore reflects the general risk of investing in such a country.

[34] The World Bank's *Doing Business* index measures whether the regulatory environment is more conducive to the starting and operation of a local enterprise. The *Getting Credit* index measures the target country's legal structure as well as the rules and practices affecting the coverage, scope and accessibility of credit information.

year period, gradually stop making new fund investments through tax havens and restrict investments through non-OECD countries while relying increasingly on those countries where Norway has clear tax or access agreements. This suggestion was criticised by Norfund for being too simplistic and restrictive as it would have dramatic consequences for potential investments in the poorest countries.[35] However, through dialogue with the MFA, as well as other Norwegian stakeholders, Norfund, formulated guidelines for the use of OFCs in 2010[36] and these guidelines have been followed ever since.

The current Norfund's guidelines for OFCs are rooted in the ongoing peer review process under the auspices of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum), where it is intended that all Global Forum's member jurisdictions should undergo a comprehensive external evaluation to determine whether legislation and management meet OECD standards for registration, transparency and tax information exchange (OECD standards).

Finding. Norfund is operating on the basis of its Overseas Financial Centres (OFC) guidelines and only OECD-approved domiciles can be used as investment vehicles. All OFC investment decisions are approved by the Board. In the current investment portfolio all OFC investment decisions are made in accordance with the Norfund OFC guidelines which are approved by the Norfund Board. The Board is also the final decision-making body with regards to any OFC investment. In the data and material provided for this evaluation it is clear that OFC decisions are well documented and the reasoning behind investing through OFCs is in line with the Norfund OFC guidelines.

According to Norfund's due diligence procedure, if the risk assessments indicate that there is an evident risk of insufficient normative and structural safeguards ("country risk") which may jeopardise the investment, Norfund can then decide to invest through OECD-approved OFCs. More often, as a minority shareholder (maximum 35% of equity) Norfund has to consult with other stakeholders and if they require that investments are channelled through OFCs Norfund often complies, if the OFC in question is approved by the OECD.

The final decision relating to the use of OFCs always lies with the Board. Norfund reports annually to the MFA on the use of OFCs. In recent years Norfund has reported separately on OFC investments in its Norfund annual report. Compared to other EDFI members Norfund has a positive record in terms of transparency and reporting on OFCs.[37] Norfund internal OFC guidelines are clear and in line with other international standards such as the EDFI guidelines and OECD recommendations meaning that Norfund investments cannot be associated with harmful practices, such as tax evasion and money laundering (EDFI 2011). There are also several cases in the decision-making documentation that

[35] E.g. letter from Norfund to Norwegian Ministry of Foreign affairs (dated 9.7.2011)

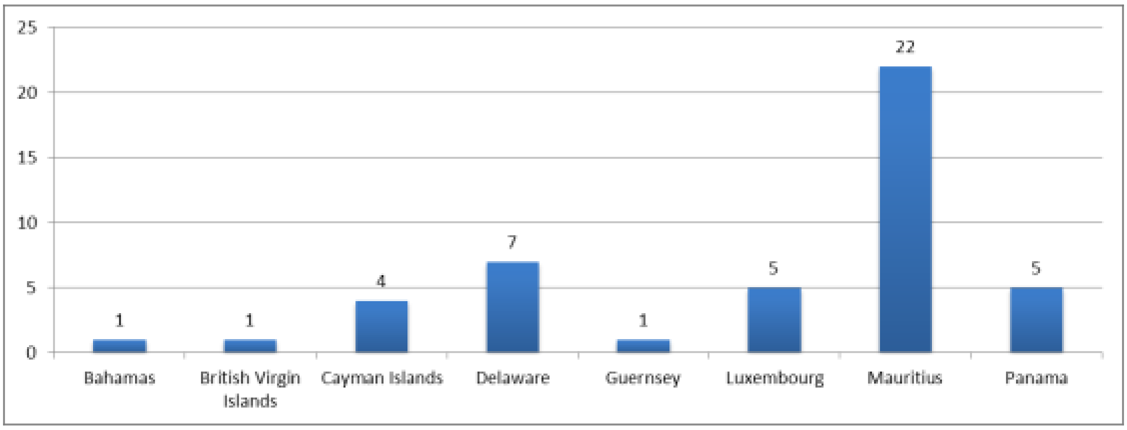
[36] Forslag til vedtak: Styret tar til etterretning de retningslinjene for investeringer i tredjeland som er foreslått. Suggested policy concerning Norfund's investments via third party destinations, or OFCs.

[37] Comparison of public information on OFCs in the EDFI member group. Statement based on comparing the amount and content of information on OFC practices on EDFI member groups web pages.

show that Norfund has actively influenced the selection of OFC as a precondition for the investment to meet the requirements in its OFC guidelines (e.g. Norfund has demanded that the originally selected OFC be changed to one that is accepted by the OECD)[38]. Based on the financial data and decision-making documentation, such as the Commitment in Principal and Board Final Approvals, decisions on investment jurisdiction and domicile are implemented in line with established guidelines. When looking at the OFC decisions in Board Approval documents the main reasons for investing through OFCs is that other shareholders/investors have required this as a security measure for their investment and to secure interest in an exit.

In the current portfolio investments have been made in the following OFC domiciles: Mauritius (has a tax agreement with Norway), Guernsey (has a tax agreement with Norway), Delaware (widely considered as a tax haven. However, the USA has a tax agreement with Norway), Luxembourg (OECD member), the Cayman Islands (has a tax agreement with Norway), Panama (has a tax agreement with Norway), and the British Virgin Islands (has a tax agreement with Norway). Figure 10 shows the number of investments in each OFC domicile as of 2013. Mauritius has long been and remains, the most commonly used OFC.

Figure 10. Number of investments in OFCs in the Norfund portfolio in 2013.

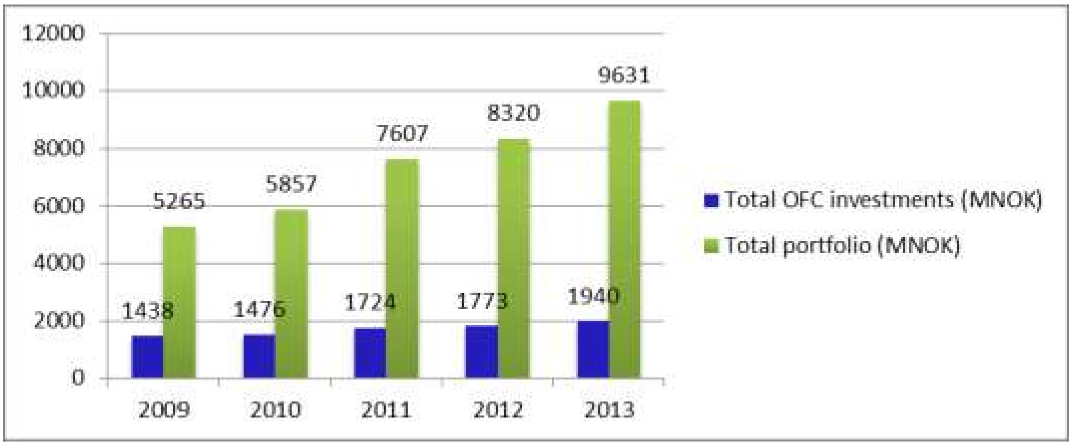


Finding. During the evaluation period the number of investments in the Norfund portfolio has significantly increased. Over the same period however the share of OFC investments has decreased. Since 2009 the number of Norfund investments has increased considerably. The number of investments through OFCs has grown from 40 to 46 (by 15%), with the value of the OFC-channelled investments growing from 1438 to 1940 MNOK (by 35%). Meanwhile the share of investments through OFCs in comparison to the total portfolio has declined in terms of value (from 27% in 2009 to 20% in 2013) and in terms of the number of investments (from 49% in 2009 to 39% in 2013) (Annex 5). The trend can be explained by the lower number of fund investments in the portfolio, but

[38] Norfund Commitment in Principal documents Board Final Approval memorandums.

also by the fact that Norfund has taken gradual measures to reduce investments through OFCs in accordance with the suggestion in the MFA report on OFCs and Tax havens (NOU 2009).

Figure 11. Value of the OFC-channelled investments and value of total investments in the Norfund portfolio 2009-2013. (Norfund portfolio data).



Major differences exist between the various departments in Norfund over the use of OFCs as investment vehicles. The SME Funds portfolio has the highest share of investments, 64%, channelled through OFCs. The main reason for this being the large number of other investors in these funds making it easier to establish and safeguard the fund in an OFC. Another commonly used argument is that OFCs are still the most efficient way of pooling investment capital in developing countries (EDFI 2011). However, the use of OFCs has declined in SME funds (see Annex 5). All other departments display a relatively low level of OFC usage. Among the investment instruments, OFCs are commonly used in fund investments. Other investment instruments display a rather moderate use of OFCs. This can, as noted previously, best be explained by the large number of other investors investing in the fund, most of them requiring the use of OFCs as a domicile for investment.

In five of the selected case studies OFCs were used as an investment vessel (Annex 3). Interviews with various stakeholders in the selected case studies confirm that Norfund is not looking for direct economic benefits when establishing operations through OFCs. OFCs are used to establish operations where the risks associated with direct investment are considered too great and the use of OFCs is seen as the most effective way of safeguarding the investment e.g. from a predatory state or where other investors absolutely require it. Furthermore, according to the Norfund (Norfund 2010a, 2011a, 2012a and 2013a), and stakeholder interviews, OFCs are only used for establishing purposes and, based on financial data[39], taxes are paid to the operating country. As such, it can be argued that these investments do not undermine state revenues beyond the fees that the OFCs take for their services. Some international studies also highlight that without the possibility to operate through OFCs, several fund investments would not have been made at all and the positive development effects would not have

[39] Norfund portfolio data on development effects reporting; on income tax and contributions to government.

been achieved (Murphy 2010). In the case of Norfund, this was also verified in various stakeholder interviews conducted during the field missions.

3.6.2 Due diligence, standards and safeguards

Introduction

Due Diligence (DD) can be defined as the process that ensures that all stakeholders associated with a financial endeavour have the information they need to assess risks accurately. DD is an integral part in all of Norfund´s investments and risks are assessed throughout the investment cycle (Annex 7). Norfund's DD process (technical, commercial, financial, ESG and legal DD) and its measures, including a selection of comprehensive checklists and guidance for DD for a variety of investment situations, are explained in detail in Norfund's investment manual (Norfund 2014b). The key target of the DD process is to make sure that Norfund does not commit to investing before sufficient information on the investment has been acquired.

Finding. The DD process in Norfund is standardised and very similar to that of other EDFI members. Norfund´s in-house competence in DD is regularly complemented with external expertise, e.g., in technical and legal DD. Based on interviews with Norfund staff, available documentation and the case studies, the DD processes are generally well planned. The key decision-making documents such as Commitments in Principal and Final Approvals include a section on DD issues. This section clearly describes the focus areas for the DD, identifies risks and concerns and the type of required follow up. Norfund applies broad in-house expertise in the pursuit of DD. However, the use of external experts is commonly required in technical matters. Norfund has made the strategic choice to outsource the legal services while ensuring that investment and context-specific legal expertise to be available when required.

The Norfund pipeline documentation does not provide a detailed account of the reasoning behind approval/rejection decisions, which would allow for a solid analysis of the DD process from this perspective. In some cases where the DD process has not been able to provide confirmative information about the customer and its capacities to respect expected commitments, rejection decisions have been made based on the "gut feeling" that "everything is not right".

Finding. Norfund's in-house financial, commercial and ESG competence is on a solid level. Challenges in respect of DD have however emerged in cases where the coordination of DD responsibilities between several investors has not been clarified. The data and material provided indicate that the commercial, financial, legal and ESG DD are appropriately addressed, with corresponding mitigation plans systematically identified for all key focus areas for in-depth scrutiny. Within the cases reviewed in more detail, in all but one[40] the commercial and financial predictions made in the DD were quite accurate and the investment's rate of return has been decent and positive.

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[40] *ToughStuff*, one of the investments covered by project reviews, was declared insolvent in 2013 (Annex 3).

This indicates that the in-house financial and commercial competence is generally on a solid level. The fact that no major legal risks have emerged is an indication of the existence of a professional approach to legal DD and that competent external legal advice has been procured and integrated into the Norfund processes.

Due to its complexity and cross-sectoral nature the ESG DD requires special attention, with a specific effort being made to verify the validity and reliability of the information and data provided by other parties. One of the investments reviewed in detail specifically highlighted challenges related to ESG and legal matters, in ensuring the solid coordination of DD responsibilities between several investors. While being only one case, the lack of clear responsibilities in the DD processes (between various areas of DD and in particular between various parties in charge of the DD) is a challenge that has also been recognised by Norfund as well as other DFIs, and can be distinguished as an area that will require particular attention in the future.

Finding. On the issue of standards and safeguards, Norfund's commitments are virtually the same as any other EDFI member and can be considered sufficient for their intended purpose.[41] In addition to its DD practices, Norfund applies a set of standards and safeguards to ensure that its investments are in line with its broader mandate and policies. These standards and safeguards include exclusion lists which prohibit investments in tobacco, alcohol, weapons and similar hazardous industries. Furthermore, Norfund subscribes to the IFC performance standards which can be considered as the leading set of standardisation rules in respect of managing the environmental and social impacts of projects with high ESG risks. Norfund also complies with International Labour Organization labour Standards protecting fundamental rights in the workplace, including the prohibition of child labour. Norfund has a zero-tolerance policy on corruption (Norfund 2014b) and Norfund employees are also expected to sign a code of conduct that re-enforces this policy. Overall, these safeguards and standards are very similar to those used by other EDFI members.

The case studies reveal that Norfund´s requirements, including international standards and safeguards have been well integrated into its investment preparation processes, and accepted by the investees through the shareholder and loan agreements. The 'know your customer' process also entails, in addition to ensuring that the investee is aware of the required commitments and preconditions for Norfund funding, an assessment on behalf of Norfund of the capacity of the investee to live up to the expected commitments.

Based on the documentation provided there have been few cases where harmful and/or corruptive elements have been identified. These have been resolved at Norfund's Board and Investment Committee level. The case studies also confirm that there were a number of projects where the lack of trust, transparency and hazardous elements was deemed reason enough for Norfund to prematurely

[41] Based on a comparison of EDFI members' publicly available information on standards and safeguards.

exit these investments. This indicates that Norfund takes matters of misconduct and non-compliance with its terms and standards seriously and addresses these matters promptly.

3.7 Efficiency of Norfund

3.7.1 Norfund's administrative costs

Introduction

A simplified five-step version of Norfund's project cycle consists of 1. Identification of potential projects, 2. Negotiations and assessment, 3. Investment, 4. Active Ownership and 5. Exit. Although practically all projects follow the same cycle, the amount and content of work needed varies considerably between projects. A greenfield investment may require years of preparation and active involvement during the project's lifetime as well as support at the exit phase, whereas a loan for a mature financial institution may require only minimal evaluation and negotiation efforts. Due to the unique nature of each project, the overall efficiency of the project cycle is difficult to assess.

Therefore, the efficiency of Norfund's project cycle is here assessed in rather general level using information on its operating expenses and the number of employees as inputs while the annual number and size of new investments as well as the size of its portfolio are used as output indicators. This information is readily available for most DFIs in their annual accounting information thus providing a certain amount of comparability.

Fund management fees are addressed separately. DFIs are an important source of capital particularly for first-time fund managers in developing countries while funds, in turn, provide a natural option for DFIs to diversify their portfolios and reach a large number of SME businesses in their preferred regions and sectors. The management fees of private equity funds typically follow a *2/20/1* rule, which refers to a management fee[42] of 2% per year, carried interest[43] of 20%, and general partner ownership of 1% of the total fund size although there are substantial variations between sectors, over time and depending on the size of the fund (Robinson and Sensoy 2013). In practice, the fund management fees in developing regions are somewhat higher, varying between 2% and 5% (e.g. InvesteQ CAPITAL Limited 2008).

Finding. Norfund's operating costs and ratio of employees in relation to the investment portfolio size and new investments seems to be in line with other EDFIs implying that Norfund's project cycle is reasonably efficient. Figure 12 shows Norfund's efficiency in comparison with other EDFIs using the number of employees as input and portfolio and new investment figures as output indicators. Although the results are only indicative, noting major differences e.g. in the mandates,

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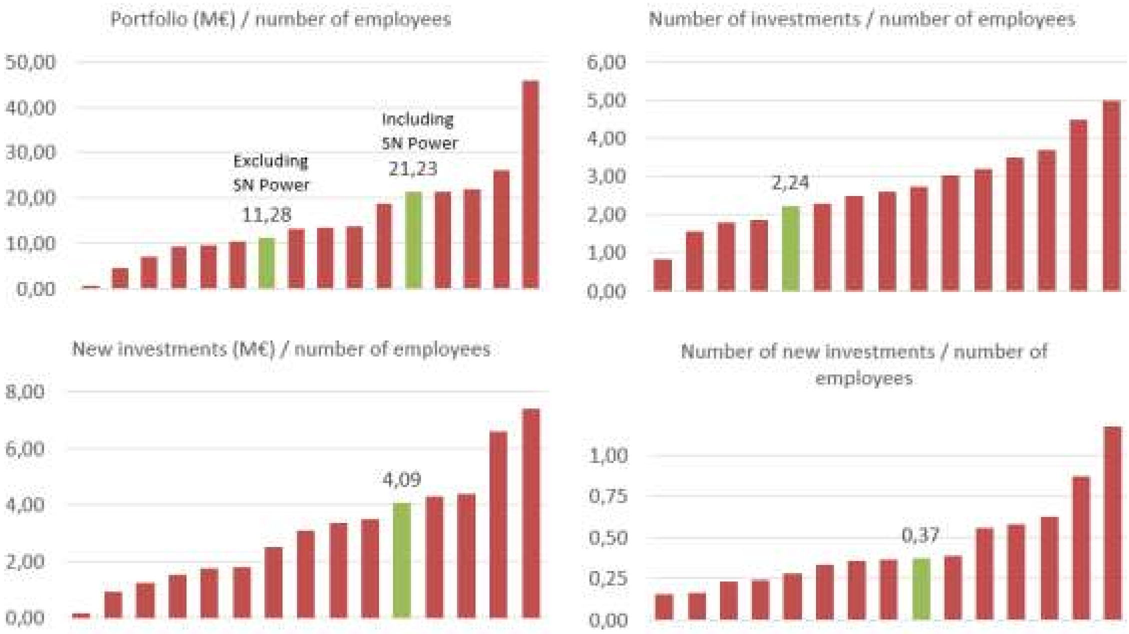
[42] A charge levied by a fund manager for managing a fund. The management fee covers the managers' time and expertise, investor relations expenses and the administration costs of the fund.
[43] A share of the profits of an investment fund that is paid to the investment manager in excess of the amount that the manager contributes to the partnership.

strategies and instruments of EDFIs, the comparison provides some confidence that Norfund's performance is in line with other EDFIs. Taking note of Norfund's appetite for equity and greenfield investments, the result suggest a fair level of performance.

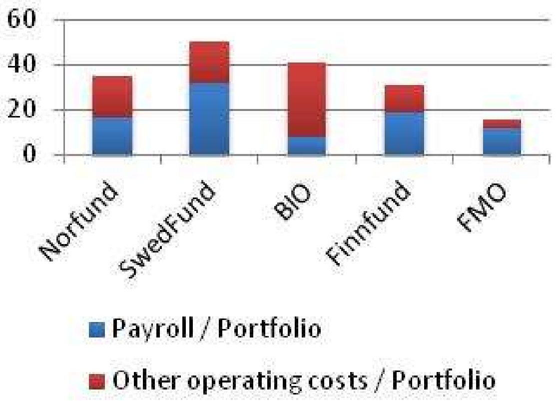
Figure 12. Employee performance figures of all EDFIs in 2013. Norfund is marked in green (EDFI 2014)[44].

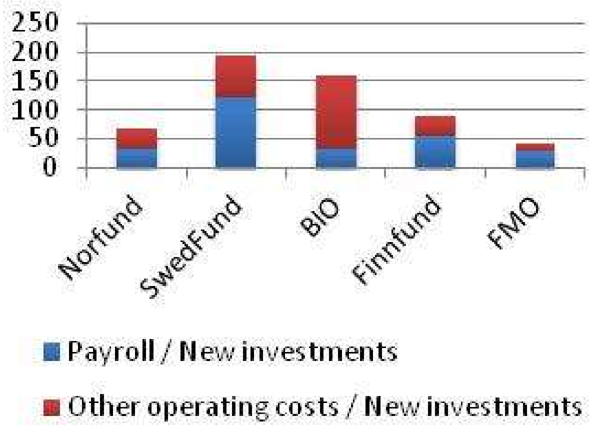


A comparison of operating expenses in relation to the portfolio size and new investment commitments of Norfund and four other DFIs during 2013 is presented in Figure 13. Again, the results are indicative and should be interpreted with caution. However, these results do imply that Norfund's operating costs as well as its labour costs are at the same level, if not lower than, the per group when comparing against portfolio size and the number of new investments. In other words, Norfund has succeeded well in efficiently growing its portfolio and has lower costs especially in relation to acquiring new investments.

[44] The names of other EDFIs are not included due to confidentiality issues. The number of employees refers to employees at year end 2013, number of investments to total number of investments at year end 2013, and number of new investments to the number of approved projects and new commitments made during 2013.

Figure 13. Operating expenses divided by the size of the investment portfolio and the amount of new investments (tEUR/MEUR). SNPI is excluded from the analysis[45]. Information is gathered from the annual reports of the DFIs (BIO 2014, Finnfund 2014, FMO 2014, Norfund 2014a, Swedfund 2014).





Finding. Executive remuneration has increased during the assessment period but is in line with other DFIs, foundations, emerging market funds and social investment funds. Norfund publishes the executive remuneration and board fees in its annual report. The remuneration of the managing director as well as that of the board has increased by around 40% during the assessment period (2007-2013), which is in line with the overall increase in the remuneration of Norfund employees. Executive remuneration is in line with the peer group consisting of other DFIs, foundations, emerging market funds and social investment funds, (Accenture 2011), given that Norway has one of the highest price levels in the world (e.g. Eurostat 2014). Norfund also has a variable salary component (bonus), which is paid for exceptional achievements. The scheme amounts, in total, to 2.5% of Norfund's salary costs but does not apply to the managing director.

Finding. The management fees and commissions in intermediary funds are on an average level with respect to other similar funds. According to the Norfund interviews and case studies, the management fees of its investment funds are between 2% and 4% *per annum* (p.a.). Norfund has informed that the average is 2.5% p.a. with the figure depending on fund types and models for management fee structures. These figures reflect average fee levels for funds operating in developing countries and particularly for smaller first-time fund managers, which comprise a significant part of Norfund's fund investments.

Finding. Norfund has frequently taken a lead role in assessing investments and an active ownership position, which is often costly and time-consuming. On the other hand, Norfund's active involvement with its investees plays an essential role in contributing to making better invest-

[45] Due to its particular character (SNPI represents more than half of Norfund's investment portfolio, but is primarily managed at Norfund by one employee responsible for the investment), SNPI is excluded from this analysis.

ments and delivering its mandate. Although Norfund has occasionally carried out project assessments in cooperation with other DFIs, the case studies and interviews suggest that it has often taken a lead role in investment project evaluation and DD. This has increased operational expenses and is rather resource-consuming especially in greenfield projects. In addition, the case projects and interviews imply that Norfund has often taken an active ownership role, which in some cases has been both costly and time-consuming.

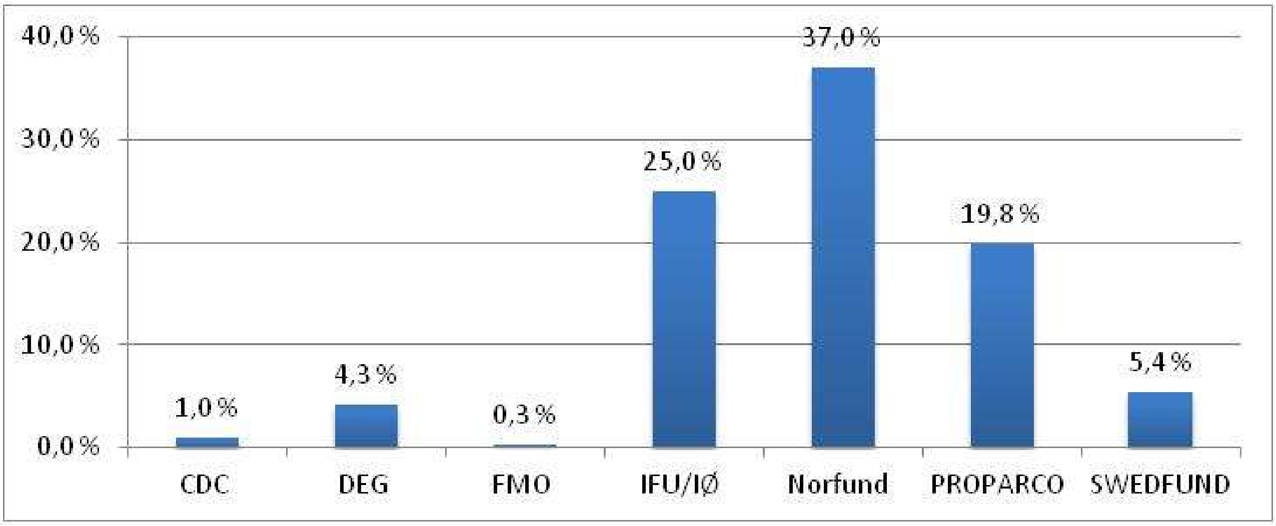
3.7.2 Norfund regional offices

Introduction

DFIs use regional offices to strengthen their presence in their key markets. Regional offices are often important in accumulating local market knowledge, generating investment opportunities and managing investments as well as in networking with local authorities and other stakeholders. Around half of the EDFIs have regional offices (EDFI 2013).

Finding. Compared to other EDFIs Norfund has been more active in building a regional office network and currently has 37% of its employees working overseas. Norfund has five regional offices – in Nairobi, Maputo, Johannesburg, San Jose and Bangkok. The offices are located in Norfund's focus market areas and reflect the geographical division of the investment portfolio. The Bangkok (2011) and Maputo (2012) offices were established during the assessment period 2007-2013. Figure 14 presents the share of employees in the regional offices in different EDFIs. The results show that Norfund has been more active in building a regional office network than other EDFIs.

Figure 14. The share of employees in regional offices. The sample includes all EDFIs that have regional offices (EDFI 2014).



Finding. The creation of the regional office structure has proved to be an efficient way to generate market knowledge and new investments and has contributed to the improved control over investing activity and better investment management. The regional offices have served as important stepping stones in Norfund's strategy of expansion into new markets. According to the interviews, the regional offices provide several valuable benefits. The local presence enables more frequent meetings with the investees, something which has been an important supporting element to investment assessment and active ownership. For example, the Bangkok office has been able to carry out all DDs for new investments without external support. The ability to meet the investees frequently and at short notice is beneficial, especially in the frontier markets. Based on the field missions the regional offices have contributed to improving oversight in respect of investment activities and portfolio management.

The regional offices have also supported networking and accelerated the accumulation of local market knowledge. Local staff are able to meet the local authorities and stakeholders more frequently than would be possible from the head office. Moreover, hiring local people rapidly increases local market knowledge and facilitates investments as well as enhancing cooperation and communication with local stakeholders. Norfund has opened two regional offices during the current assessment period. The Bangkok office has made a significant contribution to the development of the Southeast Asian investment portfolio. Similarly, the Nairobi office (also covered by a field mission) has delivered the above-mentioned benefits. From an efficiency perspective, regional offices save on travelling time and generally improve the outcome of the investments in their respective areas. Cooperation between head office and regional offices is efficient. The annual 'Norfund days' bring together all staff twice a year, serving to further strengthen in-house collaboration.

The expenses and personnel of the regional offices are presented in Table 12. In line with the strategy the number of employees in the regional offices has increased rapidly during the assessment period and by the end of 2013, 37% of Norfund's employees work overseas. Also the expenses have multiplied during the assessment period, reaching 11.4 MNOK in 2013. On the other hand, the payroll expenses and the rents per employee have been on average lower in regional offices than in the head office suggesting that operating through regional offices may be more cost-efficient. However, as during the evaluation period 2007-2013 the salaries of 1-3 persons working in these offices have been allocated to the head office this particular finding should be taken as indicative only.

Table 12. Expenses (tNOK) and personnel related to the regional offices in comparison with the expenses of Norfund[46]. The information related to expenses in regional offices is indicative asthe salaries of 1-3 persons working in these offices have been allocated to the head office.

	2007	2008	2009	2010	2011	2012	2013
Number of employees	35	40	41	45	49	50	54
Number of employees in regional offices	4	7	8	11	16	17	20
Share of employees in regional offices	11 %	18 %	20 %	24 %	33 %	34 %	37 %
Total operating expenses	65010	74061	78572	77957	113503	106475	126633
Total payroll expenses	32613	34080	43665	44506	62778	63120	59185
Payroll expenses in regional offices	2330	3120	5076	6004	7405	9500	11449
Payroll expenses and rents in regional offices	2606	3408	5578	6842	7993	10694	12481
Regional offices' share (rent + payroll) of total operating expenses	4 %	5 %	7 %	9 %	7 %	10 %	10 %
The share of payroll expenses in regional offices of total payroll expenses	7 %	9 %	12 %	13 %	12 %	15 %	19 %

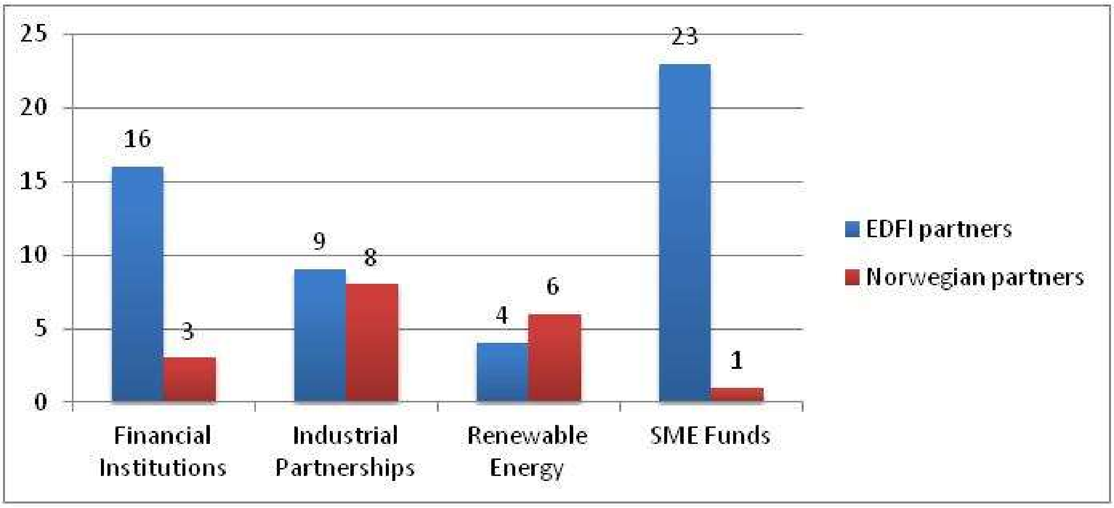
3.7.3 Synergies with other Norwegian and international partners and instruments

Introduction

Within the Norwegian landscape of stakeholders promoting private sector development (PSD) in developing countries, during the evaluation period Norfund has confirmed its role as a central Norwegian actor (see 3.1). It has achieved this through close collaboration with a number of its sister DFIs (with DFI collaboration in 44% of Norfund investments) as well as a number of Norwegian partners (in 16% of investments, Figure 15). Looking into the share of investment partners (in NOK) by investment sectors provides a more complete picture of the role of partners with 96% of RE investments and 31% of industrial partnerships including a Norwegian partner, whereas 81% of SME fund investments and around 60% of both financial institutions and industrial partnership investments including a DFI as partner (Annex 5).

[46] Regional office expense data received from Norfund while the numbers of employees and the total operating expenses are from Norfund's annual reports and reports on operations.

Figure 15. Number of investments with Norwegian and EDFI partner organisations in the Norfund portfolio (Norfund portfolio data 2012).



Finding. Norfund has focused on its specific mandate[47], and communicated this clearly to other Norwegian PSD actors. This has contributed to the recognition of gaps in the PSD landscape, as well as to the occasional generation of synergies. This has been particularly important considering the rather rich and complex field[48] of Norwegian actors and instruments available for business development in developing countries. These actors include among others Norad, Norwegian embassies, The Norwegian Export Credit Agency (GIEK), Innovation Norway, the Confederation of Norwegian Enterprises (NHO), NGOs, Exportkreditt, and the Norwegian African Business Association, many of which provide various instruments and services in several countries and in various parts of the business development value-chain.

Finding. Norfund has actively teamed up with international and, where optimal, with Norwegian partners that can leverage expertise and/or funding. Partnerships with Statkraft and TrønderEnergi as well as with KLP, Storebrand, DnB NOR / Vital and Ferd are examples of partnerships with Norwegian actors with the aim to leverage Norwegian business expertise and capital into renewable energy, SME development and micro-financing (see also Chapter 3.5 on leverage). The case studies reviel successful harnessing of synergies in the area of renewable energy investments. When reviewing the sectoral and geographical distribution of these Norwegian partnerships (Annex 5), no major overlaps with other Norwegian PSD actors and instruments can be identified in these countries. In part this is explained by the structure of the Norwegian private sector (with the more mature export industry, with the exception of renewable energy, focusing on sectors other than those at the core of Norfund investments) and by the focused nature of the approach by Norfund, with its

[47] The mandate does not require an obligation for the involvement of Norwegian capital, nor is Norfund meant to be an instrument of Norwegian industrial or innovation policy.

[48] The focus here is on Norfund and its potential synergies and overlaps with other Norwegian and international PSD actors and instruments. Previous evaluations have been rather critical of the level and quality of coordination within the Norwegian PSD (Norad 2010, Norad 2013).

limited mandate and scope for promoting explicitly Norwegian SMEs. The evaluation material indicates active communication on behalf of Norfund, and when useful, concrete collaboration with other Norwegian partners. With the establishment in 2007 of the Information Office for Private Sector Development (IOPSD, a special joint project run by Norfund and Norad), improvements in the overall efficiency and coordination of Norwegian PSD support were noted by most of the interviewees although room for further improvements were also highlighted (see also Norad 2010a, Norad 2013a). IOPSD has received annually around 200-250 applications, the majority from SMEs with below 4 employees, with around 50% targeting Africa and some 20% Asian markets, covering a wide array of sectors (Veiledningskontoret for næringsutvikling i utviklingsland 2014). Most of the inquiries were for Norad's pre-investment phase support schemes (including the Matchmaking programme, pre-studies, piloting, basic support for investments) but the office has also received a number of enquiries for Norfund's equity and loan instruments. The targeted Norfund loan facility launched in 2007, tailored to smaller projects initiated by Norwegian companies has however seen limited use within the broader Norwegian PSD support scheme, and since 2010 (renamed Small Enterprises Loan Facility) few projects have proceeded from IOPSD to Norfund (SME) funding. In 2008-2013 a total of 5 loans were issued with total commitments amounting to 12 MNOK.

Finding. Increased investment in project development and improved coordination with MFA, Norad and the Embassies have contributed to successful projects and up-scaling opportunities. While examining the roles and mandates of other Norwegian PSD actors within the overall value-chain[49], Norfund's role is rather clear and quite narrow with e.g. Innovation Norway and Norad instruments covering earlier phases of the value-chain extensively. In recent years Norfund has, however, extended its value-chain, entering more decisively into project development through the Project Development Facility (PDF) launched in 2011 (focusing on last-stage project development for prioritised RE projects where Norfund also intends to invest[50]), accompanied by grant funding available for project development in other Norfund priority sectors. As the PDF is meant for projects where Norfund intends to invest, it does not fill more broadly the gap in project development funding in Norwegian PSD. Based on experiences thus far, the project development funding has been appreciated by partner countries filling a critical gap in their PSD landscape, and has served Norfund well in helping it to fulfil its mandate.

The evaluation also provides evidence of cases of improved Norfund collaboration between the MFA, Norad and the Norwegian Embassies in jointly addressing micro-level business and macro-level enabling framework challenges, and serving to catalyse investments in renewable energy, as well as in developing new public-private partnership (PPP) business models for fragile states. The case of hydropower investments in Uganda is a successful example of such a coordinated effort. The Bugoye

[49] Covering, broadly, the key aspects along the value-chain, such as market analysis, expert counselling and training, innovation, strategy development, testing/piloting projects, matchmaking, finance, local incubation.

[50] Normally the Norfund PDF capital is provided in the form of convertible loans which are expected to be converted to equity when the investment decision is taken.

HPP RE investment is being replicated as a result of international, including Norwegian, funding with targeted support that has improved the enabling framework in Uganda[51], with increasing investments flowing into hydropower as well as other renewables. Norfund's recent investment in 'fragile states' is another sign of more focused coordination between the MFA, Norad, the Embassy and Norfund, and of the innovative development of new PPP business models.

3.7.4 Productivity indicators to assess Norfund performance

Introduction

Productivity can be defined as "*a ratio of a volume measure of output to a volume measure of input used*" (OECD 2001). For DFIs, the suitable inputs include labour, operating expenses and capital while outputs relate to development outcomes and profitability. The inputs and profitability are easy to measure but the developmental outcomes are more difficult to assess (see Chapter 3.3), and in many cases cannot be observed directly. Therefore, the productivity related to development outcomes of DFIs is measured through indirect indicators such as the amount of jobs and taxes generated in target countries.

The analysis of Norfund's productivity is here broken down into operational productivity and portfolio productivity. Operational productivity measures the outputs with respect to labour and operating costs whereas portfolio productivity concentrates on the financial returns and DE of Norfund's investments. The indicators used in the analysis are presented in Table 13. The figures are calculated for the assessment period (2007-2013) during which, according to Norfund interviews, no major changes have occurred in operational or investing practices. While SNPI represents around two thirds of Norfund's investment portfolio, it requires far less than comparable management efforts. As such, in order to gain a more representative picture of Norfund's productivity, SNPI is excluded from the operational productivity indicators.

Table 13. Productivity indicators used for operational and portfolio productivity analysis. See Annex 9 for more detailed description on assumptions and methods.

Operational productivity	Portfolio productivity
• Size of new committed investments / number of employees • Size of disbursed commitments / number of employees • Total operating expenses / size of new commitments • Total operating expenses / size of disbursed commitments • Operating profit / size of disbursed commitments	• Return on portfolio • Write-downs (-/+) / disbursed commitments • Development effects / disbursed commitments

[51] The main objective of the GET FiT Programme is to assist East African nations in pursuing a climate resilient low-carbon development path resulting in growth, poverty reduction and climate change mitigation. Roll-out of the programme started in Uganda with the main purpose being to fast-track a portfolio of small-scale renewable energy generation projects under the Ugandan Government's Renewable Energy Feed-In Tariff programme. The Norwegian Government has been committed, since 2012, to support private sector investment in Uganda's renewable energy resources with up to 140 MNOK over a period of 5 years. http://www.getfit-uganda.org/

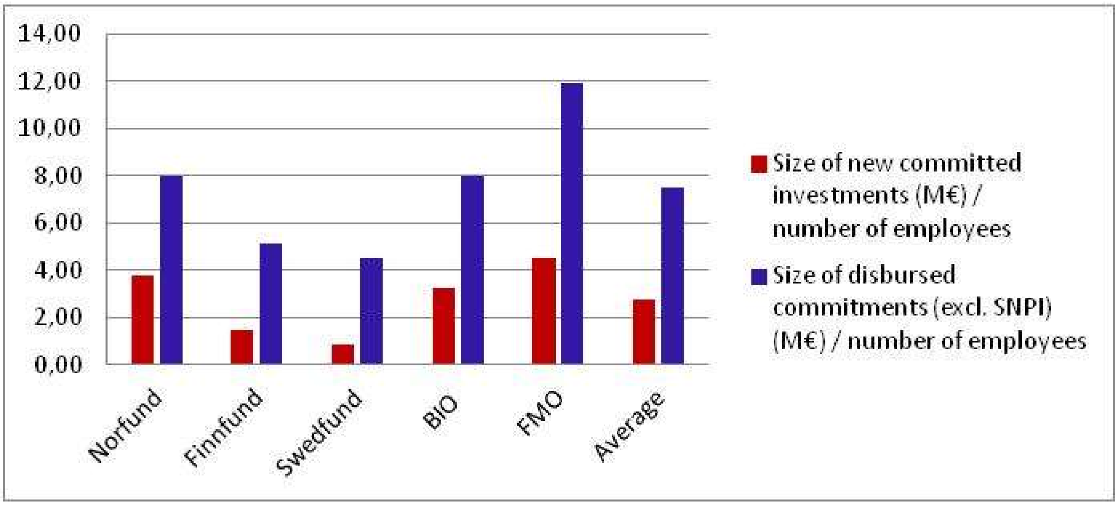
Finding. Norfund's operational productivity with respect to its investment activity and the size of its portfolio has been maintained at a fairly good level throughout the assessment period (2007-2013) taking into consideration its focus on equity, greenfield and agricultural investments as well as its rapidly expanding portfolio. The number of annual new investments has remained rather steady throughout the analysis period ranging from 11 to 18 new investments yearly with an average of 14 new investments per year. While the number of new investments is steady, the average size of new commitments has grown from 98 MNOK per investment in 2007 to 144 MNOK in 2013. Table 14 presents indicators related to operational productivity during the assessment period (2007-2013). The size of new committed investments per employee as well as the operating costs per new committed investments have remained rather constant. This suggests that the productivity of the operations and staff with respect to investing activity has remained roughly at the same level. At the same time, the value of disbursed commitments per employee has increased rapidly while the operating costs divided by disbursed commitments has decreased steadily. These results suggest that Norfund's staff and operations have improved their productivity in relation to portfolio size and investing.

Table 14. Indicators related to operational productivity based on annual report data (Norfund 2008a, 2009a, 2010a, 2011a, 2012a, 2013a and 2014a). Due to short time frame the average annual change is based upon, the figures should be considered as indicative only.

Indicator (excluding SNPI)	2007	2008	2009	2010	2011	2012	2013	Average	Average annual change
Size of new committed investments (MNOK) / number of employees (end of year)	33.6	34.4	23.0	18.8	44.9	24.7	34.6	30.6	0.2
Size of disbursed commitments (MNOK) / number of employees (end of year)	22.1	32.0	38.9	43.4	58.8	58.8	66.3	45.7	7.4
Total operating expenses / size of new committed investments	5.5 %	5.4 %	8.3 %	9.2 %	5.2 %	8.6 %	6.8 %	7.0 %	0.3 %
Total operating expenses / size of disbursed commitments (excl. SNPI)	8.4 %	5.8 %	4.9 %	4.0 %	3.9 %	3.6 %	3.5 %	4.9 %	-0.7 %

Figure 16 shows a comparison between Norfund and other selected DFIs[52]. The utilised comparative indicators are the size of new commitments and the value of the disbursed investments per employee. The results suggest that Norfund's productivity is good when considering the size of its new commitments while it is average when considering the total size of its disbursed commitments under management.

Figure 16. Comparison of selected operational productivity indicators between DFIs. The information is collected from the annual reports and the results are the averages from years 2012 and 2013. Norfund's results exclude SNPI.



Finding. The productivity of Norfund's investment portfolio when measured in terms of returns reveals mixed results. The returns on loans and SNPI have remained stable and on fairly good level whereas the returns on equity portfolio have reduced and the write-downs have simultaneously increased during the assessment period. As a result the profitability of the portfolio has shown decreasing trend. Table 15 presents indicators related to portfolio productivity. The return on the loans to investment projects has stayed relatively stable over time whereas the return on the equity portfolio has declined on average 0.7% per year suggesting that equity investments have become less profitable during the assessment period. SNPI has generated an average annual 5.1% return. Total portfolio return was, on average, 5.3% p.a. showing a slight trend towards decline. The portfolio write-downs have varied between 6.5% and - 2.0% (reversal) of total portfolio during the assessment period with an average annual write-down of 2.4%[53]. The operating profits in relation to Norfund's disbursed commitments (excluding SNPI) have averaged - 1.9% p.a. However, this figure includes

[52] The peer group was selected from among other EDFIs based on the similarity in size and geographic focus. In addition, FMO was selected in order that there was one large DFI benchmark.

[53] It is important to notice that due to Norwegian accounting act, Norfund is not allowed to record appreciations until the realization of an investment. Therefore, the write-downs do not reflect the whole change in the value of the portfolio. On the other hand, as suggested in Figure 8, the appreciations are scarce compared to write-downs.

large annual variations. Including SNPI increases operating profits to 2.4% p.a. and reduces the variations significantly, highlighting SNPI's importance to the overall stability and profitability of the portfolio.

Table 15. Indicators related to portfolio productivity. The calculations do not include income from the Norad portfolio[54]. Due to short time frame the average annual change is based on, the figures should be considered as indicative only.

Indicator	2007	2008	2009	2010	2011	2012	2013	Average	Average annual change
Return on loans to investment projects	5.6%	9.2%	6.3%	7.5%	5.5%	9.1%	7.3%	7.2%	0.1%
Return on equity investments (excl. SNPI)	8.1%	6.6%	2.4%	2.6%	1.7%	5.4%	2.8%	4.2%	-0.7%
Return on SNPI investment	5.4%	4.2%	8.5%	4.4%	1.2%	5.8%	6.0%	5.1%	-0.1%
Return on disbursed commitments	6.0%	5.2%	6.7%	4.3%	2.1%	6.2%	5.3%	5.1%	-0.2%
Write-downs and reversal of write-downs (excl. SNPI) / disbursed commitments (excl. SNPI)	-1.8%	2.0%	-4.1%	-1.4%	-1.7%	-6.5%	-3.1%	-2.4%	-0.7%
Operating profit (excl. SNPI) / size of disbursed commitments (excl. SNPI)	-5.4%	9.5%	-9.1%	0.3%	-2.1%	-6.4%	0.1%	-1.9%	-0.3%
Operating profit / size of disbursed commitments	2.4%	5.9%	1.9%	2.7%	-0.2%	0.5%	3.4%	2.4%	-0.4%
Taxes and other fees to government (excl. SNPI) / size of disbursed commitments (excl. SNPI)	N/A	2.3	1.9	1.3	1.4	1.3	1.2	1.6	-0.2
Taxes and other fees to government / size of disbursed commitments (MNOK)	N/A	0.8	0.8	0.6	0.6	0.6	0.7	0.7	0.0
Direct jobs (excl. SNPI) / size of disbursed commitments (excl. SNPI) (MNOK)	N/A	39.5	32.6	27.2	32.4	33.2	35.4	33.4	-0.4
Direct jobs / size of disbursed commitments (MNOK)	N/A	12.6	12.5	11.3	14.0	14.5	15.7	13.4	0.7
Total jobs (excl. SNPI) / size of disbursed commitments (excl. SNPI) (MNOK)	N/A	119.4	88.7	81.7	90.3	98.0	87.3	94.2	1.4
Total jobs / size of disbursed commitments (MNOK)	N/A	38.4	34.9	34.5	39.4	43.2	38.8	38.2	0.9

Finding. The productivity indicators related to DE indicate that Norfund has been generating tax and other income for target country local governments as well as a steady number of jobs

[54] Norfund took over the loan portfolio from Norad in 2001 without cost and this has been entered into the accounts with a book value of NOK 0.

during the assessment period. The development productivity indicators include generated taxes and other fees to central and local governments and the number of jobs in portfolio companies in relation to the value of Norfund's disbursed commitments. As with Norfund indicators overall, it is important to note that these productivity indicators (making use of Norfund DE data) should be considered with caution as the DE figures include all jobs and taxes generated by the companies that Norfund has invested in, regardless of the share and role of Norfund in the investment (see also chapter 3.3 and Annexes 5-6).[55] With these limitations in mind, i.e. if theoretically attributing all DE to Norfund, taxes and other fees to host governments have averaged 1.6 times the size of disbursed commitments, implying that every NOK invested by Norfund contributes to 1.6 NOK in government revenues, while every million (NOK) invested by Norfund (excluding SNPI) contributes on average to 33 direct jobs. These productivity indicators change significantly when SNPI is included, again highlighting the importance of understanding the different types and sizes of development effects that can be expected from investments in various sectors.

3.8 Profitability of Norfund

Introduction

DFIs occupy an intermediary space between public aid and private investment with a double bottom line of generating returns and facilitating economic development. This standpoint involves certain assumptions regarding the profitability of the investments. At minimum, the investments must generate a positive and sufficient cash flow to ensure resources for operations and ongoing investments. On the other hand, excessively high profits could suggest that a DFI is not carrying out its mandate of investing in sufficiently risky projects that serve the needs of development in financially underserved markets.

DFIs publish little information on the IRR of their investment portfolios. The FDI average rate of return in developing economies has been 9.2% in 2006-2011 (UNCTAD 2013) whereas, according to Cambridge Associates, the average profitability of investments in emerging economies in 1993-2013 has been around 8-9%. These figures provide some guidance to the level of expected IRR for investments in developing countries. For DFIs, the overall dual mandate of achieving developmental results and being profitable sets the central framework condition for their investments. Profitability clearly remains below for example that of mainstream commercial private equity, which on average generates an annual return of around 10-20% (Harris et al. 2013).

Norfund has not set specific investment return targets except through their mandate according to which investments should be profitable (and undertakings that would not otherwise be initiated because of the high risk involved). In its communications Norfund emphasises that only profitable, financially viable businesses survive in the long run, providing stable jobs, tax income and other long-

[55] Previous evaluations, e.g. (Norad 2010a) have recommended that Norfund's attribution to job creation and tax take should be assessed in more detail.

term development effects. Against this background returns on investments and subsequent profitability is an important measure of the success in respect of Norfund's operations.

Finding. The nominal and real IRR of Norfund's portfolio is around 8.8% (3.7% excluding SNPI) and 6.9% (1.9% excluding SNPI) respectively. These are fair figures compared to e.g. FDI rate of returns in developing economics as well as commercially risk adjusted returns but also highlight the critical role of SNPI as the key profit-generating component in the portfolio. The internal rate of returns (IRR) and multiples[56] of SNPI[57] and Norfund's investments committed between 2007 and 2013, based on realised cash flows and Norfund's fair market value calculations by the end of 2013, are presented in Table 16.[58] The results indicate a nominal IRR of around 8.8% (6.9% in real terms) for the portfolio while the corresponding figure excluding SNPI is significantly lower at 3.7% (1.9% in real terms). It can be noted that the investments have a wide variety of IRRs (see Annex 5).

The IRR of the Norfund portfolio (including SNPI) is good with respect to the FDI average rate of return in developing economies as well as the profitability of investments in emerging economies although somewhat lower than commercial private equity on average generates. However, the IRR estimate is significantly affected by the unrealised valuation of the investments and there have been frequent negative changes (write-downs) to them. Also the highly unpredictable future exit environment in developing countries and currently low number of exits (6 exists for projects committed during the evaluation period 2007-2013) make it difficult to provide an objective opinion on the profitability of the portfolio in IRR terms.

Table 16. The nominal and real rates of return and multiples of Norfund's portfolio including all new investments committed in years 2007-2013 and SNPI, based on Norfund's cash flows in NOK and valuations of active investments as of 31st December 2013.[59] As only a few exits took place by 2013, Norfund's investment valuations have a major influence on the results. See also Annex 9 for methodology.

	Nominal	Real	Multiple
IRR Norfund portfolio excluding SNPI	3.66 %	1.93 %	1.04
SNPI	10.62 %	8.57 %	1.53
IRR Norfund total	8.84 %	6.88 %	1.29

[56] Investment multiples measure the profitability of a venture capital fund by calculating the return of the funds as a multiple of the original investment.
[57] It is important to notice that Norfund started to invest in SNPI already in 2002 while the other investments considered in the IRR analysis have been committed during the evaluation period (2007–2013). SNPI is, however, included in the results because it has represented around 60 % of the portfolio during the evaluation period.
[58] The number of exited projects invested during the assessment period 2007-2013 was small (<10) and some of the projects involved unusual exit conditions. Therefore, the sample was not suitable to draw meaningful conclusions and separate analysis was not conducted on this sample.
[59] As Norfund makes investments in multiple currencies, the investments are exposed to currency exchange risk. During the evaluation period, the sum of foreign exchange loss/gain in project loans has however been only 6 MNOK and its influence on the IRR estimates is therefore likely to be low.

Finding. Norfund's strategic decision to focus the new projects predominately on equity investments in South and East Africa and in LDCs as well as the decision to increase the proportion of Industrial Partnerships, including investments in greenfield and agricultural projects, has evidently steered the investments towards riskier projects with lower financial returns. Table 17 illustrates the profitability of all investments made during the period 2007-2013 divided between instruments, geographic areas, sectors and target country OECD Development Assistance Committee (DAC) classification. Among the investment instruments, equity generally involves higher risks but also higher returns. Norfund's equity and mezzanine investments display a nominal IRR around 2.3-2.5% while the nominal IRR for loans and fund investments is around 4.2-4.3%. This can imply that the high financial risks related to equity and mezzanine have realised more often than those relating to other instruments. It also suggests that the financial risks involved in equity investments have not been properly compensated with higher returns thus raising the question whether more focus should be directed towards risk analysis and structuring of equity investments.

Table 17. Profitability indicators divided by instrument, geographic area, host country categorization and investment area. The results exclude SNPI as the necessary data to include SNPI in the analysis was not available for the evaluation team. See also Annex 9 for methodology.

Analysis of portfolio excluding SNPI		IRR (nominal)	IRR(real)	Multiple	Share of commitments in 2007-2013
Instrument	Equity	2.33 %	0.65 %	1.05	31.0 %
	Mezzanine	2.50 %	0.71 %	1.05	6.8 %
	Loan	4.22 %	2.49 %	1.07	37.1 %
	Fund	4.32 %	2.56 %	1.13	25.1 %
Geographic area	Southern and East Africa	0.85 %	-0.92 %	1.02	62.5 %
	Central America	10.95 %	9.07 %	1.23	13.8 %
	South and Southeast Asia	9.73 %	7.85 %	1.22	14.3 %
	Global	2.72 %	0.97 %	1.09	8.8 %
Host country categorization	LDC	3.95 %	2.17 %	1.08	39.4 %
	LIC	5.02 %	3.26 %	1.13	9.4 %
	LMIC	1.51 %	-0.07 %	1.03	17.3 %
	UMIC	2.42 %	0.80 %	1.04	13.7 %
	Regional (uncategorized)	4.26 %	2.46 %	1.13	20.2 %
Investment areas	Financial Institutions	4.64 %	2.86 %	1.10	37.8 %
	Renewable Energy	8.27 %	6.48 %	1.18	15.6 %
	Industrial Partnerships	-10.58 %	-12.32 %	0.82	21.7 %
	SME Funds	6.89 %	5.14 %	1.18	25.0 %

Within Norfund's geographic focus areas, Africa is the least profitable with a nominal IRR just below 1 % while the global investments display nominal IRR of around 2.7% and Central America and South and Southeast Asia provide reasonable IRRs around 10%. For comparison, Table 18 presents the average rates of return of FDIs in the corresponding geographical areas. Compared to these figures, Norfund performs well in Latin America and Asia but generates significantly lower income from global investments and investments in Africa. This is partly a result of FDI flowing into different geographical areas within Africa. The majority of the DFI inflow is directed to Northern, Western or

Central parts (UNCTAD 2013) whereas Norfund concentrates on East and Southern Africa, where the investment environment is more challenging.

Table 18. The average rate of return of FDIs made in 2010 and 2011 (UNCTAD 2013).

Africa	East and South-East Asia	Latin America and the Caribbean	Global
9.1%	9.9%	7.1%	7.0%

In relation to the OECD DAC country classification, the lowest returns are rather surprisingly to be found in the LMIC and UMIC where the nominal IRR is below 2.5% whereas LDC and LIC as well as regional investments show nominal IRR at around 4-5%. There seems to be no systematic reason behind the surprising results as there are for example no highly unsuccessful projects in these groups skewing the results. Rather, the results suggest that Norfund seems to take similar risks in investments regardless of the country.

Within Norfund's focus sector, Industrial Partnerships, which often involve greenfield and agricultural investments, have a high risk profile. Around 20% of these investments have led to a significant, if not to a complete, write-down of the investment. Despite some highly successful projects, the nominal IRR of Industrial Partnerships drops to – 10.6% while other sectors show reasonably stable IRRs between 4.6 and 8.3%.

3.9 Grant financing

Introduction

The Norfund Grant Facility (GF) was established in 2000 to support interventions linked to Norfund's investments (Box 6). The operations of the GF are based on the guidelines set by the MFA in 2006 with the overall objective to strengthen the DE of Norfund´s investments. The MFA provides funding and additional instructions to the GF on an annual basis in annual meetings with Norfund. All Norfund investments are applicable for GF. In 2011 Norfund noted that they should use GF more strategically and seek continued cooperation with Norad and/or the Norwegian Embassies where relevant. Since 2010 the EDFIs have had annual meetings to share experiences and lessons learned from their grant/technical assistance (TA) initiatives.

Until 2013, the GF was governed by the Norfund GF Committee which consisted of Norfund representatives and one representative from Norad to facilitate coordination between Norfund and Norad. The committee approved all grant interventions. Since late 2013 decisions on GF have been made by the Norfund management team[60].

[60] Up to 2013 Norad had seats on the GF Committee, but agreed to end this arrangement.

Box 6 Main project categories for GF funding.

Category 1: Project Development covers project preparation costs to enable development and realization of Norfund projects that are considered particularly risky and developmental, and to ensure that sufficient investment preparatory measures can be taken. This tool mainly funded energy-related project development (including Energy Initiative) from 2008 until 2011 when Project Development Facility for Renewable Energy (PDF) were separated from the GF (Since the establishment of the PDF very early phase development and/or particularly risky energy projects can still be funded through the GF).

Category 2: ESG and Enterprise Improvements is used to strengthen environmental, social, and governance standards, procedures, and capacities in investees; management and professional skills; and other services that aim to strengthen sustainability in the investees. The funds in this category have been used, among other issues, on Norfund's funds' own technical assistance facilities and for training programmes for the Norfund's investees.

Category 3: Local Community Development provides funding for Norfund's investees' local community outreach efforts, and/or other relevant projects to bridge the gap between development activities and the investment projects. The intention is to strengthen local development effects in host communities.

Grants below 1 MNOK can normally be approved by the Head of Administration and the Head of Department for the relevant investment department. Norfund's investment managers are responsible for applying the grants. During the evaluation period Norfund spent approximately one person year on GF activities annually.

In addition to these three project categories, the GF is used for channelling earmarked MFA funds to Norfund projects. Between 2009 and 2012 establishment support for the Norwegian Microfinance Initiative (NMI) was channeled through the Norfund GF. Selected projects in fragile countries (e.g. Fula Rapids HPP and Kinyeti[61] in South Sudan) have also received MFA grants earmarked for them through Norfund GF. At the same time the MFA has provided direct grants for projects Norfund has been active with, e.g. Bugoye in Uganda. Norfund has also approved additional grants for these projects itself.

Finding. Grant funding amounts to approximately 2.6% of annual Norfund investments. The size of the grant funding available and spent in Norfund increased nearly every year for the first ten years from 5 MNOK allocated and received from the MFA in 2000 to 25 MNOK allocated and 23 MNOK received in 2010. Changes in GF guidelines, such as introducing stricter disbursement guidelines and allowing multi-year interventions, reduced the amount committed in 2011 to less than half of the figures from the previous year with allocation in 2013 rising again to 20.7 MNOK (1.1% of investments in the same year). In 2008-2013 GF committed funding for 158 separate grant funded

[61] Kinyeti Venture Capital, see http://www.norfund.no/eastern-africa/kinyeti-venture-capital-article569-319.html

interventions with a total of 131 MNOK. In 2010-2013 the annual grant commitments were equal, on average, to 0.3% of the total Norfund portfolio and 2.7% of new investments.

Finding. Compared with a selection of other EDFIs, Norfund's provision of technical assistance (TA) (grant funding) is about average. A number of DFIs, including Industrialiseringsfonden for Udviklingslandene of Denmark (IFU), Proparco, FMO, Oesterreichische Entwicklungsbank AG of Austria (OeEB), Swedfund and IFC have grant funding or TA facilities to support capacity building, corporate governance, training activities and feasibility studies. Normally the share of investments in the grant/TA facilities of the investment portfolio ranges between 0.1–1.7%[62]. In 2013 Norfund's contribution to TA divided by new commitments was about average for the DFIs included in the benchmarking exercise. Due to the existence of various accounting and reporting conventions, as well as differing arrangements for the channelling of TA, the results should be viewed as indicative only.

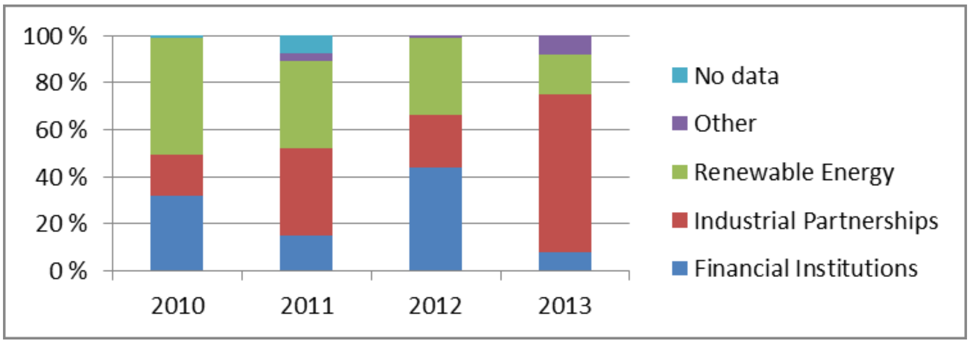
Finding. ESG and Enterprise improvements have received the largest share of grant funding since 2011 following the wishes of the MFA, outlined in 2010, to reduce the share of grant funding for project development. During the initial years of the evaluation period, the project development category made up the largest part of the GF portfolio. Since 2008, the ESG and Enterprise Improvements category has grown in size and by 2011 had exceeded the Project Development category. Following the priorities presented by MFA in 2010 on reducing the share of grant funds allocated for project development, Norfund has outlined internal targets (Norfund 2013b). Accordingly, 40-50% of grant funding should be allocated to the ESG and Enterprise Improvements category. The corresponding targets for Category 1, Project Development, and Category 3, Local Community Development, were set at 30-40% and 10-20% respectively. The share of grants within the ESG and Enterprise Improvements category has continued to increase reaching 79% in 2013. The shares for Project Development and Local Community Development were 9% and 12% respectively. One should note that the allocation of grants among categories varies annually based on the applications received and on the needs of the investment projects.

Finding. The geographical focus of grant financing follows the regional priorities set for Norfund overall. Grant funding has been provided for projects in 21 individual countries as well as regional projects. Projects in Tanzania, Mozambique, Kenya and South Sudan have received more than 5 MNOK per country between 2008 and 2013. Tanzania and Kenya have had highest numbers of GF projects both with 18 projects in 2008–2013. Africa has the highest rate of grant funding across the geographical regions. Some 85% of grant funding (NOK) has been committed to projects in Africa. With regards to the number of projects, more than two thirds are in Africa, which is in line with the overall objectives set for Norfund and for GF in particular.

[62] Data from Norfund's internal review documentation.

Finding. The role of grants approved by Norfund is more pronounced within Industrial Partnerships. In the period 2010-2013 the largest amounts of grant funding have been provided for Industrial Partnerships (36% of total) followed by the Renewable Energy (35%) and Financial Institutions (25%) (Figure 17). The project development category in particular has been used by the Renewable Energy investment area. Most of the funds in the Local Community Development category have been provided for projects within Industrial Partnerships and Renewable Energy while the ESG category has been popular within investments in the Industrial Partnership and Financial Institutions.

Figure 17. Allocation of grant funding (NOK) across Norfund departments 2010-2013[63]*.*



Finding. The procurement procedures for GF are considered straightforward. The investment managers identify possible project ideas from their investment projects, prepare a concept note for the idea and apply for approval. If the project idea is approved the contract can be signed between Norfund and the relevant project partner and the work can be started. The applications may receive funding if they fulfil the minimum requirements, the grantee is trusted to be capable of completing the work and there are funds available in the GF budget. The procurement process with clear application documents and decision making process makes it possible to set up a GF project in a few weeks if there is an urgent need for it. The final approval decision is made on a case by case basis and based on qualitative considerations. The evaluation team considers the approval process for grant funding to be simple and efficient. Decision making on a case by case basis without a set scoring system leaves room for flexibility in decision making. The large share of uncommitted funds in 2011 and 2012 indicates that more funds have been available than are actually requested by project managers, thus the applications are not competing against each other. However, should there be more applications than funds available the lack of a clear and transparent scoring and prioritisation system could become an issue.

Finding. GF decisions follow the overall priorities for Norfund GF set by the MFA, and grants have been used for purposes defined as applicable for GF. In recent years around 20-40 GF projects have been approved annually while the number of new investments has been around half that. Equity investments in particular often receive more than one grant. A contribution from the project

[63] Industrial Partnerships also include SME Funds.

partner is required but there are no minimum limits for the share of own contributions. In exceptional cases Norfund can cover 100% of the funding required. However, Norfund's share of total project costs in activities funded through GF activities in the period 2009–2013 (i.e. activities funded through GF) has varied between 30–64% (See Annex 5 for further details). This is in line with the guidelines which stipulate that Norfund should not cover all costs for these activities thus ensuring investee commitment and encouraging sustainability in GF outcomes.

In 2009, Norfund agreed with three GF interventions that part of the grants provided would be paid back either as a refund or as an interest free loan should the project succeed. In 2010 the MFA approved the practice, and since then, on average, three projects a year have included a clause on re-paying the grants back to Norfund[64]. In 2012 the first MNOK 0.8 were paid back and were made available for new commitments.

Finding. GF has helped Norfund to create businesses and improve social and environmental responsibility in several of its investments. Detailed reporting on the results and on the effectiveness of the interventions funded by the GF, however, remains limited. No specific targets related to DE are set for the GF projects in general terms. The reporting requirements are decided per project. At minimum each project reports on the activities conducted annually. The committed and concluded GF interventions are reported in GF Annual reports which are not however normally made available for public scrutiny. While the reports clearly indicate the objectives of each intervention and sum up achievements and the lessons learned from completed projects, the GF does not provide information on the effectiveness of grant funded projects in a systematic manner. The case studies provide more diversified evidence of ESG, enterprise and of the local community development improvements attained through GF activities. GF has for example contributed to local gender benefits in several investments, including economic empowerment (such as participation in agricultural out grower schemes, access to land and credit), improvements in maternal health and female access to schools, improved protection from sexually transmitted disease etc. Case studies also note challenges in ensuring the sustainability of some DE achieved through grant funded activities.

With regards to earmarked MFA grant funding provided for investments in some very high risk countries (often referred to as *'fragile states'*), e.g. the case on hydropower development in South Sudan, the development phase has included close collaboration between Norad, the Embassy and Norfund, with detailed reporting to the Embassy in Juba and MFA. Based on document review and stakeholder interviews this reporting has been detailed and comprehensive.

[64] During the same year, together with hiring the GF coordinator, the GF oversaw a restructuring process which increased its control over, and created greater clarity in respect of how the applications, contracts and reports should be organised. In 2011 the MFA allowed the GF to approve interventions longer than one year, and made it possible for project approvals and disbursements to take place in different years.

3.10 Sustainability of Norfund and the development outcomes of its operations

3.10.1 Sustainability of Norfund as a self-financing institution

Introduction

Self-financing implies that an institution is able to cover its operating costs and investment activities while maintaining a sufficient level of solidity (shareholders equity) and liquidity without having to rely on government funding. From a DFI perspective, self-financing is essentially a question of structuring the investment portfolio in a manner that balances risks and income generating capabilities in order for it to be able to meet its financial obligations. Growth in self-financing institutions is generally financed through debt or retained earnings.

Currently Norfund is not self-financing as it receives significant capital injections from the government development assistance budget to fund the expansion of its investment portfolio.[65] This kind of government capitalisation is common among DFIs. Governments are the majority owners in all of the European DFIs and are therefore a natural source of funding. However, some of the DFIs such as Finnfund[66] and CDC are self-financing. Self-financing does not necessarily entail a less risky investment strategy. However, institutions that are financially self-sustainable will often need to raise external debt in order to grow their investment portfolios at a higher pace than their retained earnings would allow. This often requires the institution to balance its investment portfolio with investments that have stable income generating characteristics, such as senior loans, against more volatile instruments, such as equity, in order to service their external debt.

Finding. Norfund's current operational cash flow is insufficient to cover the capital requirements of its investment activities (disbursements). Norfund's investment activities required 300 to 2000 MNOK yearly of new capital (cash outflow) between 2007 and 2013. Cash generated from operations (taking into account investment income and operating expenses) remained at a fairly low level between 20 – 200 MNOK annually and was actually negative in 2013 by 10 MNOK. Operating cash flow was not nearly sufficient to cover the capital outflows of new investment activities which were instead mainly covered with government capital injections increasing from 485 MNOK in 2007 to 1198 MNOK in 2013. On average, the annual need for external funding in the period 2007-2013 was 760 MNOK. Table 19 presents cash flow figures from Norfund's operations in the period 2007-2013. SNPI does not impact cash flow as it is an associated investment and therefore accounted for as a balance sheet item, which does not generate cash flow.

[65] It is important to note that Norfund has been profitable during the whole assessment period implying that it could be self-sustaining if it limited portfolio expansion to the level of retained earnings.

[66] Finnfund has received small capital injections from government in the last couple of years but has historically obtained funding mainly from private loan markets.

Table 19. Cash flow data from Norfund's operations during the period 2007-2013. Note that profits associated with the SNPI do not generate cash flow as it is accounted for as an associated company. The data is calculated based on the cash flow statements in annual reports (Norfund 2008a, 2009a, 2010a, 2011a, 2012a, 2013a and 2014a).

MNOK	2007	2008	2009	2010	2011	2012	2013
Operating cash flow	57	104	190	43	22	106	-10
Operating cash flow / portfolio	2.7%	3.0%	4.6%	0.9%	0.4%	1.6%	-0.1%
Total net outflow investment activities	-1 381	-567	-319	-364	-2 024	-496	-748
Increase in equity (total capital injections from government)	485	485	585	629	1 000	1 030	1 198
Net change in cash after financing	-840	34	445	314	-974	640	440

Finding. Government capital injections are necessary in order for Norfund to continue its current rapid pace of investment portfolio expansion, and to do so in accordance with its mandate of making additional high-risk investments. Currently Norfund's cash generating capacity is fairly low, which limits its ability to service potential external commercial debt. On the other hand, more rigorous requirements on generating higher operational income could endanger Norfund's strategy of making high risk additional investments in low income countries.

The option of discontinuing government capital injections in the foreseeable future was not considered realistic by any stakeholders consulted during this evaluation. Norwegian stakeholders do not consider the option of stopping capital injections to be likely, nor is Norfund currently allowed to seek funding from the capital markets. However, was a gradual phasing out of capital injections from Government to take place, Norfund should either significantly slow its investment pace or alternatively raise additional funding from the local and international capital markets. A crucial factor when considering the substitution of government equity funding is the ability of Norfund to generate a sufficient positive cash flow from its operating activities in order to cover the debt-servicing requirements of externally raised debt. Currently its cash flow generating capacity remains rather low. Therefore, Norfund would have to reconsider its investments strategy giving priority to investments providing a higher and more stable income stream with focus on maintaining a financially stable and self-sustainable finance institution. This would entail stricter and more streamlined profitability requirements and guidelines for project level investment activities. The capital structure and liquidity of Norfund as well as the role of government backing would also be important factors in accessing external funding and determining the cost of the funding.

Table 20 presents a simplified 10-year cash flow model for estimating the potential effect of gradually phasing out capital contributions from the development assistance budget by 2016 and attracting the necessary additional funding from the capital markets. The focus of the simplified model is on how eliminating government funding and replacing it by external commercial debt at approximated market lending rates would affect Norfund's cash flow and its financial self-sustainability. The model assumes that Norfund does not change its investment strategy and continues to invest at a fast pace therefore requiring additional external debt funding to cover its capital outflows. According to the model, Norfund would run out of cash reserves and would have to start raising external debt by 2018. By 2023 the debt-asset ratio would already reach 27.4%. Due to the fairly low cash flow generation capacity, Norfund's interest expenses would exceed cash flow from operations by 2022 while the annual need for external funding reaches 1 billion NOK by 2023.

Table 20. Model for estimating external debt need and capacity[67].

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Accumulated debt			0	0	0	0	505	1253	2061	2933	3872	4883
Total assets	8534	10277	10877	11508	12170	12866	13596	14362	15167	16012	16900	17831
Debt / assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	8.7%	13.6%	18.3%	22.9%	27.4%
CASH FLOW PROJECTIONS												
Interest on total additional debt		0	0	0	0	0	-15	-38	-62	-88	-116	-146
Cash flow from operations	106	-10	77	81	85	89	93	98	103	108	114	119
Net cash flow from operations	106	-10	77	81	85	89	78	61	41	20	-3	-27
Investments fixed assets	-2	-3	-3	-3	-3	-4	-4	-4	-4	-4	-5	-5
Proceeds exits and loan repayments	489	522	548	575	604	634	666	699	734	771	810	850

[67] The model assumes a 5% annual increase in operating cash flow and investments and a 3% interest in outstanding debt. The cash reserves are set to 5% of total assets to ensure sufficient liquidity. The estimates for cash flow from operations and disbursements for investments in the period 2014-2023 are based on 2007-2013 averages. The model does not include cash flows related to the restructuring of SNPI. All data in 2012-2013 is from cash flow statement in Norfund annual reports.

Disbursements for investments	-982	-1267	-1149	-1206	-1266	-1330	-1396	-1466	-1539	-1616	-1697	-1782
Total outflow investment activities	-496	-748	-604	-634	-666	-699	-734	-771	-809	-850	-892	-937
Net after investment activities	-390	-758	-527	-553	-581	-610	-656	-710	-768	-829	-895	-964
Short term debt	0	2	0	0	0	0	0	0	0	0	0	0
Increase in equity (from gvmt)	1030	1198	700	350	0	0	0	0	0	0	0	0
Increase in external debt	0	0	0	0	0	0	505	748	808	872	939	1010
Net change in cash after financing	640	442	173	-203	-581	-610	-151	38	40	42	44	47
Cash at year end	1610	2051	2225	2021	1440	831	680	718	758	801	845	892
Cash / total assets (%)	18.9	20.0	20.5	17.6	11.8	6.5	5.0	5.0	5.0	5.0	5.0	5.0

The model demonstrates that Norfund would not be able to continue the rapid expansion of investments, in accordance with its current investment strategy, without continuous capital injections from the government. Otherwise Norfund would become heavily indebted and financially unsustainable in the long run. The model suggests that Norfund cannot afford a higher than around 0.2 debt-to-assets ratio before the growing debt burden depletes operating cash flow at the current level of project profitability. Furthermore, the model does not take into consideration the requirement to repay debt through an amortisation schedule, which would increase the cash flow generation and profitability requirements as well as limiting the amount of total debt that Norfund could potentially raise.

3.10.2 Sustainability of developmental outcomes

Introduction

While the Norfund reporting procedures produce a number of indicators of the portfolio level DE achieved, assessing the sustainability of those effects remains a challenge. Whether Norfund really delivers on its core mandate of establishing sustainable enterprises in developing countries, is not tracked or monitored with any specific indicator or procedure. The mere existence of the company after exit would not qualify as an indicator; an enterprise can for example disappear after Norfund's exit or the maturing of its loans as a result of merger, acquisition or similar, because it is sustainable or successful. But it can also cease to exist or undergo major changes as a legal entity resulting from a lack of sustainability or profitability. Overall, financial profitability is referred to by DFIs as the central precondition for the sustainability of any DE, which should be accompanied by inputs to promote the other aspects (e.g. environmental, social, governance and gender) of sustainable development.

Finding. While the Norfund reporting procedures produce a number of indicators of the achieved DE, assessing the sustainability of those effects remains a challenge. Profitability (expected IRR) is predominantly used as a proxy for the overall (expected) sustainability of DE. At Norfund profitability is predominantly used as a proxy for project-specific viability or sustainability. A narrow general assessment of the successes/failures of the investments (including DE) is also made regularly at exit. It is not, however, easy to define the level of developmental success if no ex ante targets or goals are set (see Chapter 3.3). With regards to exited projects, Norfund has sporadically tried to check the later general status of some of its ex-investees, but faced data availability problems. Such summaries of exited investments have been made in 2009 and 2012 for projects exited in those years respectively.

The 2009 and 2012 post exit analyses (Table 21) show that the sustainability and profitability of Norfund investments (if measured by IRR at exit) was not very high before 2009. The 2007 strategy with its emphasis on the quality of Norfund's in-house work was expected to improve the situation. The data gathered in 2012 does indeed provide evidence for this. As to the sectors, the investments in financial institutions seem already to have been fairly successful before 2009, as were the (few) exited investments in RE. After 2009 improvements have taken place in respect of the profitability of IP investments. Norfund's calculation of the returns at exit before 2009 and between 2009 and 2012 are reproduced below.

Table 21. IRR of exited projects by Investment Area. Norfund (2012d).

Investment area	IRR Period 1 (1997–2009) (number of exits)	IRR Period 2 (2009–2012) (number of exits)
Fund	-4% (5)	9% (4)
Financial Institutions	16% (6)	9% (2)
Renewable Energy	14% (2)	No exits
Industrial Partnerships	-16% (13)	9% (3)

The share of investments classified as failures was however considerable in both the 2009 and 2012 analyses. Listing, systematically, the main reasons for failure in this evaluation was not possible. However, Norfund does collect 'lessons learned' data from failures and also uses this e.g. as part of its training activities to avoid similar mistakes in the future. At exit, Norfund reviews and analyses on a case by case basis the options to ensure that the buyer is responsible and committed to international ESG standards in respect of social and environmental issues. As the number of exits overall, and in particular during the evaluation period, has been small no robust conclusions can be drawn from the data.

Finding. Norfund's approach is geared to building the elements of sustainability up-front and to providing the optimal conditions for sustainability at and after exit. Norfund does not follow the sustainability of exited projects. In preparing and during investment Norfund applies a number of approaches and tools to promote financial viability as well as the ESG aspects of sustainability, where ESG issues are considered an end in themselves, i.e. in strengthening and delivering expected development effects, as well as contributing to the financial sustainability of the respective investment. The grant funding available to projects is an instrument that can explicitly serve to strengthen key components of sustainability, such as gender equality, governance, health and education. Norfund promotes and monitors social and environmental sustainability through project specific internal ESG reporting and by collecting data on the development effects of each project. Norfund regularly reviews the ESG risks of its investments, and this risk level provides some indication of the sustainability improvements (if the rating is clearly and in the longer-term decreasing) in the respective investments. Norfund has also considered using changes in ESG risk categories (ESG risk categories are regularly updated/reviewed by Norfund project managers) as an indicator of Norfund's value-added and success on ESG matters. However, the review of ESG risk rating evolution in the projects covered by project oriented reviews, does not provide any strong evidence of direct linkage between Norfund ESG work and evolution of the ESG risk rating. In most investments the ESG rating has remained stable, while in two cases decreased and one case increased (source: Norfund portfolio data). For a number of other reasons (often beyond the scope of Norfund, such as local or national political instability, natural climate variability) influencing the observed ESG level, the monitoring of ESG for that purpose has not been systematically introduced. In equity investments Norfund practices an active ownership model (though always as a minority investor) where it pays attention to all the aspects of sustainability. In projects where Norfund has no equity its ability to affect the sustainability issue after the investment decision remains limited. In addition to its evolvement in ESG matters, DE reporting (in particular employment development and taxes paid) provide some indications of the sustainability potential of the investment.

4 Conclusions

The evaluation evidence and findings related to each evaluation question of ToR are presented in Chapter 3 following the thematic structure as defined in Table 2 in chapter 2. As described in chapter 2, most of the specific evaluation questions in ToR under the four main evaluation criteria (relevance, effectiveness, efficiency, and sustainability) have a bearing on and contribute to more than one key criterion. In particular, questions related to active ownership, additionality, leveraging and processes related to ESG, DD and financial risk assessment cover all main evaluation criteria. In this chapter, the conclusions are presented with a grouping (in accordance with the executive summary), which contains minor modifications to the order of evaluation questions presented in the ToR.

4.1 Relevance

The assessment of relevance focuses on Norfund in view of fulfilling its mandate as an instrument of Norwegian development assistance.

Norfund's operations reflect generally well the goal of the Norwegian Government to increase access to capital and establish sustainable enterprises in developing countries. The instrument, thematic and sectoral focus generally match Norwegian development policy goals. The country focus reduces the overall positive conclusion on relevance, as a share of the investments made by Norfund, mainly due to SNPI renewable energy investments, have gone to relatively affluent countries. The balance between Upper Middle Income Countries (UMIC) poorer Lower Middle Income Countries (LMIC) and Least Developed Countries (LDC) in Norfund's portfolio thus does not match fully its overall goals in respect of poverty reduction.

Norfund has addressed trade-offs between the goals and targets set for Norfund in a manner supported and accepted by most stakeholders. Norfund is required to be profitable in the long term and at the portfolio level, while helping to establish sustainable, viable enterprises in developing countries. Profitability sets the principal constraint under which Norfund has had to strike a balance between a number of other sometimes conflicting goals. This is done mostly on a case-by-case basis; there is not just one trade-off here but many. Consequently, in a typical Norfund investment some goals are achieved, while others are not.

4.2 Effectiveness

Effectiveness assessment focuses on Norfund's success in achieving sustainable enterprise growth in businesses that would, due to the high risks involved, not otherwise have been established without Norfund. The key effects considered here are developmental outcomes and competence building with investee firms, the additionality of Norfund's investments and effects on leveraging capital and expertise.

It is not possible to assess Norfund's impact on the overall economic and social development of the investment host countries. The evaluation identifies quantitative and qualitative DE from Norfund investments although, compared to many other DFIs, Norfund produces fairly little information and material in relation to the internal and external communication on DE. The way Norfund views, measures and uses DE of its investments matches its approach to the selection of investments and programme theory more broadly. It is also commensurate with the policy and strategic goal of leveraging private investments to developing countries. However, the way Norfund assesses and tracks DE also has its drawbacks as the approach reduces the ability to follow the outcomes of its own operations over time and to apply this information back into its own management and organisational improvement.

Norfund's investments have often been additional and have leveraged capital. Norfund has frequently had an instrumental role in the realisation of its investments, attracting other funding and supporting the investees through active involvement. Norfund's strategy of concentrating investments in high-risk countries and regions supports its additionality claims as the majority of its portfolio is allocated in non-investment grade countries where private investors would not normally invest. On the other hand, one should note that a considerable proportion of Norfund's investments are in projects where additionality is hard to prove. Generally, it is difficult to factually compare additionality and leveraging effects between DFIs and Norfund is not alone in facing this challenge.

Norfund has been successful in terms of active ownership. Norfund's focus on equity investments and active board participation has provided it with an excellent opportunity to exercise active ownership. In many equity and especially greenfield investments, Norfund has taken a strong role in guiding and supporting the investees. The GF has also been successfully used to facilitate various improvements. Norfund's active role has routinely led to positive contributions around operational, organisational and ESG issues and is in line with its mandate. In the case of loan and equity investments where other investors (e.g. DFI) have taken the lead role, Norfund has focused mainly on monitoring and only reacted when problems have occurred. Norfund's approach to active ownership seems justifiable and is in line with its stated strategy.

Key financial and ESG risks are, in the main, effectively identified during the investment assessment process, well structured into investment decision making with appropriate mitigation actions outlined. A professional ESG team using IFC performance standards as a reference enables consistent ESG risk assessments between different types of projects and sectors. Norfund's financial risk rating process does not follow a strict standardised assessment framework. Many other DFIs apply a more structured approach including e.g. a separate risk rating committee, a standard risk rating tool producing comparative risk ratings (Finnfund) and even specialised risk departments, reviewing and advising on project and portfolio risk (FMO). Norfund has, however, deliberately chosen a simpler approach, which seems to work satisfactorily.

Norfund has integrated gender into its activities in a case-by-case manner. Norfund is aware of the Norwegian gender agenda and priorities in development cooperation, and considers its 'strategic fit' and focus sectors (through investments in agriculture, SMEs and microfinance, and in renewable energy) provide a good opportunity to promote gender equality. While gender is not a key determinant in investment decisions, and Norfund does not systematically mainstream gender into its projects, Norfund actively looks for opportunities to improve gender equality in its projects and, where feasible, also uses grant funding to strengthen gender benefits. Norfund does report separately on female jobs, but the current reporting provides limited indication of its effectiveness in respect of gender equity. Several of the case studies in this evaluation do however provide direct evidence of local gender benefits

Norfund's policy and practices with regards to investing through OFCs are clear and in line with recommendations and guidelines from OECD, the EDFI member group and the Norwegian MFA. Based on the existing recommendations and guidelines Norfund has formulated its own operative guidelines to guide decision-making related to OFCs on all levels and the guidelines are followed. Norfund guidelines strictly prohibit unethical investing such as tax avoidance, money laundering etc. No indication of this type of unethical or illegal conduct was encountered in this evaluation.

4.3 Efficiency

The efficiency of Norfund's operations is assessed from both the point of view of Norfund's management and operations and from that of its investments' productivity.

The model of government steering is in line with Norwegian practices in relation to SOE steering. The extent of delegation along the accountability chain is considerable. The Board and Management of Norfund have actively used the operational space they have been given, opting for a focused and concise strategy and avoiding strict definitions in respect of the mandate and potential trade-offs embedded in the goal setting.

Norfund's project cycle is efficient. Norfund has deliberately chosen a strategy to avoid formal structures as well as to reduce internal and external reporting, which contributes to a more simple and efficient project cycle. The actual project assessment process is flexible and, based on the case studies, efficiently adjusted for project-specific requirements. However, the approach chosen by Norfund also has its downsides as it reduces the consistency of the project cycle and the project-level data collected, which can complicate portfolio management and project learning.

Norfund's DD process, including other standards and safeguards, is in general deemed sufficient to provide objective information for the investment decisions. Norfund has competent in house DD expertise, and when needed strengthens the team with external experts. Norfund's DD processes, standards and safeguards are comparable with what other EDFI members are using for their investments.

Norfund looks for synergies with other Norwegian and international partners in a selective, needs-based manner. Several Norfund investment cases highlight successful collaboration with the

Norwegian energy sector. Targeted MFA, Norad, Embassies and Norfund collaboration, jointly with international parterns, has contributed to clear improvements in enabling environments in some partner countries, allowing accelerated up-scaling of renewable energy investments. Also, recently made investments in fragile states, where Norfund has used "enhanced blending" with additional MFA grant funding, provide evidence of efficient MFA- Norad – Embassy- Norfund collaboration appreciated by parties involved.

Norfund's operational productivity indicators show fairly good results while the results relating to portfolio productivity (measured by the returns and DE with respect to the capital invested) are mixed. Norfund's operational productivity, with respect to its peer group, can be considered fairly good, given its focus on equity, greenfield and agricultural investments as well as its rapidly expanding portfolio. At the same time, the productivity of Norfund's investment portfolio measured by returns shows mixed results with a good level of performance delivered in terms of loans and rather poor level of performance in equity partly due to high write-downs. Potfolio productivity, with respect to development effects measured by number of jobs and the amount of taxes generated, shows a steady level of performance during the evaluation period ith respect to capital invested.

The IRR of Norfund's investment portfolio excluding SNPI is fairly low and reflects strategic choices made by Norfund during the evaluation period. The results demonstrate that Norfund's strategic decision to focus predominately on equity investments in South and East Africa as well as the decision to increase the proportion of industrial partnerships, including investments in greenfield and agricultural projects, has pushed its investment profile towards riskier projects with lower materialized aggregated returns. For example, the IRRs for investments in Africa and especially industrial partnerships are very low. On the other hand, investments in Asia and the Americas, as well as in renewable energy, generate fairly good returns around or close to 10% (nominal IRR).

Grant funding has been provided in line with the set priorities and guidelines. The geographical distribution of grant financing and grant financed projects reflects Norfund strategy, emphasising the increasing importance of Sub-Saharan Africa. While Grant Facility funding has been limited in financial terms, and data on its efficiency remains limited, it has served Norfund's strategic objectives of active ownership and, based on the case studies, contributed to the overall objective to strengthen the DE of Norfund's investments.

4.4 Sustainability

Sustainability has been assessed from the point of view of financial sustainability and the sustainability of developmental outcomes.

Norfund could not continue with its current investment strategy as a self-financing institution without capital contributions from the Norwegian development assistance budget. Norfund's operating expenses (including write-downs) have been around 3.5% and 4.0% of its portfolio for the analysis period. This would imply that a nominal IRR of 4% for the investment portfolio would be sufficient to cover Norfund's operating expenses but barely adequate to maintain a level of self-sustainable profitability. The SNPI has helped to balance unprofitable investments and maintain the overall profitability of Norfund's operations.

If the capital injections from Government were phased out, Norfund would have to raise external debt funding in order to continue its current pace of investing. A crucial factor would be the ability of Norfund to generate positive cash flow from its operating activities to cover debt-servicing requirements. Currently, Norfund's operational cash flow generation capacity and investment portfolio returns are low – especially in relation to its large and growing investment portfolio, which limits its debt funding capacity to an approximately 0.2 debt-to-assets ratio. Therefore, Norfund would have to reconsider its investments strategy, giving a considerably higher priority to the profitability and financial stability of its investments. Regardless of the debt, a self-financing Norfund could not continue the current rapid expansion of investments in the long run and would instead have to focus on projects, target sectors and countries with less risk and higher profit potential in order to generate stable internal cash flow.

The option of ending government capital injections in the foreseeable future was not considered realistic by any of the stakeholders consulted during this evaluation. However, in response to the evaluation question, while considering options for self-financing the following conclusions can be drawn:

- Equity investments with a high variance and unpredictability of cash flow and profitability would need to be balanced with reliable and steady cash flow generating operating activities and instruments, such as interest income generating loan investments.
- The balance sheet structure and debt service coverage ability of Norfund will affect its credit assessment and ability to raise debt as well as its cost of debt. Government ownership will undoubtedly improve and enhance creditability.
- A more rigorous requirement on income-generating operations could endanger Norfund's strategy of reaching out to the riskiest investment projects which have a much higher risk of failure and unpredictable profitability but also in many cases higher additionality and development effects.
- Equity funding from the government is a more long-term and patient funding instrument compared to external debt, which requires servicing and increased monitoring of investments (portfolio management). On the other hand, the increased requirements that market-based debt place on a debtor may help in improving operational efficiency and portfolio quality.
- In assessing the creditworthiness of Norfund, government backing in the form of e.g. lender guarantees or project risk loss guarantee schemes would improve the creditworthiness of Norfund.

The profitability of investments is generally used as an indication of the potential sustainability of the developmental outcomes achieved. Norfund does not follow the sustainability of exited projects. Financial profitability is referred to by Norfund, as well as other DFIs as the central pre-condition for sustainability of any developmental outcomes. Norfund collects information of its investments in line with its strategy and reporting processes, but does not collect data and report of exited investments. The number of exited investments is also too small at the time of this evaluation to make reliable conclusions in this regard. Norfund does not have the means, nor is it within the mandate to influence the sustainability post-exit.

5 Recommendations

5.1 Recommendations related to Norfund ´s strategic choices and focus

Norfund's operations reflect its mandate to establish sustainable enterprises in developing countries. The evaluation did not reveal any significant reasons to introduce major changes to the current operations but did highlight a number of areas for specific amendments and further development:

- Any changes to the Norfund geographic/country focus should be made cautiously taking careful note of the priority countries in its mandate. Timely realisation of the 2013 SNPI restructuring is recommended and expected to have a positive effect on Norfund's country focus.
- The chosen sector focus generally matches the Norwegian development policy goals and should not be altered substantially.
- Norfund has concentrated on equity investments, which is in line with the fund's mandate. Further increasing equity investments in the poorest countries and most risky enterprises simultaneously with an (expected) increase in capital and in the volume of investments could however place significant strain on the available human resources. A diversification of instruments is, however, required to balance risks and return.
- The high share of equity investments in the agribusinesses witnesses considerable additionality and tolerance of risk. Emphasis on agribusiness should be sustained to the extent possible within the current risk management and profitability constraints. The agribusiness sector also provides an important opportunity to promote gender equality in line with Norwegian development priorities and gender mainstreaming within the Norfund portfolio more broadly.
- Norfund's regional offices have been successful in generating new projects, gathering market knowledge and have contributed to better investment assessments as well as improved active ownership. In the light of potential further Norfund growth plans, it is important to ensure that a clear and efficient share of responsibilities and knowledge continues to exist between Norfund's head office and its regional offices.
- The objectives of grant funding categories and types should be kept clear, and results reported against the objectives set. Improved transparency in communicating about the grants would contribute to the better acceptance of grant funding as a part of the Norfund portfolio.

The existing flexible steering model that leaves a lot of freedom to Norfund should not be changed, but a more detailed process of goal setting on the owner's part is recommended, pri-

marily to help in balancing between the trade-offs. The evaluation did not identify any major reasons to change current management procedures. The MFA could, however, specify more detailed goals and Norfund could, within the space given to it, specify in greater detail the development effects it intends to create, and utilise these in external reporting and internal organisational development. This change should, however be made with great caution, in order not to create unnecessary bureaucracy or lessen the operational flexibility embedded in the current operational model.

5.2 Recommendations related to Norfund approaches, operations and processes

Norfund's current programme theory and interpretation of its own mandate are coherent. Demanding wider responsibility for developmental impacts could risk its efficiency and complicate the balancing act it performs between differing, partly contradictory goals. **Several reasons can however be forwarded as to why Norfund should further develop the monitoring and reporting elements of its approach to development effects.** Although the evaluation conclusions support the retention of the existing programme theory, Norfund should endeavour to report more clearly on DE. Norfund could better systemise and utilise the DE information already now emerging from its routine investment cycle management, i.e., the data on DE within its 'project boundary'. Moreover, it is worth noting that DFIs increasingly harmonise their DE assessment and reporting, usually now publishing them on-line. Impact investment companies, on the other hand, make their operations increasingly well known, and even purely commercially-oriented enterprises increasingly emphasise the notion of corporate social responsibility. It could be valuable for Norfund as a development-oriented finance institution, to be seen to be at the forefront rather than as a laggard in relation to such developments. Norfund could annually conduct targeted in-depth DE assessments of selected strategic investments and also consider reviews (e.g. on bi-annual basis) of exited investments to learn lessons about developmental outcomes and their sustainability. These reviews could be conducted jointly with other Norwegian and international partners for mutual learning on various aspects of sustainability.

Norfund should ensure that sufficient resources are made available for active ownership while such outcomes should also be reported more systematically, as is the case with a number of other investors. Active ownership presents an important way for Norfund to execute its mandate in terms of being additional and contributing to more sustainable investments. Based on the evaluation results, Norfund has made valuable contributions to many investments through its active involvement. Therefore, it would be rational to measure and report these achievements more regularly and make use of them in organisational development and learning. In addition, in order to sustain a solid level of active ownership, it is necessary to ensure that the number of active managers per project remains at an adequate level with respect to active investments in the portfolio.

Measuring leverage and additionality aspects in a more systematic manner can help Norfund to understand and develop its leverage capabilities, and show-case its achievements in line with its mandate. Taking an active role and catalysing investments from external sources is a core function of Norfund's mandate. From this perspective, both measuring the leverage effect and enhancing Norfund's leveraging capabilities are recommended. Norfund could, for example, record the sources and amounts of capital leveraged and assess Norfund's catalytic role and leverage effect as well as its level of additionality for each project. These figures would already provide a reasonable understanding of Norfund's role and ability to leverage in its investments and on the portfolio level as well as draw more attention to the importance and trade-offs in respect of catalysing external capital *vis-à-vis* other investment decision making criteria.

Norfund should continue to actively make available its expertise and more systematically exchange lessons learned with other Norwegian PSD stakeholders. Also, synergies with the MFA, Norad and the Norwegian Embassies as well as with international partners should be actively harnessed in jointly addressing micro-level business development and macro-level enabling framework challenges.

Norfund should consider developing more integrated and standardised financial risk management practices. A standard risk assessment framework and a separate risk committee works well in some DFIs and more comparable risk assessments also enable more advanced portfolio-level risk management. Norfund should consider adopting at least the most suitable elements from these approaches.

Norfund should improve coordination in its risk management process. While the financial and ESG risk assessments seem to function quite well, one of the central areas for increased attention during the assessment process is ensuring that there is a clear coordination of tasks as well as sharing and validation of information between Norfund and its investment partners.

Norfund should improve the measurement and reporting of ESG results. Norfund's contribution to more sustainable investments through ESG improvements represents an important part of Norfund's additionality and active ownership. As such, the improved measurement of ESG success would be desirable in order to assess Norfund's performance with respect to its strategy and mandate. Plotting and disseminating ESG performance would also serve as a safeguard against any negative publicity. One area that will require increased attention is climate screening and the proofing of Norfund investments. With impacts of climate change clearly advancing, the low overall adaptive capacity of partner countries, and agribusiness and renewable energy projects being highly vulnerable to climate change, ESG processes need to integrate these considerations in a systematic manner.

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Annex 1 Terms of Reference (TOR)

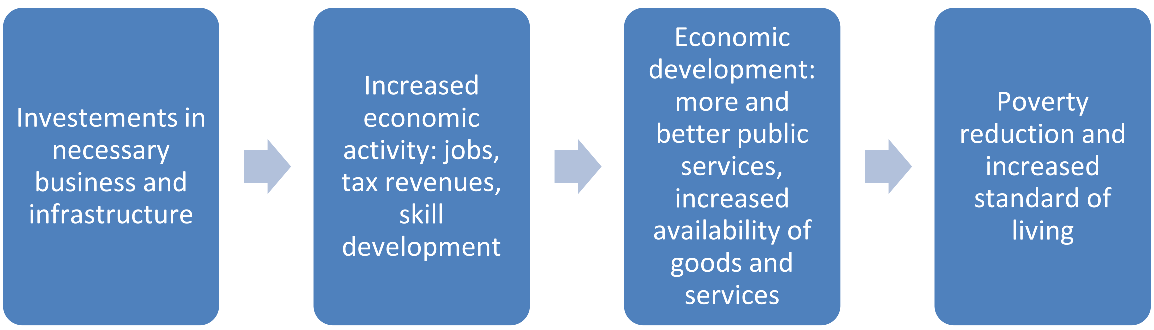
TERMS OF REFERENCE

EVALUATION OF NORWEGIAN INVESTMENT FUND FOR DEVELOPING COUNTRIES (NORFUND)

1. Introduction

Norfund-The Norwegian Investment Fund for Developing Countries, is a state owned company established by an act of the parliament in 1997[68]. It is an integrated part of the Norwegian development assistance apparatus. The Ministry of Foreign Affairs nominates the Board of Directors of Norfund and exercises the state-ownership role through budgetary allocations [69] made to Norfund and through annual and interim meetings with the Board on need basis. The rationale for this form of company association is to attain a balance between the need of the company for independence in conducting its commercial operations and the need of the State to retain influence over the company to promote its policy objectives. Company association also limits the liability of the State resulting from Norfund's activities.

Background[70] for establishment of Norfund was the need for a dedicated investment-support policy to support development of business enterprises in developing countries. The measure was supported by the development community, and the Norwegian industry. Opinion surveys conducted at the time among Norwegian firms indicated that the firms considered such an investment support mechanism as a source of additional funding to cover the shortage of risk-capital facing their local private sector partners particularly in low income countries. The fund was also seen as a potential co-financing partner for multilateral organisations who could improve access of Norwegian investors to multilateral funding. The intention was that it would play the role of an active minority shareholder leveraging capital from Norwegian[71], and international private and public sources to promote establishment of commercially and socially viable enterprises; particularly small and medium enterprises in low and low middle-income countries. Figure 1 illustrates the rationale behind Norfund's operations.



Source: Norfund –Report on Operation 2012

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[68] For English translation of the Act see:
http://www.norfund.no/getfile.php/Documents/Homepage/Norfund%20governing%20documents/Norfund%20act.pdf

[69] Conditions attached to allocations made under Chapter 161, sections 70, 75 and 95 in the annual development assistance budgets approved by the Norwegian Parliament.

[70] See Ot.prp. nr. 13(1996-97) Om lov om Statens investeringsfond for næringsvirksomhet i utviklingsland (NORFUND)

[71] Norfund's mandate however does not impose any obligation for involvement of Norwegian capital, nor is Norfund meant to be an instrument for the Norwegian industry.

The current portfolio consists of 107 investments. As per the Annual Report for 2012[72], Norfund has committed total investments of NOK 8.3 billion. Major share (86 %) of the portfolio has been financed by the Norwegian State through capital contributions from the development assistance budget while the rest is Norfund's retained earnings since 1997. Norfund is not subject to specific rate-of-return requirement on its operations and it has no obligation to pay dividends, interest or taxes to the Norwegian state. Norfund is audited in accordance with the Norwegian Accounting Act and is subject to audit by the Auditor General. Norfund does not have the mandate to raise capital from any other sources.

Annual report 2012 reports four main areas of operation[73]: renewable energy, financial institutions, Small and medium enterprise (SME) funds and direct industrial partnerships. Renewable energy (mainly investments in hydro power through SN Power- a company jointly owned by Norfund and the state owned producer Statkraft) accounts for half of the portfolio, followed by finance institutions (23%), SME funds (16 %), and direct industrial partnerships (10%). Norfund's investments may be direct or routed through offshore jurisdictions[74]. Around a quarter of the investments are in Least Developed Countries. Figures 2.a and 2b give an overview of the investments across operations areas and country groups.

Figure 2.a Investments per operations area

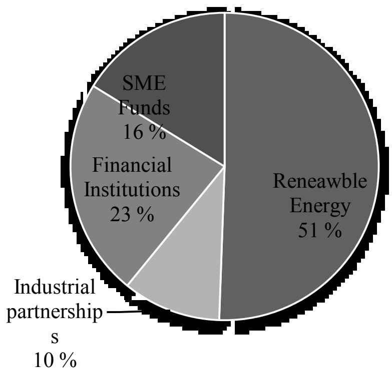
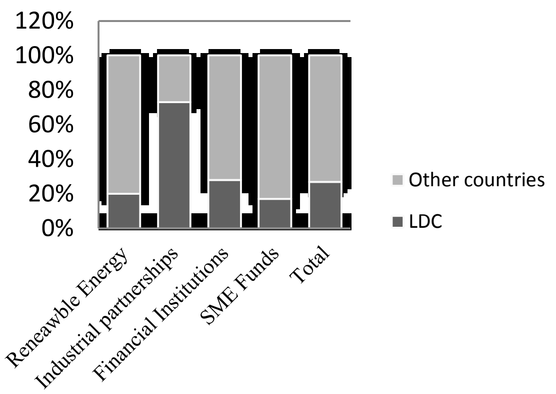


Figure 2. b Investements per country group



Source: Norfund –Report on Operation 2012

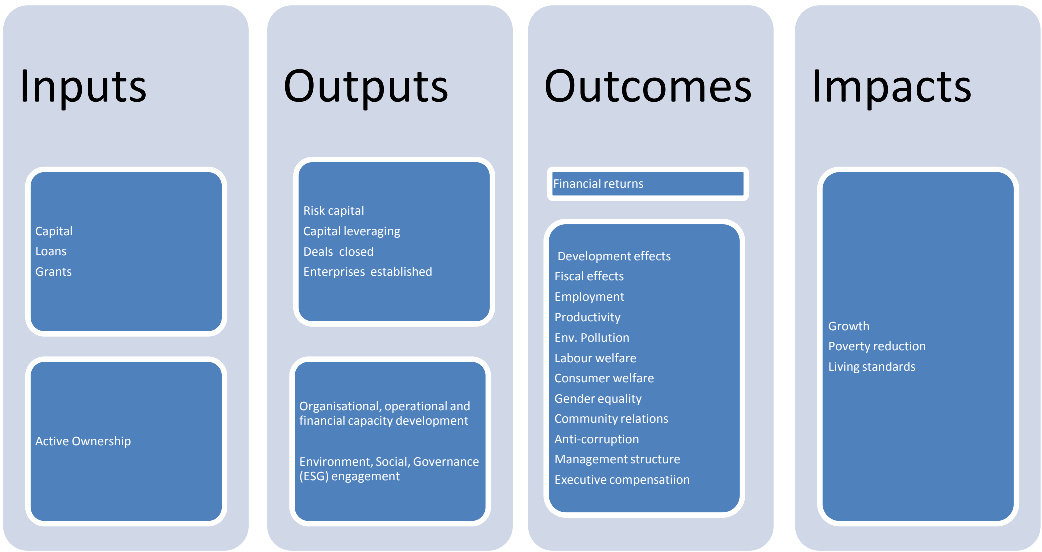
Norfund's is primarily an equity investor. Its loan portfolio is small. Annual report for 2012 reports an internal rate of return of 10% for the period 1997-2012 measured in investment currencies. Investments through SN Power have been the most profitable business for Norfund followed by financial intermediaries. Return from industrial partnerships has been negative. Interest income from the loan portfolio is an important source of revenue for Norfund.

Norfund compiles around 40 development indicators for the companies in its portfolio. A separate publication[75] gives an overview of the approach and methodology used by Norfund in estimating development outcomes. Annual report for 2012 provides information about some indicators (employment, gender composition of work force, tax revenues, etc.). Employment data is weighted for Norfund's share in the investee companies, while other indicators are in gross terms.

[72] The report and other Norfund publications are available http://www.norfund.no/publications/category321.html
[73] An overview of Norfunds strategy is available on http://www.norfund.no/strategy/category354.html
[74] Norfund's use of offshore jurisdictions has been a subject of debate. For an introduction see the relevant sections in Norwegian Governments Official Report NOU 2009 -19 available on http://www.regjeringen.no/nb/dep/ud/dok/nou-er/2009/nou-2009-19/8.html?id=571813
[75] "Investering for utvikling" Norfund avilable on http://www.norfund.no/publications/category321.html.

2. **Program theory**

Norfund is established under the Norfund Act 1997 nr. 26. The main objective of the company as per the Act is to contribute to the development of sustainable commercial enterprises in developing countries through provision of equity and debt financing. The main purpose is to establish viable enterprises which otherwise would not have been established due to the high risk associated with such enterprises. Norfund is not an entirely traditional commercial investment fund[76]. As an instrument of Norwegian development policy, Norfund is to invest in sustainable firms where sustainability is to be understood both in terms of *commercial* and *social viability* of the investments. Further, Norfund shall provide *risk-capital* which is *additional* to availability in the private capital market. It is expected that Norfund investments shall have developmental outcomes and impacts in its target countries. Figure 3 illustrates a *prototyp*e of a logical framework for the type of activities performed by Norfund.



Developmental outcomes are mainly spill-over effects (positive or negative, intended or unintended) which may affect indigenous firms, workers, gender equality, consumers, civil society, community, government, environment etc. and thereby influence productivity, economic growth and welfare of the poor. Needless to say; Norfund's control and influence in the results chain decreases as one moves down the results chain.

3. **Rationale**

[76] More recently commercial traditional funds - pension funds, sovereign funds, insurance companies, endowments and other investors are actively engaging with their investee companies on environment, social and governance issues. Motivation for such activism may range from self-interest (corporate social activism takes a long term perspective and maximizes inter-temporal profits), to philanthropy on behalf of the shareholders of the fund. There is empirical evidence that such activism can be value-creating for the owners of the fund. The social viability element in Norfund's mandate can be seen as a delegated function that it performs to meet the development assistance policy priorities expressed by its sole shareholder.

For a recent reference see Dimson, Elroy, Karakas, Oguzhan and Li, Xi, (2012) "Active Ownership" , UCD & CalPERS Sustainability & Finance Symposium 2013. Available at SSRN: http://ssrn.com/abstract=2154724 or http://dx.doi.org/10.2139/ssrn.2154724. For a general debate on sustainable investment see collection of articles in the special issue of the Journal of Sustainable finance and Investment, Vol. 1, 2011.

Evaluation of the Development Finance Institutions is on the policy agenda of the donor community[77]. Norfund was first evaluated by Norad's Evaluation Department EVAL in 2002. As the evaluation took place after only five years of operation and the majority of investments had only been undertaken during the preceding couple of years, it was too early to document the developmental outcomes of Norfund's activities. The Auditor General's office conducted an audit of Norfund's operations in 2006-2007[78], however the report could not confirm the developmental outcomes of Norfund's operations. In the recent years selected activities undertaken by Norfund have been evaluated as case studies in other thematic evaluations undertaken by EVAL[79].

Norfund has now been in operation for more than 15 years and can provide a comprehensive account of its financial performance since its establishment. Norfund in the recent years has been reporting select developmental indicators for firms in its portfolio. However from the information provided, it is unclear as to what extent the reported outcomes can be attributed to Norfund's investments.

4. Purpose

The main purpose of this evaluation is to understand the role of Norfund as an instrument of Norwegian development assistance policy through documentation of the developmental outcomes of its activities, and draw lessons for future programming of development financing for sustainable private sector development in least developing countries.

This is primarily a formative evaluation, and it shall contribute to learning. The assessment will inform the Ministry of Foreign Affairs, Norwegian Embassies, Norad, and Norfund. Other *users* include non-governmental organisations, other likeminded donors and Development Financing Institutions with interest in understanding the effectiveness of equity and debt financing for achievement of development outcomes through development of business enterprises in developing countries.

5. Objective and scope

The main objectives of the evaluation are to:

- Assess Norfund's contribution to growth of sustainable enterprises which otherwise would not have been possible due to high risk associated with these ventures.
- Document the developmental outcomes generated by these engagements.

All Norfund's investments and divestments made directly or through offshore jurisdictions are a potential unit of analysis for this evaluation. The evaluation will cover the time period 2006 to the present.

6. Evaluation questions

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[77] See endnote1 for an overview of recent evaluations of DFIs.

[78] See «Riksrevisjonens undersøkelse av Norfund's drift og forvaltning Dokument nr. 3:13 (2006-2007)». The report (in Norwegian) can be downloaded from http://www.riksrevisjonen.no/SiteCollectionDocuments/Dokumentbasen/Dokument3/2006-2007/Dok_3_13_2006_2007.pdf

[79]Some of the recent EVAL evaluation studies include: "Evaluation of Norwegian Business-related Assistance: Main Report", Report 3/2010, Evaluation Department, Norad, : "Evaluation of Norway's Bilateral Agricultural Support to Food Security", Report 9/2012, Evaluation Department, Norad. EVAL reports can downloaded from: http://www.Norad.no/no/evaluering/publikasjoner/publikasjon?key=176080

i. **How <u>relevant</u> are Norfund's investment strategy, policies and procedures for fulfilling its mandate as an instrument of Norwegian development assistance?**

Issues to be examined include mapping and assessment of the Norfund's strategy policies, procedures and practice concerning:

- Asset allocation across countries, sectors, financial instruments and investments
- ESG[80] and financial risk assessment and provision of capital to firms facing constraints in capital markets
- Assessment of trade-offs between financial and developmental outcomes
- Exercise of active-ownership in investee companies focusing on:
    - Organizational, operational and financial issues
    - Environment, social and governance issues
- Monitoring and evaluation routines to generate relevant, credible and timely information to promote the developmental outcomes of investee operations.
    - Safeguards and compliance mechanism
    - Choice of outcome indicators
    - Processes, methods and tools for collection, quality control and utilization of monitoring data.
- Leveraging of capital from
    - Bilateral and multilateral sources.
    - Norwegian, host-country and offshore private sources
- Use of offshore jurisdictions for investments
- Due diligence of host-country and offshore capital with respect to ownership and source of funding
- Standards and safeguards for screening of shell-companies and money laundering[81]
- Transparency around ESG plans and performance of its own and intermediary funds operations
- Coherence with Norwegian development assistance priorities and priorities of the host countries

ii. **How <u>effective</u> is Norfund in achieving growth of sustainable enterprises which would not have been established due to high risk associated with these enterprises?**

Issues to be examined include assessment of results with respect to:

- Promotion of developmental outcomes across countries, sectors, financial instruments and investments
    - Extent and actual developmental outcomes of active engagement with direct and indirect investees
    - Factors influencing success in these engagements
    - Impacts on corporate governance and/or value of the investee firms
- Additionality in establishment of sustainable enterprises that would otherwise have not been initiated due to high risk (market, policy, security, project, etc.) associated with these establishments
- Complementarity/substitutability between Norfund and other private sector financing
- Leveraging capital from Norwegian and international public and private sources
- Exchange of technical, financial, market and governance competence with investee firms

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[80]ESG (Environment Social and Governance) refers to non- financial factors that includes sustainable, ethical and corporate governance issues such as managing workers welfare, societal impacts, environmental impacts, corruption issues, etc. associated with a corporate investment and systems to ensure accountability related to these issues.

[81]For a discussion of the relevant issues and indicators see
http://www.ifac.org/sites/default/files/publications/files/anti-money-laundering-2n.pdf

- Utilization of monitoring and evaluation information to improve developmental outcomes
- Public disclosure of developmental outcomes

iii. How <u>efficient</u> is Norfund in its operations?

Issues to be examined include:

- Functioning of the Board process and oversight by the Ministry of Foreign Affairs
- Efficiency of Norfund's project cycle including project identification, approval, closure and exit.
- Administration costs including framework for executive remuneration, management fee / commission to intermediary funds
- Compilation of suitable productivity indicators to assess performance
- Allocation and procurement procedures for grant financed activities[82]
- Costs of local offices and possibility of joint representation with other Norwegian development actors
- Potential synergy gains from cooperation with:
    - Other Norwegian private sector development assistance and other ESG policy initiatives
    - Norwegian private sector firms[83]
    - Bilateral and multilateral financial institutions
- Real rate of return on equity investments measured in Norwegian Kroner
- Real rate of return on loan engagements in Norwegian Kroner

iv. How <u>sustainable</u> is Norfund?

The issues to be addressed include:

- Sustainability of developmental outcomes associated with investments and divestments.
- Sustainability of Norfund as a self-financing institution with gradual phasing out of capital contributions from development assistance budget

7. Methodological comments

Evaluation shall be conducted in accordance with the prevailing DAC OECD Evaluation Quality Standards and use criteria of relevance, effectiveness, efficiency and sustainability as defined in the DAC guidelines.

The evaluation team will outline a well formed research strategy and methodology to ensure a transparent and objective assessment of the issues to be analysed in this evaluation. The team shall clearly define the criteria, developmental performance indicator, and the comparator underlying the assessments. The developmental performance indicators shall also cover cross-cutting priorities governing Norwegian development assistance. For example gender equality is an important policy objective that applies to all Norwegian development assistance including support provided through Norfund[84]. The

[82] For example the activities financed under Chapter 161 sections 70, 71and 78 of the development assistance budget. Information concerning Norfund disbursements can be extracted from Norads statistics data bank at http://www.Norad.no/no/om-bistand/norsk-bistand-i-tall

[83] A relevant network of firms is The Norwegian-African chamber of commerce constitutes a network of Norwegian companies with interests in African markets. See http://norwegianafrican.no/

[84]See http://www.regjeringen.no/nb/dep/ud/dok/regpubl/stmeld/2007-2008/stmeld-nr-11-2007-2008-.html?id=497062. The objective is also made explicit in annual budgetary allocations to Norfund.

team shall examine the relevant gender equality issues across relevance, effectiveness, efficiency and sustainability criterion[85].

As far as possible the analysis shall be in a comparative mode. Relevant comparisons may be undertaken across: financing instruments (equity / loans / grants), business areas, business transactions, investee companies, host countries/regions, and other State owned companies. Comparison of performance with other bilateral or multilateral and development finance institutions is of particular interest in this evaluation.

Desk review of policies and procedures

A *prototyp*e of a logical framework for activities performed by Norfund is presented in figure 3. Drawing on current best practice[86], the evaluation team will establish the program theory for Norfund operations in consultations with the Norwegian MFA/Norad and Norfund. The team shall undertake a desk review of the strategy, policies, processes, methods and tools used to assess commercial and social viability of projects, exercise of active-ownership, leveraging of capital, and due diligence of business partners. The evaluation will review the board process, project cycle, cost structure and monitoring and evaluation systems for gathering and managing data, quality control, data analysis and public disclosure on developmental outcomes.

Desk review of project documents

The portfolio review will consist of a desk review of investment and divestment projects during 2006 and 2013. The review shall assess the coverage and quality of operations concerning choice of projects in relation to Norfund's mandate, active ownership engagement, leveraging of capital, due diligence of business partners, results management systems for developmental outcomes and public disclosure of information. The review will focus on how objectives were articulated and operationalized, monitoring and evaluation data gathered/managed and utilised by Norfund. The review shall assess to what extent project implementation was based on collected information.

Case studies of operations

A sample from the portfolio review shall be analysed using case study approach to provide insight into the effectiveness, efficiency and sustainability of Norfund operations in promoting growth of sustainable enterprises and developmental outcomes. Field visits shall be undertaken for triangulation of information collected in the portfolio review. The evaluation shall in particular focus on the additionality of developmental outcomes resulting from financing of capital constrained small and medium enterprises in low and low middle-income countries. Choice of case studies shall be based on clearly identified criteria (covering countries, sectors, financial instruments, investment modalities) and finalised in consultation with EVAL after completion of the portfolio review.

A mixed method (qualitative and quantitative) approach is envisaged for this evaluation. The evaluation team will make use of secondary and primary data which will be analysed using suitably defined qualitative and quantitative performance indicators. Primary data shall be collected using document reviews, interviews and focus groups.

8. Evaluation Team

[85] To illustrate, under relevance the issue may be to examine how gender equality objective is weighted and followed up in project selection and implementation in comparison with financial returns or other development objectives. Under effectiveness the relevant question is to assess the results on gender equality in Norfund's portfolio. Given that gender equality is a cross cutting issues in development assistance, the relevant efficiency issue may be to examine the potential synergies between Norfund and other Norwegian development initiatives. Lastly there remains the question of how sustainable are the Norfund achievements with respect to gender equality, which may again vary depending on the nature of Norfund's engagement in the investee company.

[86] See for example Donor Committee for Enterprise Development DCED guidelines available on http://www.enterprise-development.org/

The tenderer and the evaluation team shall be assessed on the basis of competency requirements as elaborated in section 6- (award criteria) of this tender document.

9. **Budget and Deliverables**

The project is **budgeted** with a maximum input of 60 consultant weeks (2500 consultant hours)**.** The budget estimate includes the time allocated to the local team members and the time to be used during the field-visits, debriefings, seminars, including compensation for travel time used in intercontinental travel (maximum 7 hrs. travel time per intercontinental journey).

The **deliverables** in the consultancy consist of the following outputs:

- **Inception Report** not exceeding 20 pages to be commented by stakeholders before final approval by the Evaluation Department (EVAL).
- One work-in-progress **seminar** reporting the preliminary findings of the desk review of policies, procedures and portfolio review in Oslo.
- **Draft Final Report** for preliminary approval by EVAL for circulation to the stakeholders. The stakeholders shall provide feedback that will include comments on structure, facts, content, and conclusions.
- **Final Evaluation Report**.
- **Policy brief** not exceeding 2 pages
- **Seminar for dissemination** of the final report. Direct travel-cost related to dissemination in international fora; if any, will be covered separately on need basis, and are not included in the budget.

All data, presentations, reports (to be prepared in accordance with EVAL's guidelines given in Annex 5.2 Guidelines for Reports of this document) are to be submitted in electronic form in accordance with the deadlines set in the progress plan specified in section 7.3 of this tender document. EVAL retains the sole rights with respect to all **distribution, dissemination and publication** of the deliverables.

Endnote

1. Recent evaluations of Development Finance Institutions

Country	DFI	WEB	Evaluation status
Austria	OeEB	http://www.oe-eb.at/de/Seiten/default.aspx	The OeEB was evaluated in 2011/2012.The evaluation was managed by the Ministry of Finance. The final report is in German.
Belgium	BIO	http://www.bio-invest.be/	The Office of the Special Evaluator of the International Cooperation - S.4e, Ministry of Foreign Affairs has recently launched 2 evaluations. The first one in 2012 was an institutional evaluation of BIO. The second 2013 evaluation is a field evaluation to assess BIO's effectiveness, especially the (development) results of BIO's investments and the role of BIO in the achievement of these results..
Denmark	IFU	http://www.ifu.dk/en	IFU was evaluated in 2004 ref: *Evaluation: The industrialization fund for Developing countries, Evaluation Report 2004/1, Ministry of Foreign Affairs, Copenhagen.*
Netherland	FMO	www.fmo.nl	A limited evaluation of FMO was conducted in 2004. This was followed by a second evaluation in 2008. In 2013, IOB, Ministry of Foreign Affairs has commissioned an evaluation to assess the added-value of FMO as an instrument for development cooperation
Switzerland	SIFEM	http://www.sifem.ch/	For a recent evaluation of SIFEM see *http://www.seco-cooperation.admin.ch/themen/01033/01130/05121/index.html?lang=en*
UK	CDC	http://www.cdcgroup.com/	CDCs development impact and its "fund of funds" model and operational practices were a subject of a review announced by Secretary of State for International Development in 2010. This was followed by an investigation by House of Commons, International Development Committee in 2011. The committee report can be downloaded from : *http://www.publications.parliament.uk/pa/cm201012/cmselect/cmintdev/1045/104502.htm*
UK	EBRD	http://www.ebrd.com/pages/homepage.shtml	For a recent assessment of the performance of EBRD operations see *http://www.ebrd.com/downloads/about/evaluation/121210AER2.pdf*

2. For a recent overview of the developmental outcomes and impacts evaluation systems of Development Finance Institutions in Europe see

http://www.kirkensnodhjelp.no/PageFiles/1891/NCA_report_investing_in_private_sector_development.pdf.

Annex 2 Data and survey instruments

The key evaluation instruments and data sources, in line with the key evaluation questions, are presented in table A.2.

Table A.2 Evaluation matrix guiding the evaluation work.

Gaia's understanding of the question	Approach used in the evaluation	Information sources
1.Relevance		
1.1. Asset allocation across countries, sectors, financial instruments and investments		
Adequacy of the resource allocation in relation to - Development Policy objectives of Norway - Policy objectives and development plans of host countries - Mandate, objectives and annual targets set for Norfund operations - Characteristics (strengths and weaknesses) of each instrument type in bringing about the intended development Identification and analysis of the possible differences between the above-mentioned reference and Norfund allocations. Comparison of Norfund's financing instruments' ability to produce the intended DEs	Comparators: - Country and sector allocation of Norway's development cooperation - Country, sector and instrument allocations and targets of selected other (European) national Development Finance Institutions (DFI) - Country, sector and instrument allocation at the aggregated EDFI level - Development plans/strategies (e.g. Poverty Reduction Strategy Papers (PRSP)) of key host countries - Reported development outcomes of different investment instruments	- Key Policy Documents of Norwegian Development Policy - White papers related to Norwegian development cooperation business development in developing markets - Aggregate reports of EDFI - MFA Tildelingsbrev for Norfund - Norfund strategies - Norfund portfolio data - Partner country policy papers and stakeholder interviews
1.2. ESG and financial risk assessment and provision of capital to firms facing constraints in capital markets		
(see also 2.2) One of the key rationales of a DFI is to provide financing to companies which other financiers consider too risky, and to improve the client company's ESG performance during the investment/loan period. The evaluation should therefore focus on whether the right companies have been chosen, and whether the intended kind of change has been generated.	- Analysis of the risk assessment process of the projects including risk scores. - How successful Norfund has been in identifying relevant risks. - Assessment of how explicitly these risks are considered in the decision making. - Has Norfund action generated the intended kind of change/improvement?	- Norfund ESG risk reports and classifications, and project risk rating reports - Norfund project manuals - Case study documentation (including CIP and final approval papers as well as DD and other material) and interviews with both Norfund and investees.

1.3. Assessment of trade-offs between financial and developmental outcomes		
Are there cases in which financial and developmental outcomes do not go hand in hand? How does Norfund cope with such potential trade-offs? How are they solved in the decision-making phase of the investment cycle? How are trade-offs handled during the investment period? For example, currently there seems to be a clear trade-off between financial returns and the focus on industrial partnerships and equity instruments in Africa.	- Analysis of reported financial and development outcomes. Processing the available data if needed to allow grouping/classification and quantitative analysis - Analysis of the guidelines and practices in ex ante assessment and monitoring phases of the cycle	- Norfund project documentation (proposals, decisions, reports); annual reports etc. - Reporting practices and templates for investment managers and investee companies. - Guidelines for ex ante assessment, risk analysis, ESG analysis and their utilisation.
1.4. Exercise of active-ownership in investee companies focusing on 1) Organisational, operational and financial, 2) ESG issues		
Improvements in organisational, operational, financial or ESG issues during the investment period are normally prerequisites for Norfund involvement. Norfund investments are used to incentivise the investee company in ESG issues. How likely is it that Norfund will to be able to influence investee companies' performance in ESG issues? How do investment instruments, for example loans and equity, differ in this respect?	Equity: verified change in ESG management or corporate governance during the investment period; evidence of Norfund influence? Loans: Assessment of cases in which: 1) elements (covenants/ conditions) concerning organisational, operational, financial, or ESG issues have been written in the investment agreements following Norfund's initiative, 2) Norfund has had to react (postponement of disbursement, premature exit etc.) to the underperformance/lack of implementation of the contacting partner/investee company, 3) Conditions have been fulfilled during the investment period.	- Norfund project documentation (proposals, decisions, reports), loan agreements - Norfund ESG risk reports and classifications, and project risk rating reports. Evolution of ESG risks over time - Interviews at Norfund, especially Investment Managers - Interviews with investees - Case studies
1.5. Monitoring and evaluation routines to generate relevant, credible and timely information to promote the developmental outcomes of investee operations. 1) Safeguards and compliance mechanism, 2) Choice of outcome indicators, 3) Processes, methods and tools for collection, quality control and utilisation of monitoring data		

Ability to assess development effects and use this information when committing to and monitoring investments is crucial to DFI operations. The tools for this assessment, and information gathered through it, should fit and be consistent with the theory of change behind the investments.	Analysis of Norfund DE assessment tools and their use in investment cycle: - Inputs expected from the client and from Norfund - Performance, reliability, form and relevance of the information produced - Operational and data acquisition costs - Guidelines and practices of assessment information produced	- DE questionnaires and reports (project and portfolio level) - Manuals and guidelines for the assessment tools - Norfund financial accounts - Interviews - Case studies
1.6. Leveraging of capital from 1) Bilateral and multilateral sources, 2) Norwegian, host-country and offshore private sources		
How successful is Norfund in leveraging capital from other sources? From the development and additionality points of view, the capital leveraged from private sources for equity investments is most valuable; attention is paid to the share of such investments of total leveraged capital.	- All available relevant data collected and analysed regarding the leverage of the projects. - Quantitative and qualitative analysis of the outcome of the mapping exercise.	- Annual reports and accounts and other quantitative data available on financing of the projects. - Norfund project documentation (proposals, decisions, reports) - Interviews at Norfund (especially of Finance Managers) - Interviews at investee and debtor companies
1.7. Use of offshore jurisdictions for investments		
Most of Norfund's fund (but also some loan and mezzanine) investments are made via companies domiciled in offshore jurisdictions. There are sound economic and legal reasons for using OFC's though risks of e.g. illicit capital flights and money laundering, and the adverse publicity connected to OFCs warrant cautiousness in using them. There are several policies and criteria created by e.g. the OECD, the Global Forum and Financial Action Task Force for the use of the OFCs.	- Review of Norfund policies and practices concerning the use of OFCs; compilation of information and analysis *vis-à-vis* recommendations of the Government Commission and EDFI guidelines - Analysis of the need for OFCs especially for the pooling of investments and for the mitigation of the political, juridical and administrative risks of investing in developing countries. - Case studies of Norfund investments using an OFC: costs, benefits, risks and their mitigation, checking against illicit capital flows, money laundering etc. - Comparison with other European DFIs' policies and practices.	- Norfund project documentation (proposals, decisions, reports) - Annual reports of other European DFIs - Interviews with Norfund - Interviews at investee and debtor companies - Interviews with NGOs, MFA and other relevant stakeholders - EDFI reports and guidelines - OECD guidelines - Case studies

<table>
<tr><td>The EDFI has established a working group and published guidelines to assist member DFIs in their activities with OFCs.

A Commission set up by the Norwegian Government (2009) recommended new guidelines for the use of OFCs.</td><td></td><td></td></tr>
<tr><td colspan="3">1.8. Due diligence of host-country and offshore capital with respect to ownership and source of funding
1.9. Standards and safeguards for screening of shell companies and money laundering</td></tr>
<tr><td>Questions 1.8 and 1.9 are closely linked and will be covered together.

Norfund, like other DFIs, makes an effort to check the backgrounds of investee companies and possible co-financiers, and to identify possible shell companies and money laundering. Various networks and public sources of information are used. Are these methods sufficient? Are there cases in which they have not revealed essential information? If so, what do these cases tell us?</td><td>- Linked also to 1.7.
- Analysis of the cases in which DD has led to the abandoning of a potential investment opportunity
- Mapping and analysis of cases in which Norfund has failed to identify risks related to host country and offshore capital.
- Comparison with other European DFIs' policies and practices.</td><td>- Norfund project documentation (proposals, decisions, reports and outcomes of DD)
- Norfund guidelines for DD
- Interviews with Norfund
- Interviews at investee and debtor companies (on the DD process from the client side)
- Case studies</td></tr>
<tr><td colspan="3">1.10. Transparency around ESG plans and performance of its own and intermediary funds operations</td></tr>
<tr><td>Proposed to be assessed together with questions 1.2 and 1.4.</td><td>- Information acquired and reported/disclosed in different phases of the investment cycle.
- Cases and contents of published information; comparison to the information collected by Norfund from investee companies.</td><td>- Norfund policies for disclosure of ESG information;
- ESG and DE reports by staff and reports from investee companies
- Norfund's websites, annual reports and other publications.
- Interviews with Norfund investment managers, ESG and communication staff; investee companies; civil society organisations; MFA</td></tr>
<tr><td colspan="3">1.11.Coherence with Norwegian development assistance priorities and the host country priorities</td></tr>
</table>

The extent to which Norfund operations match the geographical, sectoral and policy objectives (such as gender) of the Norwegian and host countries' governments. Not being mandated to have Norwegian involvement in its projects (as some other bilateral DFIs do), Norfund has more leeway to follow its strict geographic focus. However, being partly demand-driven, it has to balance between focusing on target areas and being able to react to adequate investment opportunities. In practice this materialises during various phases of the Norfund investment cycle, the most important being identification of clients and utilisation of the decision criteria in investment decisions.	- Analysis of the distribution of Norfund project portfolio (in monetary terms and the number of investments) over the time period to be evaluated: distribution of instruments; geographic, sector ad policy aspects. - Analysis of the annual operational/performance targets regarding the client type, investment instruments, geographic concentration and sector; comparison with the target types in use in other European DFIs - Comparison of Norwegian and host countries policy priorities - Analysis of Norfund's processes and tools from the policy relevance perspective	- Norfund reports - Key Policy Documents on Norwegian Development Policy; - Interviews at MFA and Norad - PRSPs, CAS and other relevant policy documents of host countries. - Interviews at host countries - Case studies
Gaia's understanding of the question	**Approach used in the evaluation**	**Information sources**
2. Effectiveness		
2.1.Promotion of developmental outcomes across countries, sectors, financial instruments and investments 1) Extent and actual developmental outcomes of active engagement with direct and indirect investees, 2) Factors influencing success in these engagements, 3) Impacts on corporate governance and/or value of the investee firms		
The hypothesis is that the more additionality Norfund provides and the more risk it takes, the more it can bring about development. The effectiveness of equity investments is also presumed to be stronger than that of e.g. loans. The evaluation is dependent on the availability of data on development effects gathered from investee companies by Norfund. It should also to be noted that the tools used by Norfund to assess the effects (and consequently gather the information) have evolved during the evaluation period.	- To be assessed in conjunction with 1.4 and 1.5. - Quantitative and qualitative analysis of reported development effects by sector and instrument. - Comparison with the effects reported by other European DFIs' results, plus other IFIs - Return at the exit, or current estimate of the coming return, should indicate the impact on the value of the investee firms.	- Norfund project documentation (proposals, decisions, reports and outcomes of DD) - ESG and DE reports from investee companies to Norfund - Interviews with Norfund investment managers and communication staff; investee companies; civil society organisations; MFA - Interviews at investee and debtor companies
2.2. Additionality in establishment of sustainable enterprises that would otherwise not have been initiated due to the high level of risk (market, policy, security, project, etc.) associated with these establishments		

Exact assessment of additionality is difficult to carry out due to singularity of each investment operation. Some indication on additionality can be extracted from the risk assessments made at Norfund of potential clients, as well as from interviews at investee companies. (It should be noted here that high risk often means high expected potential returns, but also a higher risk of incurring losses, which may contradict the pursued strong development effect.)	- Comparison of Norfund investment focus with available information concerning host countries' market, policy and security risks. - Finding and assessing relevant indicators from the project database. - Project risks assessed by scrutinising Norfund risk assessment of potential clients; assessed risk level of approved investments, use and role of risk level assessment in investment decisions. Have investments focused on high risk rating projects? What kind of risk and how much risk is acceptable and desirable?	- Publicly available indexes of credit, market risks (e.g. performance in World Bank's Doing business/Getting credit index; Standard & Poor's country risk). - Interviews with commercial finance institutions in Norway and Norfund focus countries (case studies), Norfund investment managers; investee and debtor companies. - Case study documentation - Suitable indicators from project database
2.3. Complementarity/substitutability between Norfund and other private sector financing		
Closely linked to additionality (question 2.2.).	Qualitative assessment based on interviews with key informants and stakeholders	- Interviews as above with question 2.2.
2.4. Leveraging capital from Norwegian and international public and private sources		
Especially the power of Norfund to leverage private investors is of importance.	- Quantitative and qualitative assessment based primarily on Norfund reports and accounting. Distribution of leveraged capital according to instruments.	- Norfund accounting, reports and project documents - Interviews as above with question 2.2.
2.5. Exchange of technical, financial, market and governance competence with investee firms		
Technology transfer is one of the key intended long run development effects of development financing. Market, financing and governance competence is exchanged especially during the negotiation process and, later during the active ownership phase (in equity investments).	- Identification and triangulation of evidence on technology transfer at investee firms, e.g. the percentage of investee firms (industrial partnerships) reporting technology transfer; development over time; and distribution between sectors and countries. - Identification of key financial, market and governance competence exchanged during the investment period.	- Norfund DE reports - Interviews of Norfund investment managers; investee and debtor companies. - Case studies
2.6. Utilisation of monitoring and evaluation information to improve developmental outcomes		

Linked to questions 2.1 and 3.2. Relevant also: progress/development of Norfund in-house policies and tools for assessing, monitoring and reporting development outcomes. How does Norfund use monitoring and evaluation (M&E) information?	Analyses of Norfund policies, tools and practices for assessing development outcomes.	- Policies and tools of M&E - Interviews with Norfund investment managers and development effectiveness & ESG experts.
2.7. Public disclosure of developmental outcomes		
Disclosure of development outcomes is crucial from the accountability point of view, helping owners and stakeholders to asses Norfund's performance.	- Analysis of disclosed information *vis-à-vis* development outcomes targets and information received from investee companies; - Comparison of Norfund disclosure policies and practices against best practices (e.g. GRI) and most common standards of reporting, as well as against practices of other DFIs.	- Norfund policies on disclosing information and Norfund reports and publications through different channels/tools and to different stakeholders - Development outcomes reports of investee companies. - Information policies and practices of other DFIs.
Gaia's understanding of the question	Approach used in the evaluation	Information sources
3. Efficiency		
3.1. Functioning of the Board process and oversight by the Ministry of Foreign Affairs		
The accountability chain of state-owned enterprises normally consists of many layers and principal-agent relations. The most important of these are the relations between the responsible Ministry, the Board and the Management. In Norfund's case it would seem relevant to analyse these supervision and steering chains. As for the Board, its composition *vis-à-vis* the fund's mandate and tasks, the rules of procedure, delegation of powers in investment decisions, and reporting requirements merit attention. It would also be of interest to depict the deduction of Norfund's operational targets and objectives from the higher level policy objectives (stated in e.g. Norfund Act, Norwegian Development Policy Documents and the MFA's performance targets).	- Analysis of Board meetings and the practice of delegation of decision making powers - Role of investment committee - Identification of possible diverging views and interests between the layers of the steering chain (MFA-Board-Management) and the tools, procedures and methods with which these have been accommodated. - Analysis of the coherence of objectives and targets' structure along the accountability chain. - Analysis of resources and expertise required for the oversight function on different layers.	- Norfund Act - Key Policy Documents of Norwegian Development Policy - Agendas, Minutes and other relevant Board and Investment Committee documents - Agendas, Minutes and other relevant documents of meetings between the MFA and Norfund Board (e.g. the annual steering letter). - Interviews of Norfund Management, Board Members, MFA and Norad units/civil servants responsible for owner policy and steering of Norfund

3.2. Efficiency of Norfund's project cycle including project identification, approval, closure and exit		
Assessment of how efficiently – from the owner's point of view – Norfund produces the intended kind of development outcomes. (Attention to the possible trade-off/connection between resource utilisation and exigencies that Norfund faces regarding the depth and scope of development effects assessment.)	- Costs related to the Norfund project cycle - Development of the costs over time during the evaluation period with respect to number and size of new investments and portfolio. - Comparisons with other European DFIs.	- Interviews with Norfund Management, investment managers, DE & ESG experts. - Norfund internal and external accounting information - Interviews of key stakeholders, in particular investee companies, case studies - EDFI comparative analysis 2013 -report - Annual reports of other European DFIs
3.3. Administration costs including framework for executive remuneration, management fee / commission to intermediary funds		
This is interpreted to include: - Overall administration costs and their structure - Executive remuneration at Norfund; 'incentivisation' and correspondence with practices at other DFIs, foundations, emerging market funds and social investment funds. - Management fees/commissions at intermediary funds; incentives, market practice.	- Review of Norfund policies and guidelines concerning executive remuneration. - Comparison with the level of remuneration in other DFIs, foundations, emerging market funds and social investment funds. - Development of remuneration over time. - Available information concerning commissions and fees to intermediary funds and comparison with similar funds.	- Interviews with Norfund Management, Board Members, MFA and Norad units/civil servants responsible for owner policy and steering of Norfund - Norfund accounting information - Financing agreements with intermediary funds and other project specific documentation in the case projects.
3.4. Compilation of suitable productivity indicators to assess performance		
Several applicable productivity indicators have been developed by e.g. European Commission, OECD and World Bank.	Application of the chosen indicators (provided the necessary information available from Norfund). Comparison, when adequate with other European DFIs.	- Human resources, DE and financial data of Norfund - Annual reports of other European DFIs
3.5. Allocation and procurement procedures for grant financed activities		
It is presumed that the use of grant financed activities follow the MFA/Norad guidelines (incl. allocation and procurement procedures).	Analysis of the adequacy of the allocation and the procurement policy and guidance compared to Norad guidance/policies.	- Grant Facility annual reports - Grant project proposals and application templates

		- MFA guidelines for Norfund Grant Facility - Interviews with Norfund staff, Norwegian embassies, investee company representatives and project stakeholders
3.6. Costs of local offices and possibility of joint representation with other Norwegian development actors		
Assessment of potential for joint representation.	- Summary of costs and cost structure of the local offices - Mapping of other Norwegian development actors in Norfund office locations. - Mapping of roles, mandates, operations and required expertise of Norfund and other Norwegian development actors; analysis of divergences and scope for rationalisation.	- Mandates of Norfund and other Norwegian development actors. - Norfund and local office accounting information. - Interviews at Norfund local offices, MFA, Norad and other Norwegian development actors.
3.7. Potential synergy gains from cooperation with, 1) Other Norwegian private sector development assistance and other ESG policy initiatives, 2) Norwegian private sector firms and 3) Bilateral and multilateral financial institutions		
This is also seen to be part of the effectiveness analysis: Does Norfund in its current role and with its current mandate apply the best possible approaches for creating sustainable commercial activities in developing countries or would it be possible to achieve better results by utilising complementary capacities and expertise? The analysis should cover the possible overlaps and synergies, but also differences in mandates, objectives, clientele, expertise and *modus operandi*. The DFIs already coordinate many of their activities, for example, by exchanging information on financial and ESG analysis of potential investments, and by harmonising their procedures.	- Mapping of roles, mandates, operations and required expertise of other Norwegian private sector development assistance instruments - Identification of key needs and weights of emphasis of Norwegian private sector firms in their developing country operations - Identification of possible areas and willingness of other DFIs for further cooperation and coordination in countries with Norfund presence. - Identification of divergences and scope for rationalisation and possible synergies	- Interviews at Norfund local offices, MFA, Norad and other Norwegian development actors. - Interviews with Norwegian private sector federations and firms operating/planning operations in developing countries of Norfund presence, or with Norfund financing - Interviews with other DFIs present in Norfund office countries - Interviews with NGOs - Project-oriented reviews and case study analysis
3.8. Real rate of return on equity investments measured in Norwegian Kroner 3.9. Real rate of return on loan engagements in Norwegian Kroner		
Norfund already publishes the rate of return calculations in the investment currency.	Calculation of rate of return in NOK taking into account the changes in currency exchange rates. Review and analysis of changes over time.	- Norfund financial data on transactions and valuations. - Financial data on exited investments

Gaia's understanding of the question	Approach used in the evaluation	Information sources
4. Sustainability		
4.1. Sustainability of developmental outcomes associated with investments and divestments		
Norfund's development effects assessment tools have evolved during the evaluation period (2007-2013). The available data and its classification from the early part of the period differ from the data and classification in use more recently. Assessment on the sustainability of operations in the early part of the period will therefore have to be carried out ex-post, trying to gather, in part, totally new information from the projects. Most of the investments of the latter part of the period have not yet been exited from/matured. Therefore, the assessment has to be based on the project plans and monitoring information that follow the current assessment tools and procedures, and make conclusions based on those.	- Review of ex post assessments of exited/matured projects. Focus on the survival and viability of the private sector companies financed by Norfund. - Ex ante and mid-term evaluation type of assessment of current projects, using the concepts and data of the latest (current) ESG and DE assessment tools. - Following the current mandate and theory of change of Norfund financing, the key parameters to be assessed are linked to the survival and viability of commercial enterprises in developing countries. Other effects will be assessed to the extent possible, and to the extent the data for the assessment is available.	- Development effects reports (project level and aggregated). - Review of ESG risk development during investments - Project documents - Interviews and data gathering at exited/matured investments at Norfund - Interviews at current/ongoing investments. - Norfund annual reports - Case studies
4.2. Sustainability of Norfund as a self-financing institution with gradual phasing out of capital contributions from development assistance budget		

Norfund's financial results are currently highly dependent on the share of profit from SNPI and on interest payments from the loan portfolio. The most important instrument from a development policy perspective – equity investments in industrial partnerships – does not yet generate significant profit. Continuation of Norfund investments in the more risky and often unprofitable focus area of industrial partnerships is thus dependent on the capital injections from Government and earnings from the profit-generating instruments. Were a (gradual?) phasing out of capital injections from Government to take place, Norfund would most probably have to fund itself in the local and international capital markets. The quality of the portfolio, the capital structure and liquidity of Norfund would be decisive factors in the access to and cost of such funding.	A financial and operational model of Norfund, shedding light on the ability of the fund to draw on capital markets in a situation where Government capital contributions are phased out. The evaluation will be indicative and will thus not make a full scenario assessment of the alternative ways of becoming a self-financing institution. The analysis provides background information for the Government on future decisions in respect of capital injections, as well as on Norfund's medium and long term strategic planning.	- Financial accounting information, reports and planning documents of Norfund and SNPI. - Interviews at MFA, Norad, Ministry of Finance, Norfund, SNPI

Annex 3 Investments covered through case studies

Project – oriented reviews (13 investments)

The final list for project-oriented reviews was established based on a preliminary list prepared by the evaluation team, in line with the selection criteria (Chapter 2). Taking note of stakeholder comments, including the latest information gained during the inception phase, the evaluation team drew up the following list for the project-oriented reviews. The final list is representative of the Norfund investment areas (including representatives of investments in renewable energy, financial institutions, agribusiness as well as SME funds) and investment instruments of Norfund (equity investments, mezzanine, loans and funds). The list of project-oriented reviews address cases that could a priori be considered successful cases, as well as cases that a priori could be considered to represent unsuccessful investments (e.g. in the case of bankruptcy and/or premature exit). In addition, the project-oriented reviews included an investment in fragile states (case Fula Rapids, South Sudan), taking note of the priority given in past years for Norfund to be active in fragile states. The sample of projects reviewed in more detail includes also five investments in OFCs.

These 13 cases were covered by in-depth documentation review accompanied by interviews with selected knowledge holders. The review addressed the evaluation questions (Chapter 2, Table 2, and Annex 2) as feasible for each case through in-depth document review (including Norfund internal investment specific documentation as well as available external documentation concerning the investments), as well as tailored semi-structured interviews for key stakeholder groups.

Table A3.1 List of investments covered by project-oriented reviews.

Project	Country	Investment Sector	Department	Instruments used	Ownership share %	Domicile
Statkraft Norfund Power Invest AS (SNPI)	Global	Energy	Renewable energy	Equity, grant	50.00%	Norway
Kinangop Wind Park Limited	Kenya	Energy	Renewable energy	Equity and loan	18.75%	British Virgin Islands
Matanuska Africa	Mozambique	Agriculture, forestry and fishing	Industrial partnerships	Equity, loan and grant	33.30%	Mauritius
Fula Rapids HPP PDF	South Sudan	Energy	Renewable energy	Loan and grant	-	South Sudan
ToughStuff	Regional	Energy	Renewable energy	Equity and grant	24.00%	Jersey
Bugoye HPP	Uganda	Energy	Renewable energy	Equity, loan and grant	27.50%	Uganda
Techcombank	Vietnam	Financial services	Financial Institutions	Loan	-	Vietnam

Sacombank	Vietnam	Financial services	Financial Institutions	Loan and grant	-	Vietnam
Agua Imara	Regional	Energy	Renewable energy	Equity and loan	19.00%	Norway
Africado	Tanzania	Agriculture, forestry and fishing	Industrial partnerships	Equity, loan and grant	40.00%	Mauritius
Cambodia-Laos Development Fund	Regional	Investment funds	SME Funds	Fund	20.30%	Luxemburg
NMI	Regional	Financial services	Financial Institutions	Fund	45.00%	Norway
EXIM Bank (Tanzania) Ltd.	Tanzania	Financial services	Financial Institutions	Equity, loan and mezzanine	0.3%	Tanzania

Field mission case studies (4 investments)

As a second step, 4 of the projects covered by the project-oriented reviews were selected for in-depth analysis through field missions. The selection of field mission case studies from the in-depth project review sample was made by giving particular attention to cases where Norfund had a seat on the board, to allow for learning in respect of board activity and Norfund's role therein, cases with challenging risk classification, cases that also include services and instruments used to enhance profitability, sustainability and development effects of the investee/debtor companies, as well as cases that were greenfield projects. While no cases with investment approval and exit between 2007 and 2013 could be covered through field missions, the investments covered here do nevertheless shed light on these sustainability and exit considerations. The field-mission case studies further deepened the analysis for four cases, with a particular focus on extracting further evidence from investees, partner country representatives as well as national and local beneficiaries in the respective cases.

Table A3.2 List of investments covered by field missions reviews

Project	Country	Investment Sector	Department	Instruments used	Ownership share %	Domicile
Bugoye HPP	Uganda	Energy	Renewable energy	Equity, loan and grant	27.5%	Uganda
Techcombank	Vietnam	Financial services	Financial Institutions	Loan	-	Vietnam
Africado	Tanzania	Agriculture, forestry and fishing	Industrial partnerships	Equity, loan and grant	40.00%	Mauritius
Cambodia-Laos Development Fund	Regional	Investment funds	SME Funds	Fund	20.30%	Luxemburg

Annex 4 Stakeholders consulted

Description of stakeholders consulted

The stakeholders consulted during this evaluation are presented in the list below, with people consulted during field missions listed separately, indicating also the field mission itineraries and timing.

The interviews covered in total 132 stakeholders, including primarily face-to-face semi-structured interviews in Norway, Kenya, Uganda, Tanzania, Thailand, Cambodia and Vietnam. The distribution of interviewees across various stakeholder groups is presented below in figures A 4.1 and A 4.2. The gender balance among interviewees was 35% female and 65% male.

Figure A 4.1. Number of interviewees across stakeholder groups.

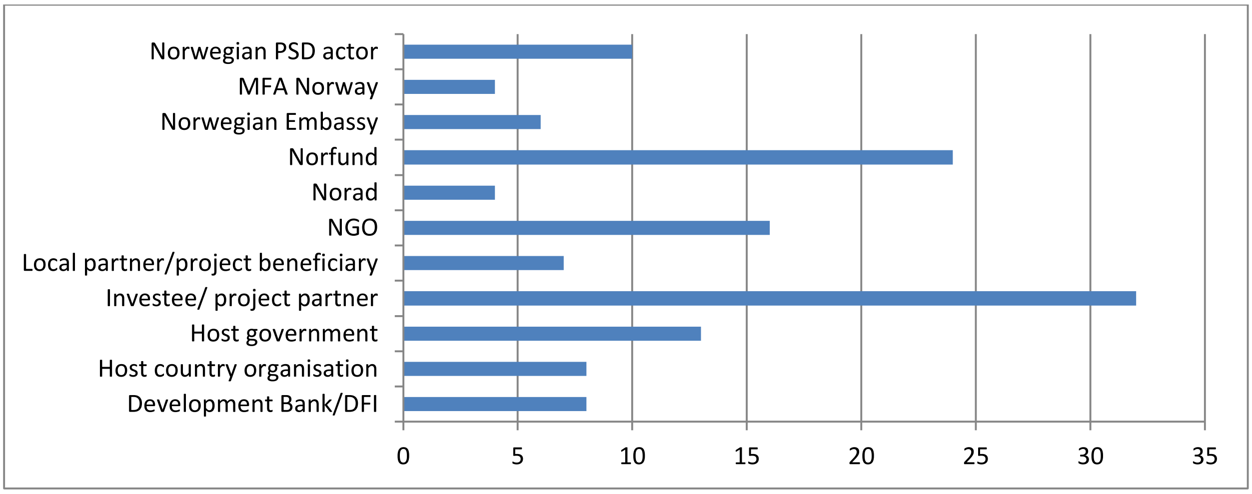
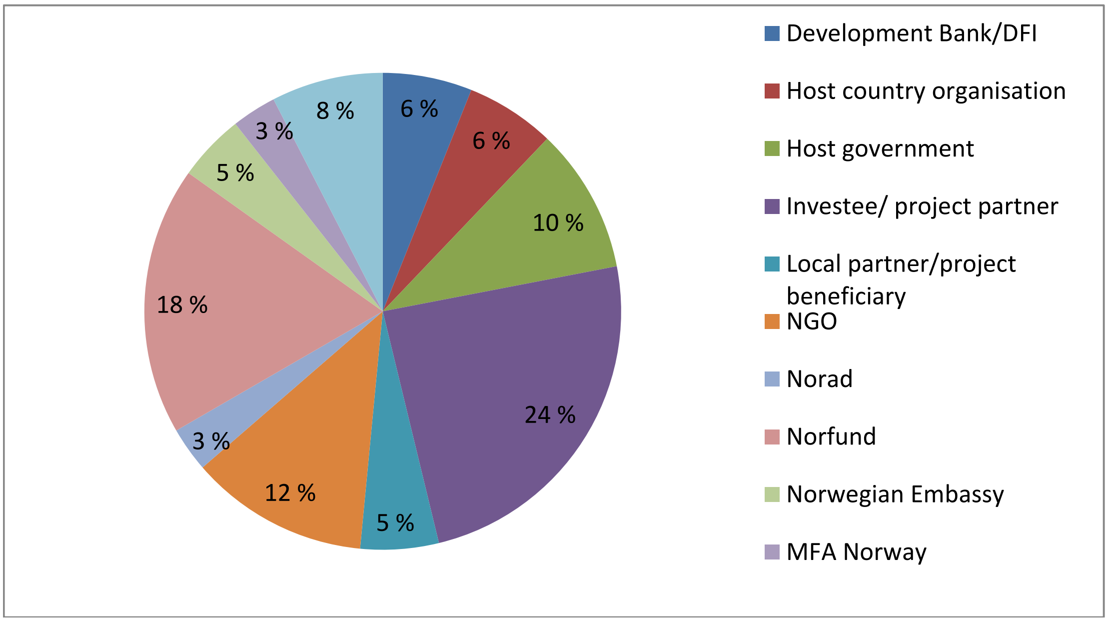


Figure A 4.2 Share (%) of interviewees across stakeholder groups.



List of stakeholders consulted

People consulted in Norway and outside field missions

Name	*Organisation*	*Title*
Kjetil G. Abildsnes	Norwegian Church Aid	Senior Advisor, Economic Justice
Oisten Andersen	Statkraft	Executive Vice President, International Hydropower
Njord Andrewes	Norwegian Microfinance Initiative (NMI)	Investment Director
Åse Bakken	GIEK	First Vice President, Renewable Energy
Ingunn Baretto	GIEK	Senior Adviser, Country Analysis and International Relations
Sarita Bartlett	Norfund	Investment Manager ESG
Bjørnar Baugerud	Norfund	Senior Investment Manager, Renewable Energy
Vegard Benterud	Norfund	Investment Manager, SME Funds
Heidi Berg	Norfund	Communications Manager
Jens Claussen	Innovation Norway	Director
Kristin Clemet	Norfund	Chair of the Board
Thor Corry	African Infrastructure Investment Managers (AIIM)	Investment manager
Mark Davis	Norfund	Head of Department, Renewable Energy
Bjørn Holter Eriksen	Norfund	Head of Office, Information Office for Private Sector Development

Elin Ersdal	Norfund	Head of Department, Industrial Partnerships and SME Funds
Eivind Fjeldstad	Norwegian-African Business Association (NABA)	Managing Director
Claus Fossum	Norfund	Investment Manager for Matanuska
Maria Tsujimoto Frengstad	Norfund	Grant Facility Manager and Development Advisor
Tor Haug	Norwegian Ministry of Foreign Affairs (MFA)	Senior Adviser
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Marius Holm	Zero Emission Resource Organisation (ZERO)	Director
Per Gerhard Jacobsen	Norfund	Board Member of Kinangop and Africado
Kristine Kjelaas	SNPI	Acting Communications Director, Board member of Agua Imara
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Deepak Malik	Norfund	Head of Department, Financial Institutions

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Ola Nafstad	Norfund	Head of Department, Strategy and Analysis
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Andrew Preston	Norwegian Forum for Development and Environment	Director
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Anniken Elise Storbakk	Spire Youth Organisation	Member of the Trade Committee
Einar Telnes	Norad	Director, Department for Climatye Energy and Environment
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Tone Tinnes	Norwegian Ministry of Foreign Affairs (MFA)	Director, Section for International Development Policy

Elsbeth Tronstad	SNPI	Executive Vice President, Corporate Social and Environmental Responsibility
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Svein Tveitdal	Klima 2020	Director (Norfund board member 2007-2013)
Kirsten Westgaard	Norad	Senior Adviser, Department for Climate, Energy and Environment
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Kenya

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Janet Kamanyire	Community Development Through Sports (CDTS)	Project Manager
Mike Kinuthia	Pearl Capital Partners	Investment manager
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Stephen Pritchand	Community Development Through Sports (CDTS)	Chairman
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Cambodia

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Hout Ieng Tong	Hattha Kaksekar Ltd	President and Chief Executive Officer
Kann Kanthy	BRICo (CLDF investee)	Chief Executive Officer

Mari Laaksonen	Finnish Church Aid	Regional Programme Manager
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Bolene Pech	Westline Education Group (CLDF investee)	Co-founder and Chief Executive Officer
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Kirk Warren	Cooperation Committee for Cambodia	Senior Management Coach

Vietnam

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Bui Thu Thun	Agency for Enterprise Development, Ministry of Planning and Investment	
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Do Diem Hong	Techcombank	Executive Vice President, Head of Financial Institutions
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Ole Henæs	Innovation Norway	Commercial Councellor
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Nguyen Thi Huong	SHB, (Saigon Hanoi Commercial Joint Stock Bank)	International Settlement Officer and Corporate Banking Relationship Officer
Nguyen Thi Le Quyen	Agency for Enterprise Development, Ministry of Planning and Investment	Official of General Issues and Policy Division
Nguyen Thi Thu Ha	Oxfam	Social Enterprise Advisor
Vu Tuong Anh	IFC (International Finance Corporation)	Technical specialist, Energy Efficiency & Cleaner Production

Annex 5 Norfund portfolio in figures

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Introduction

This annex provides complementary information related to the analysis and findings of the evaluation by presenting the Norfund portfolio and other key data in tables and figures. It presents data that has served in the analysis, and together with Annexes 3, 4, 8 and 9, further outlines the data as well as assumptions used in various calculations, in order to serve data transparency and replicability of any subsequent follow-up evaluations and/or measures.

In line with the evaluation approach (as presented in the Inception Report) Norfund portfolio data has served as a key source of data in the evaluation for investment analysis. Making use of the portfolio data has also facilitated selected comparisons with other EDFIs. The evaluation has in particular made use of data related to commitments, which is considered to serve well the explicit purposes of this evaluation, in particular related to the main evaluation questions of relevance and effectiveness (see Annex 1, ToR).

In addition, data in Norfund Annual Reports, Reports on Operations, and other public reporting has been extensively used in the analysis, and clearly noted where used. Externally audited data including balance sheet data, cash flow statements, profit and loss accounts and notes, presented in annual reports, has been used in the calculations related to leverage, productivity indicators and sustainability as self-financing institution as well as in the analysis related to efficiency. The evaluation team has also reviewed investment specific disbursement data, produced by Norfund and also available at Norwegian aid statistics website (http://www.Norad.no/en/tools-and-publica-tions/norwegian-aid-statistics).

The tables and figures in Annex 5 are grouped following the topical order in the evaluation report. A user-friendly set of key data, accompanying this evaluation report (and Annex 5), is available at the website of Norad Evaluation Department (EVAL), at http://www.norad.no/en/evaluation .

Object of evaluation

Table A5.1 Capital contributions from government and income from Norad loan portfolio in (tNOK). Norfund Annual Reports

	2007	2008	2009	2010	2011	2012	2013	Total
Increase in equity (capital contributions from government)	485 000	485 000	585 000	629 000	1 000 000	1 030 000	1 198 000	5 412 000
- Primary capital	341 250	341 250	438 750	471 750	748 500	787 500	911 000	4 040 000
- Capital in reserves*	143 750	143 750	146 250	157 250	251 500	242 500	287 000	1 372 000
Income from Norad loan portfolio	27 086	20 259	18 135	11 557	1 506	422	0	78 965
Total capital from government and Norad loan portfolio	512 086	505 259	603 135	640 557	1 001 506	1 030 422	1 198 000	5 490 965

The government funding is divided to primary capital (~75%) and capital in reserves (~25%). The capital in reserves serves as the government contributions to cover losses. However, the reserves can only be used to meet losses that cannot be covered from other reserves excluding primary capital. By the end of 2013 Norfund had accumulated surplus funds of around 1 700 MNOK and is not likely to need the reserve capital in near future. Norfund took over the loan portfolio from Norad in 2001. The Norad portfolio is classified as a current asset and recorded in the accounts at historical cost, which is NOK 0. Receipts from the loan scheme are treated on a cash basis and recorded as income on receipt.

Table A5.2 Allocation of resources (tNOK) from government to the Grant Facility and earmarked grants for specific projects. The table includes all grant funding streams from government, which are channeled through Norfund[87].

	2007	2008	2009	2010	2011	2012	2013	Total
Allocation of funds to the Grant Facility interventions	8 000	15 000	22 000	23 000	10 150	11 033	10 000	99 183
Other grant funding channeled through or managed by Norfund	7 500	15 000	70 000	11 000	55 300	26 500	45 840	231 140
- NMI strat-up support[88]			10 000	11 000	11 000	11 000		43 000
- Bugoye start-up support[89]			60 000					60 000
- Fula rapids[90]					6 300	12 000	27 840	46 140
- Balkans[91]	7 500	15 000						22 500
- Kinyeti [92]							18 000	
- First loss Myanmar [93]						3 500		
- Nam Sim Mini Hydropower Project [94]					38 000			38 000

[87] Data based on Annual reports, Reports on operations, Norad statistics and Norfund internal data.
[88] Earmarked for grants allocated to NMI.
[89] Norfund received 60 million earmarked for grants to the Bugoye hydropower station project.
[90] Earmarked funds from MFA and the Norwegian Embassy in Juba for the start up of the Fula Rapids hydropower project in South Sudan.
[91] Grant funds earmarked for projects in the Balkans, most of the funds given in loans to finance companies.
[92] Earmarked grant from MFA to Kinyeti Venture Capital
[93] First loss support from the Norwegian Embassy in Bangkok to support/invest in micro, small and medium-sized businesses.
[94] On behalf of Norad, Norfund administers a grant (mixed credit) at 38 million for the hydropower project Nam Sim in Laos. The grant was paid from NORAD in December 2011 and 18,3 mill kr have been disbursed through 2013. Norfund expects to disburse rest of the grant for the project gradually during the year 2014 based on agreed milestones in the construction process.

Norfund asset allocation

Table A5.3. Summary table of commitments in Norfund portfolio in 2007.

Project name	Country	ODA classification[95]	Region	Domicile[96]	Department	Sector	Commitment year	Instrument	Share holding %[97]	Committed NOK (1000)
Abacus	Regional	-	Africa	Uganda	Financial Institution	Other Financial Services	2007	Loan	-	16599
African Infrastructure Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2000	Equity	1.20%	27508
AfriCap Microfinance Investment Company	Regional	-	Africa	Mauritius	Fund	Micro-credit	2007	Equity	6.10%	16240
Afrinord Hotels Africa	Regional	-	Africa	Denmark	Direct investment	Tourism	2005	Equity	20.00%	55721
AMSCO	Regional	-	Africa	Netherlands	Direct investment	Services and Consulting	2007	Equity	4.80%	1837
APIDC Biotech Fund	India	LMIC	Asia & Pacific	Mauritius	Fund	Investment Funds	2004	Equity	7.70%	16741
Aureos CA Growth Fund (EMERGE)	Costa Rica	UMIC	America	Mauritius	Fund	Investment Funds	2006	Equity	14.30%	16458
Aureos Capital	Global	-	Global	Mauritius	Fund	Investment Funds	2004	Loan	-	8117
							2007	Equity	36.80%	379
Aureos Central America Fund	Regional	-	America	Mauritius	Fund	Investment Funds	2002	Equity	27.60%	58146
Aureos East Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Equity	20.00%	51244
Aureos Latin America Fund (ALAF)	Regional	-	America	Canada	Fund	Investment Funds	2007	Equity	14.20%	81219
Aureos South Asia Fund (Holdings)	Regional	-	Asia & Pacific	Mauritius	Fund	Investment Funds	2006	Equity	23.50%	114099
Aureos South Asia Fund 1	Regional	-	Asia & Pacific	Mauritius	Fund	Investment Funds	2004	Equity	50.00%	30266

95 Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm
96 Domicile data collected from 2009 annual report and Norfund.
97 Shareholding data collected from 2007 Annual report and Norfund.

Aureos South East Asia Fund	Regional	-	Asia & Pacific	Mauritius	Fund	Investment Funds	2004	Equity	28.60%	114640
Aureos Southern Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Equity	25.10%	87807
Aureos West Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Equity	26.00%	92060
Banco Terra	Mozambique	LDC	Africa	Mozambique	Financial Institution	Other Financial Services	2006	Equity	20.00%	7705
Brac NGO	Bangladesh	LDC	Asia & Pacific	Bangladesh	Financial Institution	Micro-credit	2007	Loan	-	55296
Business Partners Madagascar SME Fund	Madagascar	LDC	Africa	Mauritius	Fund	Investment Funds	2006	Equity	14.10%	9627
CAIF	Regional	-	America	British Virgin Islands	Fund	Investment Funds	1999	Equity	4.00%	7416
CASEIF	Regional	-	America	Bahamas	Fund	Investment Funds	2000	Equity	31.80%	29546
CASEIF II	Nicaragua	LMIC	America	Bahamas	Fund	Investment Funds	2007	Equity	15.00%	21684
China Environment Fund	China	UMIC	Asia & Pacific	Cayman Islands	Fund	Investment Funds	2005	Equity	10.00%	17363
CIFI	Regional	-	America	Costa Rica	Financial Institution	Other Financial Services	2004	Equity	8.47%	31225
DFCU	Uganda	LDC	Africa	Uganda	Financial Institution	Other Financial Services	2004	Equity	10.00%	17607
							2007	Loan	-	15918
European Financing Partners SA	Regional	-	Africa	Various	Direct investment	Investment Funds	2006	Equity	8.30%	40000
EXIM Bank (Tanzania) Ltd.	Tanzania	LDC	Africa	Tanzania	Financial Institution	Other Financial Services	2007	Loan	-	16233
FEDHA Fund	Tanzania	LDC	Africa	Tanzania	Fund	Investment Funds	1999	Equity	11.50%	9421
Finarca	Nicaragua	LMIC	America	Nicaragua	Financial Institution	Leasing	1999	Loan	-	6426
							2000	Equity	18.00%	5693
Grameen Phone	Bangladesh	LDC	Asia & Pacific	Bangladesh	Direct investment	Information Technology	2004	Loan	-	27055
Green Resources AS	Tanzania	LDC	Africa	Norway	Financial Institution	Forestry	2003	Loan	-	3300
Hattha Kaksekar Ltd	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institution	Micro-credit	2007	Loan	-	5411
Horizon Equity Partners Fund III	South Africa	UMIC	Africa	South Africa	Fund	Investment Funds	2007	Equity	9.90%	39912

Horizon Tech Ventures	South Africa	UMIC	Africa	South Africa	Fund	Investment Funds	2001	Equity	18.13%	21952
Horizonte BIH Enterprise Fund	Bosnia And Herzegovina	UMIC	Europe	Netherlands	Fund	Investment Funds	1999	Equity	3.00%	3778
I&P Capital	Madagascar	LDC	Africa	Mauritius	Fund	Investment Funds	2007	Equity	16.70%	39787
Indian Ocean II	Regional	-	Africa	Mauritius	Fund	Investment Funds	2000	Equity	16.90%	20304
Interkraft Nepal AS	Nepal	LDC	Asia & Pacific	Norway	Renewable energy	Energy	2003	Loan	-	900
Kabul Serena Hotel	Afghanistan	LDC	Asia & Pacific	Afghanistan	Direct investment	Tourism	2005	Equity	17.10%	33785
LAAD	Regional	-	America	Panama	Financial Institution	Other Financial Services	2005	Loan	-	22546
LACIF	Regional	-	America	Panama	Fund	Micro-credit	2002	Loan	-	5411
Lafise Investment Management	Regional	-	America	Bahamas	Fund	Investment Funds	2007	Equity	20.00%	17
Locfund	Regional	-	America	Bahamas	Fund	Micro-credit	2007	Equity	10.70%	8385
								Loan	-	8385
Micro Africa Ltd.	Kenya	OLIC	Africa	Bahamas	Financial Institution	Micro-credit	2006	Equity	15.27%	1558
							2007	Loan	-	2241
Nicafish	Nicaragua	LMIC	America	Nicaragua	Direct investment	Fishing & Aquaculture	2006	Loan	-	8956
Pan Fish Shanghai	China	UMIC	Asia & Pacific	China	Direct investment	Food processing	2003	Equity	27.50%	273
								Loan	-	167
Pan Marine Quingdao	China	UMIC	Asia & Pacific	Norway	Direct investment	Fishing & Aquaculture	2003	Loan	-	2620
							2002	Equity	49.50%	18490
Safa Marine Industries Ltd	India	LMIC	Asia & Pacific	India	Financial Institution	Other Manufacturing	2003	Loan	-	446
SEAF Sichuan SME Investment Fund	China	UMIC	Asia & Pacific	Delaware, USA	Fund	Investment Funds	2000	Equity	13.30%	19861
SEAF Trans-Balkan Fund	Regional	-	Europe	Delaware, USA	Fund	Investment Funds	2000	Equity	22.90%	28413
Siam Investment Fund II	Thailand	UMIC	Asia & Pacific	Cayman Islands	Fund	Investment Funds	2000	Equity	8.70%	30005
SNPI	Global	-	Global	Norway	Renewable energy	Energy	2002	Equity	50.00%	2052500
Solidus Investment Fund S.A.	Regional	-	America	Panama	Fund	Micro-credit	2005	Equity	6.30%	11852

TC Trading	China	UMIC	Asia & Pacific	Canada	Direct investment	Fishing & Aquaculture	2003	Equity	27.50%	45
							2004	Loan	-	172
Telecom Management Partner	Namibia	UMIC	Africa	Bahamas	Direct investment	Communications	2006	Loan	-	40583
							2007	Loan	-	12000
							2007	Loan	-	10281
The Currency Exchange	Global	-	Global	Netherlands	Financial Institution	Other Financial Services	2007	Equity	4.10%	55000
Tourism Promotion Services (Pakistan) Ltd	Pakistan	LMIC	Asia & Pacific	Pakistan	Direct investment	Tourism	2007	Equity	4.70%	21644
TTS Marine ASA	China	UMIC	Asia & Pacific	Norway	Direct investment	Other Manufacturing	2005	Loan	-	7143
Uganda Microfinance Ltd.	Uganda	LDC	Africa	Uganda	Financial Institution	Micro-credit	2006	Equity	30.00%	4034
Vietnam Equity Fund	Vietnam	LMIC	Asia & Pacific	Cayman Islands	Fund	Investment Funds	2005	Equity	16.47%	19997
Grand Total										**3669449**

Table A5.4. Summary table of commitments in Norfund portfolio in 2008.

Project name	Country	ODA classification[98]	Region	Domicile[99]	Department	Sector	Commitment year	Instrument	Share holding %[100]	Committed NOK (1000)
Abacus	Regional	-	Africa	Uganda	Financial Institution	Other Financial Services	2007	Loan	-	19136
ACAF	Regional	-	America	Mauritius	Fund	Investment Funds	2002	Fund	27.60%	52927
African Infrastructure Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	1999	Fund	1.20%	1829
AfriCap Microfinance Investment	Regional	-	Africa	Mauritius	Financial Institution	Micro-credit	2007	Fund	7.10%	17268
Afrinord Hotel Investments	Regional	-	Africa	Mauritius	Direct investment	Tourism	2005	Equity	20.00%	61062
								Loan	-	7892
AMRET	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institution	Other Financial Services	2008	Loan	-	21921
AMSCO	Regional	-	Africa	Netherlands	Direct investment	Services and Consulting	2001	Equity	4.80%	1837
APIDC Biotech Fund	India	LMIC	Asia & Pacific	Mauritius	Fund	Investment Funds	2005	Fund	7.70%	16697
Aureos Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2008	Fund	26.00%	258105
Aureos CA Growth Fund (EMERGE)	Costa Rica	UMIC	America	Mauritius	Fund	Investment Funds	2006	Fund	27.60%	20039
Aureos East Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Fund	20.00%	41439
Aureos Latin America Fund (ALAF)	Regional	-	America	Canada	Fund	Investment Funds	2007	Fund	9.50%	102523
Aureos South Asia Fund (Holdings)	Regional	-	Asia & Pacific	Mauritius	Fund	Investment Funds	2006	Fund	23.50%	131625
Aureos South Asia Fund 1	Regional	-	Asia & Pacific	Mauritius	Fund	Investment Funds	2004	Fund	50.00%	29362
Aureos South East Asia Fund	Regional	-	Asia & Pacific	Mauritius	Fund	Investment Funds	2004	Fund	28.60%	118852

[98] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm
[99] Domicile data collected from 2009 Norfund in numbers report and Norfund.
[100] Shareholding data collected from 2008 Annual report and Norfund.

Aureos Southern Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Fund	25.10%	73682
Aureos West Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Fund	26.00%	61206
Banco Terra	Mozambique	LDC	Africa	Mozambique	Financial Institution	Other Financial Services	2006	Equity	20.00%	12311
BRAC	Bangladesh	LDC	Asia & Pacific	Bangladesh	Financial Institution	Micro-credit	2007	Loan	-	60795
Brac Africa Microfinance Ltd	Regional East Africa	-	Africa	Cayman Islands	Financial Institution	Micro-credit	2008	Loan	-	34995
Bugoye HPP	Uganda	LMIC	Africa	Cayman Islands	Renewable energy	Energy	2008	Equity	27.50%	8452
								Loan		46753
Business Partners Madagascar SME Fund	Madagascar	LDC	Africa	#N/A	Fund	Investment Funds	2006	Fund	14.10%	10806
CAIF	Regional	-	America	British Virgin Islands	Fund	Investment Funds	1999	Fund	4.00%	5876
Cambodian Entreprenuer Building	Cambodia	LDC	Asia & Pacific	#N/A	Financial Institution	Other Financial Services	2008	Loan	-	20997
CASEIF	Regional	-	America	Bahamas	Fund	Investment Funds	2000	Fund	31.80%	11397
CASEIF II	Nicaragua	LMIC	America	Bahamas	Fund	Investment Funds	2007	Fund	13.79%	27087
Casquip Starch	Swaziland	LMIC	Africa	Bahamas	Direct investment	Agriculture	2008	Equity	17.10%	10720
								Loan	-	18348
CHC Limited (MFI)	Cambodia	LDC	Asia & Pacific	#N/A	Financial Institution	Micro-credit	2008	Loan	-	3499
China Environment Fund 2004	China	UMIC	Asia & Pacific	Cayman Islands	Fund	Investment Funds	2005	Fund	10.00%	11129
CIFI	Regional	-	America	Bahamas	Financial Institution	Other Financial Services	2004	Equity	9.30%	31225
							2008	Loan	-	69989
Crimson Finance Fund	Kosovo	LMIC	Europe	N/A	Balkan Trustfund	Other Financial Services	2008	Loan	-	7892
DFCU Limited	Uganda	LMIC	Africa	Bahamas	Financial Institution	Other Financial Services	2004	Equity	10.00%	17607
							2007	Mezzanine	-	20997
Equity Bank Ltd	Kenya	OLIC	Africa	Kenya	Financial Institution	Micro-credit	2008	Equity	0.30%	23087
Euro TechBridge	Kenya	OLIC	Africa	Norway	Direct investment	Information Technology	2008	Loan	-	2500
European Financing Partners SA	Regional	-	Africa	Various	Direct investment	Investment Funds	2006	Fund	8.30%	49577

EXIM Bank (Tanzania) Ltd.	Tanzania	LDC	Africa	Various	Financial Institution	Other Financial Services	2007	Loan	-	16797
							2008	Mezzanine	-	34995
FEDHA Fund	Tanzania	LDC	Africa	Tanzania	Fund	Investment Funds	1998	Fund	11.50%	5023
GrameenPhone	Bangladesh	LDC	Asia & Pacific	Bangladesh	Direct investment	Information Technology	2004	Loan	-	20997
Green Resources AS	Tanzania	LDC	Africa	#N/A	Direct investment	Forestry	2003	Loan	-	2900
GroFin Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2008	Fund	11.10%	105062
Hattha Kaksekar Ltd (HKL)	Cambodia	LDC	Asia & Pacific	Mauritius	Financial Institution	Micro-credit	2007	Loan	-	6999
							2008	Equity	14.20%	3992
Horizon Equity Partners Fund III	South Africa	UMIC	Africa	South Africa	Fund	Investment Funds	2007	Fund	8.57%	36876
Horizon TechVentures	South Africa	UMIC	Africa	South Africa	Fund	Investment Funds	2001	Fund	18.13%	7364
Horizonte BiH Enterprise Fund	Bosnia And Herzegovina	UMIC	Europe	Netherlands	Fund	Investment Funds	1998	Fund	3.00%	3505
I&P Capital II	Madagascar	LDC	Africa	Mauritius	Fund	Investment Funds	2007	Fund	13.44%	47562
Interkraft Nepal AS (BPC)	Nepal	LDC	Asia & Pacific	Norway	Renewable energy	Energy	2003	Loan	-	600
Kabul Serena Hotel	Afghanistan	LDC	Asia & Pacific	Afghanistan	Direct investment	Tourism	2005	Equity	17.10%	33785
LAAD	Regional	-	America	Panama	Financial Institution	Other Financial Services	2004	Loan	-	23330
Lafise Investment Management	Regional	-	America	Bahamas	Fund	Investment Funds	1999	Equity	20.00%	17
LOCFUND	Regional	-	America	Bahamas	Financial Institution	Micro-credit	2007	Fund	9.98%	8831
								Loan	-	10498
Matanuska Africa	Mozambique	LDC	Africa	Bahamas	Direct investment	Agriculture	2008	Equity	33.30%	10119
								Mezzanine	-	27996
Micro Africa Ltd.	Kenya	OLIC	Africa	Bahamas	Financial Institution	Micro-credit	2006	Equity	15.30%	1558
								Loan	-	883
Nicafish	Nicaragua	LMIC	America	Bahamas	Direct investment	Fishing & Aquaculture	2005	Loan	-	5275
							2007	Loan	-	4783
NMI Frontier Fund	Regional	-	Global	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	108000

NMI Global Fund	Global	-	Global	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	162000
NMI Portfolio Manager AS	Regional	-	Global	Norway	Financial Institution	Micro-credit	2008	Equity	50.00%	30000
Razvojna fondacija - Krimson Skopje	Macedonia, Tfyr	UMIC	Europe	Macedonia	Balkan Trustfund	Other Financial Services	2006	Loan	-	7892
Safa Marine Industries Ltd	India	LMIC	Asia & Pacific	India	Direct investment	Other Manufacturing	2003	Loan	-	553
SEAF Blue Waters Growth Fund	Vietnam	LMIC	Asia & Pacific	Cayman Islands	Fund	Investment Funds	2008	Fund	20.00%	33685
SEAF Sichuan Small Investment Fund	China	UMIC	Asia & Pacific	Delaware, USA	Fund	Investment Funds	2000	Fund	13.30%	18926
SEAF Trans-Balkan Fund	Regional	-	Europe	Delaware, USA	Fund	Investment Funds	2000	Fund	22.90%	2488
Siam Investment Fund II	Thailand	UMIC	Asia & Pacific	Cayman Islands	Fund	Investment Funds	2000	Fund	8.70%	10550
SN Power AfriCA	Regional	-	Global	Norway	Renewable energy	Energy	2008	Equity	49.00%	30870
SNPI	Global	-	Global	#N/A	Renewable energy	Energy	2006	Equity	50.00%	2252507
Solidus Investment Fund S.A.	Regional	-	America	Panama	Financial Institution	Micro-credit	2005	Fund	6.30%	11852
The Currency Exchange (TCX)	Global	-	Global	Netherlands	Financial Institution	Other Financial Services	2007	Fund	2.40%	55000
TMP (Telecom Management Partner)	Namibia	UMIC	Africa	Netherlands	Direct investment	Communications	2008	Equity	42.10%	44454
								Mezzanine	-	52044
TPS Pakistan	Pakistan	LMIC	Asia & Pacific	Pakistan	Direct investment	Tourism	2007	Equity	4.70%	21161
TTS China	China	UMIC	Asia & Pacific	China	Direct investment	Other Manufacturing	2005	Loan	-	4762
Vietnam Equity Fund	Vietnam	LMIC	Asia & Pacific	Cayman Islands	Fund	Investment Funds	2005	Fund	16.47%	3518
Grand Total										**4813449**

Table A5.5. Summary table of commitments in Norfund portfolio in 2009.

Project name	Country	ODA classification[101]	Region	Domicile[102]	Department	Sector	Commitment year	Instrument	Share holding %[103]	Committed NOK (1000)
Abacus	Regional	-	Africa	Uganda	Financial Institution	Other Financial Services	2007	Loan	-	17369
ACAF	Regional	-	Latin America	Mauritius	Fund	Investment Funds	2002	Fund	27.50%	31558
Africado Ltd.	Tanzania	LDC	Africa	Mauritius	Direct investment	Agriculture	2009	Equity	40.00%	16630
								Loan	-	5571
African Infrastructure Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	1999	Fund	1.20%	1402
AfriCap Microfinance Investment	Regional	-	Africa	Mauritius	Financial Institution	Micro-credit	2007	Fund	7.10%	16425
Afrinord Hotel Investments	Regional	-	Africa	Denmark	Direct investment - Fund	Tourism	2005	Equity	20.00%	47372
								Loan	-	4158
AMRET	Cambodia	LDC	Asia	Cambodia	Financial Institution	Micro-credit	2008	Loan	-	17329
AMSCO	Regional	-	Africa	Netherlands	Direct investment	Services and Consulting	2001	Equity	4.80%	1837
Angola Capital Partners LLC	Angola	LDC	Africa	Delaware, USA	Fund	Investment Funds	2009	Equity	50.00%	1417
APIDC Biotech Fund	India	LMIC	Asia	Mauritius	Fund	Investment Funds	2005	Fund	7.70%	16697
Aureos Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2008	Fund	11.30%	243676
Aureos CA Growth Fund (EMERGE)	Regional	-	Latin America	Mauritius	Fund	Investment Funds	2006	Fund	14.30%	17884
Aureos East Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Fund	20.00%	39409
Aureos Latin America Fund (ALAF)	Regional	-	Latin America	Canada	Fund	Investment Funds	2007	Fund	13.60%	92635
							2009	Fund	13.60%	57767

[101] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm
[102] Domicile data collected from 2009 Norfund in Numbers report and Norfund.
[103] Shareholding data collected from 2009 Norfund in Numbers report and Norfund.

Aureos South Asia Fund (Holdings)	Regional	-	Asia	Mauritius	Fund	Investment Funds	2006	Fund	23.50%	116168
Aureos South Asia Fund 1	Regional	-	Asia	Mauritius	Fund	Investment Funds	2004	Fund	50.00%	27584
Aureos South East Asia Fund	Regional	-	Asia	Mauritius	Fund	Investment Funds	2004	Fund	28.60%	107676
Aureos Southern Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Fund	25.10%	60977
Aureos West Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2003	Fund	26.00%	39825
Banco Terra	Mozambique	LDC	Africa	Mozambique	Financial Institution	Other Financial Services	2006	Equity	20.00%	12311
							2009	Equity	20.00%	20025
BRAC	Bangladesh	LDC	Asia	Bangladesh	Financial Institution	Micro-credit	2007	Loan	-	40202
Brac Africa Microfinance Ltd	Eastern Africa	-	Africa	Cayman Islands	Financial Institution	Micro-credit	2008	Loan	-	28884
Bugoye HPP	Uganda	LDC	Africa	Uganda	Renewable energy	Energy	2008	Equity	27.50%	8452
								Loan	-	38588
							2009	Equity	27.50%	4099
								Guarantee	-	8388
								Loan	-	1630
Business Partners Madagascar SME Fu	Madagascar	LDC	Africa	Mauritius	Fund	Investment Funds	2006	Fund	14.10%	9957
CAIF	Regional	-	Latin America	British Virgin Islands	Fund	Investment Funds	1999	Fund	4.00%	5876
Cambodia-Laos Development Fund	Cambodia	LDC	Asia	Luxemburg	Fund	Investment Funds	2009	Fund	40.00%	23107
Capitec Bank	South Africa	UMIC	Africa	South Africa	Financial Institution	Other Financial Services	2009	Loan	-	117495
CASEIF	Regional	-	Latin America	Bahamas	Fund	Investment Funds	2000	Fund	31.80%	11397
CASEIF II	Regional	-	Latin America	Bahamas	Fund	Investment Funds	2007	Fund	13.79%	23383
Casquip Starch	Swaziland	LMIC	Africa	Swaziland	Direct investment	Agriculture	2008	Equity	17.10%	10720
								Loan	-	19123
CHC Limited (MFI)	Cambodia	LDC	Asia	#N/A	Financial Institution	Micro-credit	2008	Loan	-	2063

China Environment Fund 2004	China	UMIC	Asia	Cayman Islands	Fund	Investment Funds	2005	Fund	10.00%	10789
ClFI	Regional	-	Latin America	Costa Rica	Financial Institution	Other Financial Services	2004	Equity	-	31225
							2008	Loan	9.30%	57767
Craft Silicon	Kenya	OLIC	Africa	Kenya	Direct investment	Information Technology	2009	Equity	30.00%	14960
Crimson Finance Fund	Kosovo	LMIC	Europe	N/A	Balkan Trustfund	Other Financial Services	2008	Loan	-	6652
DFCU Limited	Uganda	LDC	Africa	Uganda	Financial Institution	Other Financial Services	2004	Equity	10.00%	17607
							2007	Mezzanine	-	17330
E+Co	Regional	-	Africa	Delaware, USA	Renewable energy	Energy	2009	Loan	-	25995
			Latin America	Delaware, USA	Renewable energy	Energy		Loan	-	17330
Emergency Liquidity Facility (ELF)	Costa Rica	UMIC	Latin America	Delaware, USA	Financial Institution	Micro-credit	2009	Loan	-	23107
								Mezzanine	-	5777
Equity Bank Ltd	Kenya	OLIC	Africa	Kenya	Financial Institution	Micro-credit	2008	Equity	0.30%	16452
Euro TechBridge	Kenya	OLIC	Africa	Norway	Direct investment	Information Technology	2008	Loan	-	2500
European Financing Partners SA	Regional	-	Africa	Various	Direct investment - Fund	Investment Funds	2006	Equity	-	196
								Loan	-	15742
							2009	Loan	8.30%	83150
Evolution One Fund	Regional	-	Africa	South Africa	Fund	Energy	2009	Fund	8.66%	39165
EXIM Bank (Tanzania) Ltd.	Tanzania	LDC	Africa	Tanzania	Financial Institution	Other Financial Services	2007	Loan	-	10398
							2008	Mezzanine	-	28884
Fanisi Venture Fund East Africa	Regional	-	Africa	Luxemburg	Fund	Investment Funds	2009	Fund	37.20%	86643
Fanisi Venture Management Company	Regional	-	Africa	Luxemburg	Fund	Investment Funds	2009	Equity	50.00%	2885
FEDHA Fund	Tanzania	LDC	Africa	Tanzania	Fund	Investment Funds	1998	Fund	11.50%	4812
Fundo de Investimento Privado-Angol	Angola	LDC	Africa	Luxemburg	Fund	Investment Funds	2009	Fund	26.80%	43323
GrameenPhone	Bangladesh	LDC	Asia	Bangladesh	Direct investment	Information Technology	2004	Loan	-	5777

Green Resources USD	Tanzania	LDC	Africa	Norway	Direct investment	Forestry	2009	Loan	-	40437
GroFin Africa Fund	Regional	-	Africa	Mauritius	Fund	Investment Funds	2008	Fund	9.40%	88760
Hattha Kaksekar Ltd (HKL)	Cambodia	LDC	Asia	Cambodia	Financial Institution	Micro-credit	2007	Loan	-	2888
							2008	Equity	14.20%	3992
Horizon Equity Partners Fund III	South Africa	UMIC	Africa	South Africa	Fund	Investment Funds	2007	Fund	8.57%	37707
Horizon TechVentures	South Africa	UMIC	Africa	South Africa	Fund	Investment Funds	2001	Fund	18.13%	7008
Horizonte BiH Enterprise Fund	Bosnia And Herzegovina	UMIC	Europe	Netherlands	Fund	Investment Funds	1998	Fund	3.00%	3239
I&P Capital II	Regional	-	Africa	Mauritius	Fund	Investment Funds	2007	Fund	13.44%	40481
Kabul Serena Hotel	Afghanistan	LDC	Asia	Afghanistan	Direct investment	Tourism	2005	Equity	17.10%	33785
LAAD	Regional	-	Latin America	Panama	Financial Institution	Other Financial Services	2004	Loan	-	14442
							2009	Loan	9.98%	57770
Lafise Investment Management	Regional	-	Latin America	Bahamas	Fund	Investment Funds	1999	Equity	-	17
LOCFUND	Regional	-	Latin America	Delaware, USA	Financial Institution	Micro-credit	2007	Fund	-	8831
								Loan	20.00%	8665
Matanuska Africa	Mozambique	LDC	Africa	Mauritius and Mozambique	Direct investment	Agriculture	2008	Equity	33.30%	10119
								Mezzanine	-	23107
Micro Africa Ltd.	Kenya	OLIC	Africa	Kenya	Financial Institution	Micro-credit	2006	Equity	15.30%	1558
Nicafish	Nicaragua	LMIC	Latin America	Nicaragua	Direct investment	Fishing & Aquaculture	2005	Loan	-	4194
							2007	Loan	-	3851
NMI Frontier Fund	Regional	-	Africa	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	54000
			Asia	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	54000
NMI Global Fund	Regional	-	Africa	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	40500
			Asia	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	56700
			Global	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	8100

			Latin America	Norway	Financial Institution	Micro-credit	2008	Fund	45.00%	56700
NMI Portfolio Manager AS	Regional	-	Africa	Norway	Financial Institution	Micro-credit	2008	Equity	50.00%	10500
			Asia	Norway	Financial Institution	Micro-credit	2008	Equity	50.00%	12300
			Global	Norway	Financial Institution	Micro-credit	2008	Equity	50.00%	900
			Latin America	Norway	Financial Institution	Micro-credit	2008	Equity	50.00%	6300
Razvojna fondacija - Krimson Skopje	Macedonia, Tfyr	UMIC	Europe	Macedonia	Balkan Trustfund	Other Financial Services	2006	Loan	-	6652
Real People Investment PTY	South Africa	UMIC	Africa	South Africa	Financial Institution	Micro-credit	2009	Equity	8.90%	78330
								Loan	-	78330
Safa Marine Industries Ltd	India	LMIC	Asia	India	Direct investment	Other Manufacturing	2003	Loan	-	466
Sathapana	Cambodia	LDC	Asia	Cambodia	Financial Institution	Micro-credit	2008	Loan	-	17330
							2009	Loan	-	11553
Scanwater AS	Uganda	LDC	Africa	Norway	Direct investment	Construction	2009	Loan	-	2500
SEAF Blue Waters Growth Fund	Vietnam		Asia	Cayman Islands	Fund	Investment Funds	2008	Fund	20.00%	28740
SEAF Sichuan Small Investment Fund	China	UMIC	Asia	Delaware, USA	Fund	Investment Funds	2000	Fund	13.30%	15867
SEAF Trans-Balkan Fund	Regional	-	Europe	Delaware, USA	Fund	Investment Funds	2000	Fund	22.90%	2138
Siam Investment Fund II	Thailand	UMIC	Asia	Cayman Islands	Fund	Investment Funds	2000	Fund	8.70%	9107
SN Power AfriCA	Zambia	LDC	Africa	Norway	Renewable energy	Energy	2008	Equity	49.00%	24696
	Panama	UMIC	Latin America	Norway	Renewable energy	Energy	2008	Equity	49.00%	6174
	Zambia	LDC	Africa	Norway	Renewable energy	Energy	2009	Equity	49.00%	50461
	Panama	UMIC	Latin America	Norway	Renewable energy	Energy	2009	Equity	49.00%	12615
SNPI - Acro project	Chile	UMIC	Latin America	Norway	Renewable energy	Energy	2008	Equity	40.00%	100000
SNPI - Binga & Ambuklao	Philippines	LMIC	Asia	Norway	Renewable energy	Energy	2006	Equity	40.00%	252507

SNPI - ElectroAnders	Peru	UMIC	Latin America	Norway	Renewable energy	Energy	2007	Equity	40.00%	524993
SNPI - Himal Power	Nepal	LDC	Asia	Norway	Renewable energy	Energy	2008	Equity	40.00%	33000
SNPI - La Confluencia	Chile	UMIC	Latin America	Norway	Renewable energy	Energy	2007	Equity	40.00%	225000
SNPI - La Higuera	Chile	UMIC	Latin America	Norway	Renewable energy	Energy	2005	Equity	40.00%	100000
SNPI - Magat	Philippines	LMIC	Asia	Norway	Renewable energy	Energy	2006	Equity	40.00%	450000
SNPI - Start up SNPI	Peru, India, Sri Lanka	-	Latin America	Norway	Renewable energy	Energy	2002	Equity	40.00%	384327
SNPI - Tamakoshi 2&3	Nepal	LDC	Asia	Norway	Renewable energy	Energy	2008	Equity	40.00%	67000
Socremo	Mozambique	LDC	Africa	Mozambique	Financial Institution	Micro-credit	2009	Equity	18.40%	11874
Solidus Investment Fund S.A.	Regional	-	Latin America	Panama	Financial Institution	Micro-credit	2005	Fund	6.30%	9150
The Currency Exchange (TCX)	Regional	-	Africa	Netherlands	Financial Institution	Other Financial Services	2007	Fund	2.40%	17050
			Asia	Netherlands	Financial Institution	Other Financial Services	2007	Fund	2.40%	19800
			Europe	Netherlands	Financial Institution	Other Financial Services	2007	Fund	-	6050
			Latin America	Netherlands	Financial Institution	Other Financial Services	2007	Fund	2.40%	12100
TMP (Telecom Management Partner)	Namibia	UMIC	Africa	Mauritius	Direct investment	Communications	2008	Equity	2.40%	44454
								Mezzanine	-	13017
TPS Pakistan	Pakistan	LMIC	Asia	Pakistan	Direct investment	Tourism	2007	Equity	-	21161
Vietnam Equity Fund	Vietnam	LMIC	Asia	Cayman Islands	Fund	Investment Funds	2005	Fund	-	1882
Grand Total										**5264706**

Table A5.6. Summary table of commitments in Norfund portfolio in 2010.

Project name	Country	ODA classification[104]	Region	Domicile[105]	Department	Sector	Commitment year	Instrument	Share holding %[106]	Committed NOK (1000)
Abacus	Uganda	LDC	Africa	Uganda	Financial Institutions	Other Financial Services	2007	Loan	-	10500
ACAF	Regional Central America	-	Latin America	Mauritius	SME Funds	Investment Funds	2002	Fund	27.50%	30888
Africado Ltd.	Tanzania	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture	2009	Equity	40.00%	15625
								Loan	-	5234
African Infrastructure Fund	Regional Africa	-	Africa	Mauritius	SME Funds	Investment Funds	1999	Fund	1.20%	1414
AfriCap Microfinance Investment	Regional Africa	-	Africa	Mauritius	Financial Institutions	Micro-credit	2007	Fund	7.10%	16465
Afrinord Hotel Investments	Regional Africa	-	Africa	Denmark	Industrial Partnerships	Tourism	2005	Equity	20.00%	39845
								Mezzanine	-	9063
Agrica	Tanzania	LDC	Africa	Guernsey	Industrial Partnerships	Agriculture	2010	Equity	24.00%	60798
Agri-Vie	Regional sub- Sahara Africa	-	Africa	South Africa	SME Funds	Agriculture	2010	Fund	9.40%	64891
AMRET	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2008	Loan	-	11883
AMSCO	Regional Africa	-	Africa	Netherlands	Industrial Partnerships	Services and Consulting	2001	Equity	4.80%	1837
Angola Capital Partners LLC	Angola	LDC	Africa	Delaware, USA	SME Funds	Investment Funds	2009	Equity	50.00%	1417
APIDC Biotech Fund	India	LMIC	Asia	Mauritius	SME Funds	Investment Funds	2005	Fund	7.70%	16697
ASEAF II	Regional South East Asia	-	Asia	Canada	SME Funds	Investment Funds	2010	Fund	7.30%	29282
Aureos Africa Fund	Regional Africa	-	Africa	Mauritius	SME Funds	Investment Funds	2008	Fund	10.50%	245633

[104] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm
[105] Domicile data collected from 2010 Annual report and Norfund.
[106] Shareholding data collected from 2010 Annual report and Norfund.

Aureos CA Growth Fund (EMERGE)	Regional Central America	-	Latin America	Mauritius	SME Funds	Investment Funds	2006	Fund	14.30%	17707
Aureos East Africa Fund	Regional East Africa		Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	20.00%	34040
Aureos Latin America Fund (ALAF)	Regional Latin America	-	Latin America	Canada	SME Funds	Investment Funds	2007	Fund	13.60%	112627
							2009	Fund	13.60%	58564
Aureos South Asia Fund (Holdings)	Regional South Asia	-	Asia	Mauritius	SME Funds	Investment Funds	2006	Fund	23.50%	109283
Aureos South Asia Fund 1	Sri Lanka	LMIC	Asia	Mauritius	SME Funds	Investment Funds	2004	Fund	28.60%	9636
Aureos South East Asia Fund	Regional South East Asia	-	Asia	Mauritius	SME Funds	Investment Funds	2004	Fund	28.60%	115559
Aureos Southern Africa Fund	Regional Southern Africa	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	25.10%	56486
Aureos West Africa Fund	Regional West Africa	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	26.00%	37103
Banco Terra	Mozambique	LDC	Africa	Mozambique	Financial Institutions	Other Financial Services	2006	Equity	20.00%	12311
							2009	Equity	20.00%	20025
							2010	Equity	20.00%	28941
Basecamp Explorer Kenya Ltd	Kenya	OLIC	Africa	Kenya	Industrial Partnerships	Tourism	2010	Equity	40.00%	9000
BRAC	Bangladesh	LDC	Asia	Bangladesh	Financial Institutions	Micro-credit	2007	Loan	-	32091
Brac Africa Microfinance Ltd	Regioanl East Africa	-	Africa	Cayman Islands	Financial Institutions	Micro-credit	2008	Loan	-	14875
Brac Bank	Bangladesh	LDC	Asia	Bangladesh	Financial Institutions	Other Financial Services	2010	Mezzanine	-	40190
Bugoye HPP	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2008	Equity	27.50%	8452
								Loan	-	39121
							2009	Equity	27.50%	4099
								Guarantee	-	15590
								Loan	-	1652
Business Partners Madagascar SME Fund	Madagascar	LDC	Africa	Mauritius	SME Funds	Investment Funds	2006	Fund	14.10%	9689

CAIF	Regional Central America	-	Latin America	British Virgin Islands	SME Funds	Investment Funds	1999	Fund	4.00%	5876
Cambodia-Laos Development Fund	Cambodia	LDC	Asia	Luxemburg	SME Funds	Investment Funds	2009	Fund	40.00%	23428
Capitec Bank	South Africa	UMIC	Africa	South Africa	Financial Instituti-ons	Other Financial Services	2009	Loan	-	132540
CASEIF	Regional Central America	-	Latin America	Panama	SME Funds	Investment Funds	2000	Fund	31.80%	11397
CASEIF II	Regioanl Central America		Latin America	Panama	SME Funds	Investment Funds	2007	Fund	13.79%	23792
Casquip Starch	Swaziland	LMIC	Africa	Swaziland	Industrial Part-nerships	Agriculture	2008	Equity	17.10%	10720
								Loan	-	21962
							2010	Equity	17.10%	2450
								Loan	-	3067
China Environ-ment Fund 2004	China	UMIC	Asia	Cayman Islands	SME Funds	Investment Funds	2005	Fund	10.00%	10723
ClFI	Regional Latin America	-	Latin America	Costa Rica	Financial Instituti-ons	Other Financial Services	2004	Equity	9.30%	31225
Crimson Finance Fund	Kosovo	LMIC	Europe/central Asia	N/A	Balkan Trustfund	Other Financial Services	2008	Loan	-	6250
DFCU Limited	Uganda	LDC	Africa	Uganda	Financial Instituti-ons	Other Financial Services	2004	Equity	10.00%	17607
							2010	Loan	-	57730
							2007	Mezzanine	-	17569
E+Co	Regional Africa & Central America	-	Africa	Delaware, USA	Renewable Energy	Energy	2009	Loan	-	17569
			Latin America	Delaware, USA	Renewable Energy	Energy	2009	Loan	-	26354
Equity Bank Ltd	Kenya	OLIC	Africa	Kenya	Financial Instituti-ons	Micro-credit	2008	Equity	0.10%	4937
Euro TechBridge	Kenya	OLIC	Africa	Norway	Industrial Part-nerships	Information Technology	2008	Loan	-	2500
European Finan-cing Partners SA	Regional Africa	-	Africa	Various	Industrial Part-nerships	Investment Funds	2006	Equity	7.60%	196
								Loan	-	12415
							2009	Loan	-	78303
							2010	Loan	-	78125
Evolution One Fund	Regional Southern Africa	-	Africa	South Africa	SME Funds	Energy	2009	Fund	7.20%	43585

EXIM Bank (Tanzania) Ltd.	Tanzania	LDC	Africa	Tanzania	Financial Institutions	Other Financial Services	2007	Loan	-	7028
							2008	Mezzanine	-	29282
Family Bank Limited Kenya	Kenya	OLIC	Africa	Kenya	Financial Institutions	Micro-credit	2010	Equity	5.60%	18009
Fanisi Venture Fund East Africa	Regional Eastern Africa	-	Africa	Luxemburg	SME Funds	Investment Funds	2009	Fund	32.28%	88658
Fanisi Venture Management Company	Regional East Africa		Africa	Luxemburg	SME Funds	Investment Funds	2009	Equity	50.00%	1605
FEDHA Fund	Tanzania	LDC	Africa	Tanzania	SME Funds	Investment Funds	1998	Fund	11.50%	4825
Frontier Fund	Bangladesh	LDC	Asia	Cayman Islands	SME Funds	Investment Funds	2010	Fund	11.30%	58564
Fundo de Investimento Privado-Angol	Angola	LDC	Africa	Luxemburg	SME Funds	Investment Funds	2009	Fund	26.80%	44014
Green Resources USD	Tanzania	LDC	Africa	Norway	Industrial Partnerships	Forestry	2009	Loan	-	40995
GroFin Africa Fund	Regional Africa	-	Africa	Mauritius	SME Funds	Investment Funds	2008	Fund	9.40%	89294
Hattha Kaksekar Ltd (HKL)	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2010	Loan	-	12208
							2008	Equity	14.20%	3992
Horizon Equity Partners Fund III	South Africa	UMIC	Africa	South Africa	SME Funds	Investment Funds	2007	Fund	9.00%	21909
Horizon TechVentures	South Africa	UMIC	Africa	South Africa	SME Funds	Investment Funds	2001	Fund	18.13%	7088
I&P Capital II	Regional southern Africa and Indian ocean	-	Africa	Mauritius	SME Funds	Investment Funds	2007	Fund	13.44%	29409
Interact Climate Change Facility (ICCF)	Regional Africa	-	Africa	Luxemburg	Renewable Energy	Energy	2010	Loan	-	13021
	Regional Latin America	-	Asia	Luxemburg	Renewable Energy	Energy	2010	Loan	-	13021
	Regional Asia	-	Latin America	Luxemburg	Renewable Energy	Energy	2010	Loan	-	13021
Kabul Serena Hotel	Afghanistan	LDC	Asia	Afghanistan	Industrial Partnerships	Tourism	2005	Equity	17.10%	33785
LAAD	Regional Latin America	-	Latin America	Panama	Financial Institutions	Other Financial Services	2004	Loan	-	9761
							2009	Loan	-	58567
Lafise Investment Management	Regional Central America	-	Latin America	Bahamas	SME Funds	Investment Funds	1999	Equity	20.00%	17

LOCFUND	Regional Latin America	-	Latin America	Delaware, USA	Financial Institutions	Micro-credit	2007	Fund	9.98%	8740
								Loan	-	8785
Matanuska Africa	Mozambique	LDC	Africa	Mauritius and Mozambique	Industrial Partnerships	Agriculture	2008	Equity	33.30%	10119
								Mezzanine	-	23426
							2010	Mezzanine	-	4880
Micro Africa Ltd.	Kenya	OLIC	Africa	Kenya	Financial Institutions	Micro-credit	2006	Equity	15.30%	1558
Nicafish	Nicaragua	LMIC	Latin America	Nicaragua	Industrial Partnerships	Fishing & Aquaculture	2005	Loan	-	3284
							2007	Loan	-	3319
NMI Frontier Fund	Regional Africa	-	Africa	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	86400
			Asia	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	21600
NMI Global Fund	Global funds		Global	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	56700
	India	LMIC	Asia	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	40500
	Regional Africa	-	Africa	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	56700
	Regional Latin America	-	Latin America	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	8100
NMI Portfolio Manager AS	Global investments	-	Global	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	6300
	Regional Africa	-	Africa	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	15900
	Regional Asia	-	Asia	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	6900
	Regional Latin America	-	Latin America	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	900
Pride Architects	Uganda	LDC	Africa	Norway	Industrial Partnerships	Services and Consulting	2010	Loan	-	2500
Razvojna fondacija - Krimson Skopje	Macedonia, Tfyr	UMIC	Europe/central Asia	Macedonia	Balkan Trustfund	Other Financial Services	2006	Loan	-	6250
Real People Investment PTY	South Africa	UMIC	Africa	South Africa	Financial Institutions	Micro-credit	2009	Equity	8.90%	77431
								Loan	-	88360

Safa Marine Industries Ltd	India	LMIC	Asia	India	Industrial Partnerships	Other Manufacturing	2003	Loan	-	438
SAMIC Ltd (CHC)	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2008	Loan	-	1255
Sathapana	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2008	Loan	-	8785
							2009	Loan	-	7809
Scanwater AS	Uganda	LDC	Africa	Norway	Industrial Partnerships	Construction	2009	Loan	-	2500
SEAF Blue Waters Growth Fund	Vietnam	LMIC	Asia	Cayman Islands	SME Funds	Investment Funds	2008	Fund	20.00%	29348
SEAF Sichuan Small Investment Fund	China	UMIC	Asia	Delaware, USA	SME Funds	Investment Funds	2000	Fund	13.30%	12191
SEAF Trans-Balkan Fund	Regional Balkan	-	Europe/central Asia	Delaware, USA	SME Funds	Investment Funds	2000	Fund	22.90%	2140
Siam Investment Fund II	Thailand	UMIC	Asia	Cayman Islands	SME Funds	Investment Funds	2000	Fund	8.70%	4609
SN Power AfriCA	Panama	UMIC	Africa	Norway	Renewable Energy	Energy	2008	Equity	19.00%	53960
	Zambia	LDC	Latin America	Norway	Renewable Energy	Energy	2008	Equity	19.00%	13490
SNPI - Brazil	Brazil	UMIC	Latin America	Norway	Renewable Energy	Energy	2010	Equity	40.00%	292820
SNPI - Acro project	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2008	Equity	40.00%	100000
SNPI - Binga & Ambuklao	Philippines	LMIC	Asia	Norway	Renewable Energy	Energy	2006	Equity	40.00%	252507
SNPI - ElectroAnders	Peru	UMIC	Latin America	Norway	Renewable Energy	Energy	2007	Equity	40.00%	524993
SNPI - Himal Power	Nepal	LDC	Asia	Norway	Renewable Energy	Energy	2008	Equity	40.00%	33000
SNPI - La Confluencia	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2007	Equity	40.00%	225000
SNPI - La Higuera	Chile	UMIC	Asia	Norway	Renewable Energy	Energy	2005	Equity	40.00%	100000
SNPI - Magat	Philippines	LMIC	Asia	Norway	Renewable Energy	Energy	2006	Equity	40.00%	450000
SNPI - Start up SNPI	Peru, India, Sri Lanka	-	Latin America	Norway	Renewable Energy	Energy	2002	Equity	40.00%	384327
SNPI - Tamakoshi 2&3	Nepal	LDC	Asia	Norway	Renewable Energy	Energy	2008	Equity	40.00%	67000
Socremo	Mozambique	LDC	Africa	Mozambique		Micro-credit	2009	Equity	18.40%	12011

					Financial Instituti-ons		2010	Equity	18.40%	12636
Solidus Investment Fund S.A.	Regional Latin America	-	Latin America	Panama	Financial Instituti-ons	Micro-credit	2005	Fund	6.30%	9322
The Currency Ex-change (TCX)	Asia	-	Asia	Netherlands	Financial Instituti-ons	Other Financial Services	2007	Fund	2.40%	14850
	Europe/central Asia	-	Europe/central Asia	Netherlands	Financial Instituti-ons	Other Financial Services	2007	Fund	2.40%	8250
	Global	-	Latin America	Netherlands	Financial Instituti-ons	Other Financial Services	2007	Fund	2.40%	11000
	Midle East/North Africa	-	Africa	Netherlands	Financial Instituti-ons	Other Financial Services	2007	Fund	2.40%	3850
	Sub Sahara	-	Africa	Netherlands	Financial Instituti-ons	Other Financial Services	2007	Fund	2.40%	17050
TMP (Telecom Management Part-ner)	Namibia	UMIC	Africa	Mauritius	Industrial Part-nerships	Communicati-ons	2008	Equity	43.40%	26298
TPS Pakistan	Pakistan	LMIC	Asia	Pakistan	Industrial Part-nerships	Tourism	2007	Equity	4.70%	21161
TPS Rwanda	Rwanda	LDC	Africa	Rwanda	Industrial Part-nerships	Tourism	2010	Equity	11.40%	12690
								Loan	-	15812
Grand Total										**5856655**

Table A5.7. Summary table of commitments in Norfund portfolio in 2011.

Project name	Country	ODA classification[107]	Region	Domicile[108]	Department	Sector	Commitment year	Instrument	Share holding %[109]	Committed NOK (1000)
Abacus	Uganda	LDC	Africa	Uganda	Financial Institutions	Other Financial Services	2007	Loan	-	11886
ACAF	Regional	-	Latin America	Mauritius	SME Funds	Investment Funds	2002	Fund	27.50%	30655
Africa Health Fund (Aureos)	Regional	-	Africa	South Africa	SME Funds	Investment Funds	2011	Fund	9.50%	59842
Africado Ltd.	Tanzania	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture	2009	Equity	40.00%	15587
								Loan	-	5344
African Banking Corporation Zambia	Zambia	LDC	Africa	Zambia	Financial Institutions	Other Financial Services	2011	Loan	-	29251
AfriCap Microfinance Investment	Regional	-	Africa	Mauritius	Financial Institutions	Micro-credit	2007	Fund	7.10%	16511
Afrinord Hotel Investments	Regional	-	Africa	Denmark	Industrial Partnerships	Tourism	2005	Equity	20.00%	392
								Mezzanine	-	48352
Agrica	Tanzania	LDC	Africa	Guernsey	Industrial Partnerships	Agriculture	2010	Equity	23.80%	60798
Agri-Vie	Regional	-	Africa	South Africa	SME Funds	Agriculture	2010	Fund	9.40%	58475
Agua Imara	Panama	UMIC	Latin America	Norway	Renewable Energy	Energy	2008	Equity	19.00%	4410
	Zambia	LDC	Africa	Norway	Renewable Energy	Energy	2008	Equity	19.00%	1890
	Panama	UMIC	Latin America	Norway	Renewable Energy	Energy	2009	Equity	19.00%	42805
	Zambia	LDC	Africa	Norway	Renewable Energy	Energy	2009	Equity	19.00%	18345
	Panama	UMIC		Norway		Energy	2011	Equity	19.00%	34158

[107] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm.
[108] Domicile data collected from 2011 Report on operations and Norfund.
[109] Shareholding data collected from 2011 Report on operations and Norfund.

			Latin America		Renewable Energy		2011	Guarantee	-	43431
	Zambia	LDC	Africa	Norway	Renewable Energy	Energy		Equity	19.00%	34200
AMRET	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2008	Loan	-	4334
AMSCO	Regional	-	Africa	Netherlands	Industrial Partnerships	Services and Consulting	2001	Equity	4.80%	1837
Angola Capital Partners LLC	Angola	LDC	Africa	Delaware, USA	Financial Institutions	Investment Funds	2009	Equity	50.00%	1417
APIDC Biotech Fund	India	LMIC	Asia	Mauritius	SME Funds	Investment Funds	2005	Fund	7.70%	16697
Aureos Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2008	Fund	10.50%	234450
Aureos CA Growth Fund (EMERGE)	Regional	-	Latin America	Mauritius	SME Funds	Investment Funds	2006	Fund	27.50%	18423
Aureos East Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	20.00%	23557
Aureos Latin America Fund (ALAF)	Regional	-	Latin America	Canada	SME Funds	Investment Funds	2007	Fund	13.60%	94200
							2009	Fund	13.60%	51359
Aureos South Asia Fund (Holdings)	Regional	-	Asia	Mauritius	SME Funds	Investment Funds	2006	Fund	23.50%	102352
Aureos South Asia Fund 1	Regional	-	Asia	Mauritius	SME Funds	Investment Funds	2004	Fund	50.00%	9927
Aureos South-East Asia Fund	Regional	-	Asia	Mauritius	SME Funds	Investment Funds	2004	Fund	50.00%	108251
Aureos South-East Asia Fund II	Regional	-	Asia	Canada	SME Funds	Investment Funds	2010	Fund	7.30%	29546
Aureos Southern Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	25.10%	56259
Aureos West Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	26.00%	35214
Banco Terra	Mozambique	LDC	Africa	Mozambique	Financial Institutions	Other Financial Services	2006	Equity	27.50%	12311
							2009	Equity	27.50%	20025
							2010	Equity	27.50%	29129
Basecamp Explorer Kenya Ltd	Kenya	OLIC	Africa	Kenya	Industrial Partnerships	Tourism	2010	Equity	40.00%	9000
	Regional	-	Africa		SME Funds		2011	Equity	25.00%	1498

Batian Management Company				Cayman Islands		Investment Funds		Loan	-	1199
BRAC	Bangladesh	LDC	Asia	Bangladesh	Financial Institutions	Micro-credit	2007	Loan	-	21397
Brac Africa Microfinance Ltd	Regional	-	Africa	Cayman Islands	Financial Institutions	Micro-credit	2008	Loan	-	13153
Brac Bank	Bangladesh	LDC	Asia	Bangladesh	Financial Institutions	Other Financial Services	2010	Mezzanine	-	43056
Bugoye HPP	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2008	Equity	27.50%	8452
								Loan	-	39702
							2009	Equity	27.50%	4099
								Guarantee	-	15953
								Loan	-	1593
Business Partners Madagascar SME Fund	Madagascar	LDC	Africa	Mauritius	SME Funds	Investment Funds	2006	Fund	14.10%	9662
CAIF	Regional	-	Latin America	British Virgin Islands	SME Funds	Investment Funds	1999	Fund	4.00%	5876
Cambodia-Laos Development Fund	Cambodia	LDC	Asia	Luxemburg	SME Funds	Investment Funds	2009	Fund	40.00%	23666
Capitec Bank	South Africa	UMIC	Africa	South Africa	Financial Institutions	Other Financial Services	2009	Loan	-	121020
CASEIF	Regional	-	Latin America	Panama	SME Funds	Investment Funds	2000	Fund	31.80%	11397
CASEIF II	Regional	-	Latin America	Panama	SME Funds	Investment Funds	2007	Fund	13.79%	23993
Casquip Starch	Swaziland	LMIC	Africa	Swaziland	Industrial Partnerships	Agriculture	2008	Equity	28.70%	10720
								Loan	-	18671
							2010	Equity	28.70%	2450
								Loan	-	2953
							2011	Equity	28.70%	8345
China Environment Fund 2004	China	UMIC	Asia	Cayman Islands	SME Funds	Investment Funds	2005	Fund	10.00%	10656
CIFI	Regional	-		Panama			2004	Equity	9.30%	31225

			Latin America		Financial Institutions	Other Financial Services	2011	Loan	-	136273
Crimson Finance Fund	Kosovo	LMIC	Europe/central Asia	N/A	Balkan Trustfund	Other Financial Services	2008	Loan	-	7175
							2011	Loan	-	6161
Desyfin	Costa Rica	UMIC	Latin America	Costa Rica	Financial Institutions	Other Financial Services	2011	Mezzanine	-	11522
DFCU Limited	Uganda	LDC	Africa	Uganda	Financial Institutions	Other Financial Services	2004	Equity	10.00%	17607
							2010	Loan	-	50309
							2007	Mezzanine	-	16349
E+Co	Regional Africa & Central America	-	Africa	Delaware, USA	Renewable Energy	Energy	2009	Loan	-	17632
			Latin America	Delaware, USA	Renewable Energy	Energy	2009	Loan	-	26448
ECP Africa Fund (Afr Infr Fnd)	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	1999	Fund	1.20%	243
Euro TechBridge	Kenya	OLIC	Africa	Norway	Industrial Partnerships	Information Technology	2008	Loan	-	2250
European Financing Partners SA	Regional	-	Africa	Various	Industrial Partnerships	Investment Funds	2006	Equity	7.60%	196
								Loan	-	11178
							2009	Loan	-	79649
							2010	Loan	-	77540
Evolution One Fund	Regional	-	Africa	South Africa	SME Funds	Energy	2009	Fund	7.20%	37909
EXIM Bank (Tanzania) Ltd.	Tanzania	LDC	Africa	Tanzania	Financial Institutions	Other Financial Services	2007	Loan	-	1300
							2008	Mezzanine	-	34846
Family Bank Limited Kenya	Kenya	OLIC	Africa	Kenya	Financial Institutions	Micro-credit	2010	Equity	5.60%	18009
Fanisi Venture Capital Fund	Regional	-	Africa	Luxemburg	Financial Institutions	Investment Funds	2009	Fund	30.00%	89296
Fanisi Venture Management Company	Regional	-	Africa	Luxemburg	Financial Institutions	Investment Funds	2009	Equity	50.00%	1641
Frontier Fund	Bangladesh	LDC	Asia	Cayman Islands	SME Funds	Investment Funds	2010	Fund	11.30%	59244
Fundo de Investimento Privado-Angol	Angola	LDC	Africa	Luxemburg	Financial Institutions	Investment Funds	2009	Fund	26.80%	48968
							2011	Fund	26.80%	14982

Green Resources USD	Tanzania	LDC	Africa	Norway	Industrial Partnerships	Forestry	2009	Loan	-	42320
GroFin Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2008	Fund	9.40%	86716
Hattha Kaksekar Ltd (HKL)	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2010	Loan	-	11659
							2008	Equity	17.60%	3992
							2011	Equity	17.60%	7391
HEFF	Regional	-	Latin America	Delaware, USA	Financial Institutions	Micro-credit	2011	Fund	32.70%	29964
Hidro Santa Cruz	Guatemala	LMIC	Latin America	Guatemala	Renewable Energy	Energy	2011	Loan	-	24332
								Mezzanine	-	7427
Horizon Equity Partners Fund III	South Africa	UMIC	Africa	South Africa	SME Funds	Investment Funds	2007	Fund	9.00%	19635
Hydel Hydropower	Kenya	OLIC	Africa	Kenya	Renewable Energy	Energy	2011	Loan	-	8419
I&P Capital II	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2007	Fund	13.44%	27939
Interact Climate Change Facility	Regional	-	Global	Luxemburg	Renewable Energy	Energy	2010	Equity	7.70%	47
	Regional Africa	-	Africa	Luxemburg	Renewable Energy	Energy		Loan	-	12923
	Regional Asia	-	Latin America	Luxemburg	Renewable Energy	Energy		Loan	-	12923
	Regional Latin America	-	Asia	Luxemburg	Renewable Energy	Energy		Loan	-	12923
Kabul Serena Hotel	Afghanistan	LDC	Asia	Afghanistan	Industrial Partnerships	Tourism	2005	Equity	17.10%	33785
LAAD	Regional	-	Latin America	Panama	Financial Institutions	Other Financial Services	2004	Loan	-	8931
							2009	Loan	-	55801
Lafise Investment Management	Regional	-	Latin America	Bahamas	SME Funds	Investment Funds	1999	Equity	20.00%	17
Lake Turkana Wind Project	Kenya	OLIC	Africa	Kenya	Renewable Energy	Energy	2011	Loan	-	12483
LOCFUND	Regional	-	Latin America	Delaware, USA	Financial Institutions	Micro-credit	2007	Fund	9.98%	17734
Matanuska Africa	Mozambique	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture	2008	Equity	33.30%	10119
								Mezzanine	-	23399

							2010	Equity	33.30%	4864
							2011	Equity	33.30%	11182
								Loan	-	5604
Micro Africa Ltd.	Kenya	OLIC	Africa	Kenya	Financial Ins-titutions	Micro-credit	2006	Equity	15.30%	1558
							2011	Loan	-	9877
	Uganda	LDC	Africa	Kenya	Financial Ins-titutions	Micro-credit	2011	Loan	-	9786
Nam Sim	Laos	LDC	Asia	Laos	Renewable Energy	Energy	2011	Loan	-	23072
Nicafish	Nicaragua	LMIC	Latin Ame-rica	Nicaragua	Industrial Partnerships	Fishing & Aquaculture	2005	Loan	-	3135
							2007	Loan	-	2454
NMI Frontier Fund	Regional Africa	-	Africa	Norway	Financial Ins-titutions	Micro-credit	2008	Fund	45.00%	64800
	Regional Asia	-	Asia	Norway	Financial Ins-titutions	Micro-credit	2008	Fund	45.00%	43200
NMI Global Fund	Global funds	-	Global	Norway	Financial Ins-titutions	Micro-credit	2008	Fund	45.00%	11340
	Regional Africa	-	Africa	Norway	Financial Ins-titutions	Micro-credit	2008	Fund	45.00%	50220
	Regional Asia	-	Asia	Norway	Financial Ins-titutions	Micro-credit	2008	Fund	45.00%	50220
	Regional Latin America	-	Latin Ame-rica	Norway	Financial Ins-titutions	Micro-credit	2008	Fund	45.00%	50220
NMI Portfolio Manager AS	Global funds	-	Global	Norway	Financial Ins-titutions	Micro-credit	2008	Equity	50.00%	1200
	Regional Africa	-	Africa	Norway	Financial Ins-titutions	Micro-credit	2008	Equity	50.00%	12900
	Regional Asia	-	Asia	Norway	Financial Ins-titutions	Micro-credit	2008	Equity	50.00%	10200
	Regional Latin America	-	Latin Ame-rica	Norway	Financial Ins-titutions	Micro-credit	2008	Equity	50.00%	5700
Pride Architects	Uganda	LDC	Africa	Norway	Industrial Partnerships	Services and Consulting	2010	Loan	-	2500
Prospero	Regional	-	Latin Ame-rica	Cayman Is-lands	Financial Ins-titutions	Micro-credit	2011	Fund	21.70%	29749

Razvojna fondacija - Krimson Skopje	Macedonia, Tfyr	UMIC	Europe/central Asia	Macedonia	Balkan Trustfund	Other Financial Services	2011	Loan	-	12487
Real People Investment PTY	South Africa	UMIC	Africa	South Africa	Financial Institutions	Micro-credit	2009	Equity	12.50%	77431
								Loan	-	74172
							2011	Equity	12.50%	42306
								Loan	-	105660
Sacombank	Vietnam	LMIC	Asia	Vietnam	Financial Institutions	Other Financial Services	2011	Loan	-	139035
Sacombank Leasing Limited	Vietnam	LMIC	Asia	Vietnam	Financial Institutions	Leasing	2011	Loan	-	27492
Safa Marine Industries Ltd	India	LMIC	Asia	India	Industrial Partnerships	Other Manufacturing	2003	Loan	-	466
SAMIC Ltd (CHC)	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2008	Loan	-	357
Sathapana	Cambodia	LDC	Asia	Cambodia	Financial Institutions	Micro-credit	2009	Loan	-	3601
							2011	Loan	-	27564
Scanwater AS	Uganda	LDC	Africa	Norway	Industrial Partnerships	Project Development	2009	Loan	-	2500
SEAF Blue Waters Growth Fund	Vietnam	LMIC	Asia	Cayman Islands	SME Funds	Investment Funds	2008	Fund	20.00%	29346
SEAF Sichuan Small Investment Fund	China	UMIC	Asia	Delaware, USA	SME Funds	Investment Funds	2000	Fund	13.30%	11775
SEAF Trans-Balkan Fund	Regional	-	Europe/central Asia	Delaware, USA	SME Funds	Investment Funds	2000	Fund	22.90%	2140
SNPI	Mostly Peru, and a smaller proportion to India	-	Latin America	Norway	Renewable Energy	Energy	2002	Equity	40.00%	384327
	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2005	Equity	40.00%	100000
	Philippines	LMIC	Asia	Norway	Renewable Energy	Energy	2006	Equity	40.00%	702507
	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2007	Equity	40.00%	225000

	Peru	UMIC	Latin America	Norway	Renewable Energy	Energy	2007	Equity	40.00%	524993
	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2008	Equity	40.00%	100000
	Nepal	LDC	Asia	Norway	Renewable Energy	Energy	2008	Equity	40.00%	100000
	Brazil	UMIC	Latin America	Norway	Renewable Energy	Energy	2011	Equity	40.00%	743220
	India	LMIC	Asia	Norway	Renewable Energy	Energy	2011	Equity	40.00%	76000
	Peru	UMIC	Latin America	Norway	Renewable Energy	Energy	2011	Equity	40.00%	175000
	Zambia	LDC	Africa	Norway	Renewable Energy	Energy	2011	Equity	40.00%	33000
Socremo	Mozambique	LDC	Africa	Mozambique	Financial Institutions	Micro-credit	2009	Equity	35.60%	12011
							2010	Equity	35.60%	12519
Solidus Investment Fund S.A.	Regional	-	Latin America	Panama	Financial Institutions	Micro-credit	2005	Fund	6.30%	9322
Techcombank	Vietnam	LMIC	Asia	Vietnam	Financial Institutions	Other Financial Services	2011	Loan	-	89891
The Currency Exchange (TCX)	Asia	-	Asia	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	10450
	Europe/central Asia	-	Europe/central Asia	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	15950
	Global	-	Latin America	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	11550
	Midle East/North Africa	-	Africa	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	1100
	Sub Sahara	-	Africa	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	15950
TMP (Telecom Management Partner)	Namibia	UMIC	Africa	Mauritius	Industrial Partnerships	Communications	2008	Equity	43.40%	26298
ToughStuff	Regional	-	Africa	Jersey	Renewable Energy	Energy	2011	Equity	24.00%	31590

TPS Dar es Salaam	Tanzania	LDC	Africa	Kenya	Industrial Partnerships	Tourism	2011	Equity	24.50%	27502
								Loan	-	28064
TPS Pakistan	Pakistan	LMIC	Asia	Pakistan	Industrial Partnerships	Tourism	2007	Equity	4.70%	21161
TPS Rwanda	Rwanda	LDC	Africa	Rwanda	Industrial Partnerships	Tourism	2010	Equity	11.40%	12510
								Loan	-	16180
Vantage Mezzanine Fund II	South Africa	UMIC	Africa	South Africa	SME Funds	Investment Funds	2011	Fund	15.30%	74621
Voxtra East Africa Agribusiness Ini	Regional	-	Africa	Norway	Financial Institutions	Agriculture	2011	Fund	35.00%	22740
Grand Total										**7606525**

Table A5.8. Summary table of commitments in Norfund portfolio in 2012.

Project name	Country	ODA classification[110]	Region	Domicile[111]	Department	Sector	Commitment year	Instrument	Share holding %[112]	Committed NOK (1000)
ACAF	Regional	-	America	Mauritius	SME Funds	Investment Funds	2002	Fund	27.50%	28236
Africa Health Fund (Aureos)	Regional	-	Africa	South Africa	SME Funds	Investment Funds	2011	Fund	9.50%	56574
Africado Ltd.	Tanzania	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture	2009	Equity	40.00%	15359
								Loan	-	5344
African Banking Corporation Zambia	Zambia	LDC	Africa	Zambia	Financial Institutions	Other Financial Services	2011	Loan	-	23594
AfriCap Microfinance Investment C	Regional	-	Africa	Mauritius	Financial Institutions	Micro-credit	2007	Fund	7.10%	16343
Afrinord Hotel Investments	Regional	-	Africa	Denmark	Industrial Partnerships	Tourism	2005	Equity	20.00%	392
								Mezzanine	-	44830
Agrica	Tanzania	LDC	Africa	Guernsey	Industrial Partnerships	Agriculture	2010	Equity	23.80%	60798
Agri-Vie	Regional	-	Africa	South Africa	SME Funds	Agriculture	2010	Fund	9.40%	56865
Agua Imara	Panama	UMIC	Global Latin America	Norway	Renewable Energy	Energy	2008	Equity	19.00%	4410
	Zambia	LDC	Global Africa	Norway	Renewable Energy	Energy	2008	Equity	19.00%	1890
	Panama	UMIC	Global Latin America	Norway	Renewable Energy	Energy	2009	Equity	19.00%	42805
	Zambia	LDC	Global Africa	Norway	Renewable Energy	Energy	2009	Equity	19.00%	18345
	Panama	UMIC	Global Latin America	Norway	Renewable Energy	Energy	2011	Equity	19.00%	34162
							2011	Guarantee	-	40341
	Zambia	LDC	Global Africa	Norway	Renewable Energy	Energy	2011	Equity	19.00%	34200

[110] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm.
[111] Domicile data collected from 2012 Report on operations and Norfund
[112] Shareholding data collected from 2012 Report on operations and Norfund

Alios Finance Tanzania Ltd	Tanzania	LDC	Africa	Tanzania	Financial Institutions	Leasing	2012	Loan	-	27832
AMSCO	Regional	-	Africa	Netherlands	Industrial Partnerships	Services and Consulting	2001	Equity	4.80%	1837
Angola Capital Partners LLC	Angola	LDC	Africa	Delaware, USA	SME Funds	Investment Funds	2009	Fund	50.00%	1417
APIDC Biotech Fund	India	LMIC	Asia & Pacific	Mauritius	SME Funds	Investment Funds	2005	Fund	7.70%	16437
Aureos Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2008	Fund	10.50%	227136
Aureos CA Growth Fund (EMERGE)	Regional	-	America	Mauritius	SME Funds	Investment Funds	2006	Fund	14.30%	17897
Aureos East Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	20.00%	19696
Aureos Latin America Fund (ALAF)	Regional	-	America	Canada	SME Funds	Investment Funds	2007	Fund	13.60%	94219
							2009	Fund	13.60%	55454
Aureos South Asia Fund (Holdings)	Regional	-	Asia & Pacific	Mauritius	SME Funds	Investment Funds	2006	Fund	23.50%	101710
Aureos South Asia Fund 1	Regional	-	Asia & Pacific	Mauritius	SME Funds	Investment Funds	2004	Fund	50.00%	14617
Aureos South-East Asia Fund	Regional	-	Asia & Pacific	Mauritius	SME Funds	Investment Funds	2004	Fund	28.60%	41564
Aureos South-East Asia Fund II	Regional	-	Asia & Pacific	Canada	SME Funds	Investment Funds	2010	Fund	4.00%	25459
Aureos Southern Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	25.10%	36631
Aureos West Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2003	Fund	26.00%	33452
Banco Terra	Mozambique	LDC	Africa	Mozambique	Financial Institutions	Other Financial Services	2006	Equity	32.70%	12311
							2009	Equity	32.70%	20025
							2010	Equity	32.70%	29129
							2012	Equity	32.70%	35104
Basecamp Explorer Kenya Ltd	Kenya	OLIC	Africa	Kenya	Industrial Partnerships	Tourism	2010	Equity	40.00%	9000
							2012	Loan	-	1000
Bio2Watt	South Africa	UMIC	Africa	South Africa	Renewable Energy	Energy	2012	Loan	-	2159
BRAC	Bangladesh	LDC	Asia & Pacific	Bangladesh	Financial Institutions	Micro-credit	2007	Loan	-	14264

Brac Africa Microfinance Ltd	Eastern Africa	-	Africa	Cayman Islands	Financial Institutions	Micro-credit	2008	Loan	-	13153
Brac Bank	Bangladesh	LDC	Asia & Pacific	Bangladesh	Financial Institutions	Other Financial Services	2010	Mezzanine	-	43056
Bugoye HPP	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2008	Equity	27.50%	8452
								Loan	-	18851
							2009	Equity	27.50%	4099
								Guarantee	-	12675
								Loan	-	1593
Business Partners Madagascar SME Fund	Madagascar	LDC	Africa	Mauritius	SME Funds	Investment Funds	2006	Fund	14.10%	9471
CAIF	Regional	-	America	British Virgin Islands	SME Funds	Investment Funds	1999	Fund	4.00%	5876
Cambodia-Laos Development Fund	Cambodia	LDC	Asia & Pacific	Luxemburg	SME Funds	Investment Funds	2009	Fund	20.30%	22656
Capitec Bank	South Africa	UMIC	Africa	South Africa	Financial Institutions	Other Financial Services	2009	Loan	-	52944
CASEIF	Regional	-	America	Panama	SME Funds	Investment Funds	2000	Fund	31.80%	9098
CASEIF II	Regional	-	America	Panama	SME Funds	Investment Funds	2007	Fund	13.79%	21745
Casquip Starch	Swaziland	LMIC	Africa	Swaziland	Industrial Partnerships	Agriculture	2008	Equity	24.70%	10720
								Loan	-	18671
							2010	Equity	24.70%	2450
								Loan	-	2953
							2011	Equity	24.70%	8049
							2012	Loan	-	325
Chayton Atlas Investments	Zambia	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture	2012	Equity	21.80%	57467
China Environment Fund 2004	China	UMIC	Asia & Pacific	Cayman Islands	SME Funds	Investment Funds	2005	Fund	10.00%	9369
CIFI	Regional	-	America	Panama	Financial Institutions	Other Financial Services	2004	Equity	9.30%	31225
							2011	Loan	-	136273
CORECO	Regional	-	America	Delaware, USA	SME Funds	Other Financial Services	2012	Fund	18.90%	56095
Crimson Finance Fund	Kosovo	LMIC	Europe	N/A			2008	Loan	-	7175

					Balkan Trust-fund	Other Financial Services	2011	Loan	-	6161
Desyfin	Costa Rica	UMIC	America	Costa Rica	Financial Institutions	Other Financial Services	2011	Mezzanine	-	11522
DFCU Limited	Uganda	LDC	Africa	Uganda	Financial Institutions	Other Financial Services	2004	Equity	10.00%	17607
							2010	Loan	-	42463
							2007	Mezzanine	-	12122
E+Co	Regional Africa	-	Africa	Delaware, USA	Renewable Energy	Energy	2009	Loan	-	15198
	Regional Latin America	-	Latin America	Delaware, USA	Renewable Energy	Energy		Loan	-	22798
ECP Africa Fund (Afr Infr Fnd)	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	1999	Fund	1.20%	448
Euro TechBridge	Kenya	OLIC	Africa	Norway	Industrial Partnerships	Information Technology	2008	Loan	-	2250
European Financing Partners SA	Regional	-	Africa	Various	Industrial Partnerships	Investment Funds	2006	Equity	7.60%	196
								Loan	-	9519
							2009	Loan	-	72533
							2010	Loan	-	73410
Evolution One Fund	Regional	-	Africa	South Africa	SME Funds	Energy	2009	Fund	7.20%	35765
EXIM Bank (Tanzania) Ltd.	Tanzania	LDC	Africa	Tanzania	Financial Institutions	Other Financial Services	2007	Loan	-	1300
							2008	Mezzanine	-	34846
Fanisi Venture Capital Fund	Regional	-	Africa	Luxemburg	SME Funds	Investment Funds	2009	Fund	30.00%	80438
Fanisi Venture Management Company	Regional	-	Africa	Luxemburg	SME Funds	Investment Funds	2009	Fund	50.00%	1534
Ficohsa	Honduras	LMIC	America	Honduras	Financial Institutions	Other Financial Services	2012	Loan	-	69580
Frontier Fund	Bangladesh	LDC	Asia & Pacific	Cayman Islands	SME Funds	Investment Funds	2010	Fund	11.30%	79340
Fundo de Investimento Privado-Angol	Angola	LDC	Africa	Luxemburg	SME Funds	Investment Funds	2009	Fund	29.40%	55722
							2011	Fund	29.40%	13916
GLAD Ltd	Uganda	LDC	Africa	Uganda	Industrial Partnerships	Agriculture	2012	Loan	-	3402
Green Resources USD	Tanzania	LDC	Africa	Norway	Industrial Partnerships	Forestry	2009	Loan	-	39191
							2012	Mezzanine	-	84326

GroFin Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2008	Fund	9.40%	80935
Hattha Kaksekar Ltd (HKL)	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institutions	Micro-credit	2008	Equity	17.60%	3992
							2011	Equity	17.60%	7391
HEFF	Regional	-	Latin America	Delaware, USA	Financial Institutions	Micro-credit	2011	Fund	33.00%	28084
Hidro Santa Cruz	Guatemala	LMIC	America	Guatemala	Renewable Energy	Energy	2011	Loan	-	22813
								Mezzanine	-	7427
Horizon Equity Partners Fund III	South Africa	UMIC	Africa	South Africa	SME Funds	Investment Funds	2007	Fund	9.00%	18807
Hydel Hydropower	Kenya	OLIC	Africa	Kenya	Renewable Energy	Energy	2011	Loan	-	8419
I&P Capital II	Regional	-	Africa	Mauritius	SME Funds	Investment Funds	2007	Fund	13.44%	25484
Interact Climate Change Facility	Regional	-	Global	Luxemburg	Renewable Energy	Energy	2010	Equity	7.70%	47
	Regional Africa	-	Global Africa	Luxemburg	Renewable Energy	Energy	2010	Loan	-	14284
	Regional Asia	-	Global Asia	Luxemburg	Renewable Energy	Energy	2010	Loan	-	14284
	Regional Latin America	-	Global Latin America	Luxemburg	Renewable Energy	Energy	2010	Loan	-	14284
Kabul Serena Hotel	Afghanistan	LDC	Asia & Pacific	Afghanistan	Industrial Partnerships	Tourism	2005	Equity	17.10%	33785
Kikagati HPP	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2012	Loan	-	233
Kinangop Wind Park	Kenya	OLIC	Africa	Kenya	Renewable Energy	Energy	2012	Loan	-	7925
Kinyeti Capital Ltd	Sudan	LDC	Africa	Sudan	Industrial Partnerships	Other Financial Services	2012	Equity	49.00%	4302
LAAD	Regional	-	America	Panama	Financial Institutions	Other Financial Services	2004	Loan	-	6533
							2009	Loan	-	46244
Lafise Investment Management	Regional	-	America	Bahamas	SME Funds	Investment Funds	1999	Fund	20.00%	17
Lake Turkana Wind Project	Kenya	OLIC	Africa	Kenya	Renewable Energy	Energy	2011	Loan	-	13572
LOCFUND	Regional	-	America	Delaware, USA	Financial Institutions	Micro-credit	2007	Fund	9.98%	8740
								Loan	-	8994

Matanuska Africa	Mozambique	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture	2008	Equity	33.30%	10119
								Mezzanine	-	23399
							2010	Equity	33.30%	4864
							2011	Equity	33.30%	16786
							2012	Mezzanine	-	56565
Micro Africa Ltd_KES	Kenya	OLIC	Africa	Kenya	Financial Institutions	Micro-credit	2011	Loan	-	7359
Micro Africa Ltd_UGX	Uganda	LDC	Africa	Kenya	Financial Institutions	Micro-credit	2011	Loan	-	7091
Nam Sim	Laos	LDC	Asia & Pacific	Laos	Renewable Energy	Energy	2011	Loan	-	21431
Nica Forestal	Nicaragua	LMIC	America	Norway	Industrial Partnerships	Forestry	2012	Loan	-	1800
Nicafish	Nicaragua	LMIC	America	Nicaragua	Industrial Partnerships	Fishing & Aquaculture	2005	Loan	-	2330
							2007	Loan	-	1967
NMI Frontier Fund	Regional Africa	-	Global Africa	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	64800
								Fund	45.00%	43200
NMI Global Fund	Global Funds	-	Global	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	11340
	Regional Africa	-	Global Africa	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	50220
	Regional Asia	-	Global Asia	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	50220
	Regional Latin America	-	Global Latin America	Norway	Financial Institutions	Micro-credit	2008	Fund	45.00%	50220
NMI Portfolio Manager AS	Global Funds	-	Global	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	1200
	Regional Africa	-	Global Africa	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	12900
	Regional Asia	-	Global Asia	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	10200
	Regional Latin America	-	Global Latin America	Norway	Financial Institutions	Micro-credit	2008	Equity	50.00%	5700
Norsad	Regional	-	Africa	Botswana	Financial Institutions	Other Financial Services	2012	Equity	11.00%	51753
Nsongezi Hydropwer Project	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2012	Loan	-	2836

ODEF	Honduras	LMIC	America	Honduras	Financial Institutions	Micro-credit	2012	Loan	-	16891
Pride Architects	Uganda	LDC	Africa	Norway	Industrial Partnerships	Services and Consulting	2010	Loan	-	2000
Prospero	Regional	-	America	Cayman Islands	Financial Institutions	Micro-credit	2011	Fund	21.70%	27912
Razvojna fondacija - Krimson Skopje	Macedonia, Tfyr	UMIC	Europe	Macedonia	Balkan Trustfund	Other Financial Services	2011	Loan	-	12487
Real People Investment PTY	South Africa	UMIC	Africa	South Africa	Financial Institutions	Micro-credit	2009	Equity	18.00%	77431
							2011	Equity	18.00%	42306
							2012	Equity	18.00%	47778
								Mezzanine	-	143572
Sacombank	Vietnam	LMIC	Asia & Pacific	Vietnam	Financial Institutions	Other Financial Services	2011	Loan	-	139035
Sacombank Leasing Limited	Vietnam	LMIC	Asia & Pacific	Vietnam	Financial Institutions	Leasing	2011	Loan	-	27492
Safa Marine Industries Ltd	India	LMIC	Asia & Pacific	India	Industrial Partnerships	Other Manufacturing	2003	Loan	-	466
Sathapana	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institutions	Micro-credit	2011	Loan	-	27564
Scanwater AS	Uganda	LDC	Africa	Norway	Industrial Partnerships	Construction	2009	Loan	-	2500
Scatec Solar SA	South Africa	UMIC	Africa	South Africa	Renewable Energy	Energy	2012	Equity	35.00%	80361
SEAF Blue Waters Growth Fund	Vietnam	LMIC	Asia & Pacific	Cayman Islands	SME Funds	Investment Funds	2008	Fund	20.00%	28759
SEAF Sichuan Small Investment Fund	China	UMIC	Asia & Pacific	Delaware, USA	SME Funds	Investment Funds	2000	Fund	13.30%	11236
SNPI	Peru, India	UMIC and LMIC	Latin America	Norway	Renewable Energy	Energy	2002	Equity	40.00%	384327
	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2005	Equity	40.00%	100000
	Philippines	LMIC	Asia & Pacific	Norway	Renewable Energy	Energy	2006	Equity	40.00%	702507
	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2007	Equity	40.00%	225000
	Peru	UMIC	Latin America	Norway	Renewable Energy	Energy		Equity	40.00%	524993
	Chile	UMIC	Latin America	Norway	Renewable Energy	Energy	2008	Equity	40.00%	100000

	Nepal	LDC	Asia & Pacific	Norway	Renewable Energy	Energy		Equity	40.00%	100000
	Brazil	UMIC	Latin America	Norway	Renewable Energy	Energy	2011	Equity	40.00%	743220
	India	LMIC	Asia & Pacific	Norway	Renewable Energy	Energy		Equity	40.00%	76112
	Peru	UMIC	Latin America	Norway	Renewable Energy	Energy		Equity	40.00%	174944
	Zambia	LDC	Africa	Norway	Renewable Energy	Energy		Equity	40.00%	32944
	Brazil	UMIC	Latin America	Norway	Renewable Energy	Energy	2012	Equity	40.00%	137331
	Laos	LDC	Asia & Pacific	Norway	Renewable Energy	Energy		Equity	40.00%	311718
Socremo	Mozambique	LDC	Africa	Mozambique	Financial Institutions	Micro-credit	2009	Equity	35.60%	12011
							2010	Equity	35.60%	12519
Solidus Investment Fund S.A.	Regional	-	America	Panama	Financial Institutions	Micro-credit	2005	Fund	6.30%	8952
Techcombank	Vietnam	LMIC	Asia & Pacific	Vietnam	Financial Institutions	Other Financial Services	2011	Loan	-	87143
The Currency Exchange (TCX)	Global	-	Latin America	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	9900
	Global - Midle East/North Africa	-	Africa	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	1100
	Global Asia	-	Asia	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	9900
	Global Europe/central Asia	-	Europe/central Asia	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	20350
	Global Sub Sahara	-	Africa	Netherlands	Financial Institutions	Other Financial Services	2007	Fund	2.40%	13750
TMP (Telecom Management Partner)	Namibia	UMIC	Africa	Mauritius	Industrial Partnerships	Communications	2008	Equity	43.40%	26298
ToughStuff	Regional	-	Africa	Jersey	Renewable Energy	Energy	2011	Equity	24.00%	31389
TPS Dar es Salaam	Tanzania	LDC	Africa	Kenya	Industrial Partnerships	Tourism	2011	Equity	28.50%	39089
								Loan	-	16477
TPS Pakistan	Pakistan	LMIC	Asia & Pacific	Pakistan	Industrial Partnerships	Tourism	2007	Equity	4.70%	21161
TPS Rwanda	Rwanda	LDC	Africa	Rwanda		Tourism	2010	Equity	11.40%	12510

					Industrial Part-nerships			Loan	-	15029
Vantage Mezzanine Fund II	South Africa	UMIC	Africa	South Africa	SME Funds	Investment Funds	2011	Fund	5.40%	68027
Voxtra East Africa Agri-business Ini	Regional	-	Africa	Norway	SME Funds	Agriculture	2011	Fund	35.00%	22740
Yara fertiliser terminal Dar	Tanzania	LDC	Africa	Tanzania	Industrial Part-nerships	Fertilizers	2012	Loan	-	33398
Grand Total										**8320391**

Table A5.9. Summary table of commitments in Norfund portfolio in 2013.

Project name	Country	ODA classification[113]	Region	Domicile[114]	Department	Sector	Commitment year	Instrument	Share holding %[115]	Committed NOK (1000)
ACAF	Regional	-	America	Mauritius	SME Funds	Investment funds	2002	Fund	27.50%	28242
Adenia Capital Ltd II	Regional	-	Africa	Mauritius	SME Funds	Investment funds	2007	Fund	13.40%	20680
Africa Health Fund (Aureos)	Regional	-	Africa	South Africa	SME Funds	Investment funds	2011	Fund	9.50%	59589
Africado Ltd.	Tanzania	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture, forestry and fishing	2009	Equity	40.00%	15359
								Loan		5616
African Banking Corporation Zambia	Zambia	LDC	Africa	Zambia	Financial Institutions	Financial services	2011	Loan	-	18251
African Century Foods Ltd.	Regional	-	Africa	Mauritius	Industrial Partnerships	Agriculture, forestry and fishing	2013	Equity	29.63%	48619
AfriCap Microfinance Investment	Regional	-	Africa	Mauritius	Financial Institutions	Financial services	2007	Fund	7.10%	16771
Afrinord Hotel Investments	Regional	-	Africa	Denmark	Industrial Partnerships	Tourism	2005	Equity	20.00%	392
								Mezzanine		49169
Agrica	Tanzania	LDC	Africa	Guernsey	Industrial Partnerships	Agriculture, forestry and fishing	2010	Equity	23.80%	77062
Agri-Vie	Regional	-	Africa	Mauritius	SME Funds	Agriculture, forestry and fishing	2010	Fund	9.40%	54918
Agua Imara	Regional	-	Global	Norway	Renewable Energy	Energy	2008	Equity	19.00%	105260
							2009	Equity	19.00%	89660
							2011	Guarantee		44090
Alios Finance Tanzania Ltd	Tanzania	LDC	Africa	Tanzania	Financial Institutions	Financial services	2012	Loan	-	27377

[113] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm.
[114] Domicile data collected from 2013 Report on operations and Norfund.
[115] Shareholding data collected from 2013 Report on operations and Norfund.

Alios Finance Zambia	Zambia	LDC	Africa	Zambia	Financial Institutions	Financial services	2013	Loan	-	30419
Amret II (USD)	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institutions	Financial services	2013	Loan	-	24335
AMSCO	Regional	-	Africa	Netherlands	Industrial Partnerships	Financial services	2001	Equity	4.82%	1837
Angola Capital Partners LLC	Angola	LDC	Africa	Delaware, USA	SME Funds	Investment funds	2009	Equity	47.50%	1417
APIDC Biotech Fund	India	LMIC	Asia & Pacific	Mauritius	SME Funds	Investment funds	2005	Fund	7.70%	16437
Ascent Rift Valley Fund Ltd	Regional	-	Africa	South Africa	SME Funds	Investment funds	2013	Fund	26.60%	60837
ASILIA (African Spirit Group Limited)	Regional	-	Africa	Mauritius	Industrial Partnerships	Tourism	2013	Equity	19.40%	30694
Aureos Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment funds	2008	Fund	10.50%	180058
Aureos CA Growth Fund (EMERGE)	Regional	-	America	Mauritius	SME Funds	Investment funds	2006	Fund	14.30%	15945
Aureos East Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment funds	2003	Fund	20.00%	8807
Aureos Latin America Fund (ALAF)	Regional	-	America	Canada	SME Funds	Investment funds	2007	Fund	13.60%	147954
Aureos South Asia Fund (Holdings)	Regional	-	Asia & Pacific	Mauritius	SME Funds	Investment funds	2006	Fund	23.50%	105876
Aureos South-East Asia Fund	Regional	-	Asia & Pacific	Mauritius	SME Funds	Investment funds	2004	Fund	28.60%	37091
Aureos South-East Asia Fund II	Regional	-	Asia & Pacific	Canada	SME Funds	Investment funds	2010	Fund	2.17%	28282
Aureos Southern Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment funds	2003	Fund	25.10%	35573
Aureos West Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment funds	2003	Fund	26.00%	31522
Banco Terra	Mozambique	LDC	Africa	Mozambique	Financial Institutions	Financial services	2006	Equity	15.20%	12311
							2009	Equity	15.20%	20025
							2010	Equity	15.20%	29129
							2012	Equity	15.20%	35104
Basecamp Explorer Kenya Ltd	Kenya	OLIC	Africa	Kenya	Industrial Partnerships	Tourism	2010	Equity	40.00%	9000
							2012	Loan	-	1014
Bio2Watt	South Africa	UMIC	Africa	South Africa	Renewable Energy	Energy	2013	Mezzanine	-	9177
BRAC	Bangladesh	LDC	Asia & Pacific	Bangladesh	Financial Institutions	Financial services	2007	Loan	-	7489

Brac Bank	Bangladesh	LDC	Asia & Pacific	Bangladesh	Financial Institutions	Financial services	2010	Mezzanine	-	37514
Bugoye HPP	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2008	Equity	27.50%	8452
								Loan	-	15696
							2009	Guarantee	-	5019
							2009	Guarantee	-	8834
							2009	Equity	27.50%	4099
Business Partners Madagascar SME Fund	Madagascar	LDC	Africa	Mauritius	SME Funds	Investment funds	2006	Fund	27.50%	9952
Cambodia-Laos Development Fund	Cambodia	LDC	Asia & Pacific	Luxemburg	SME Funds	Investment funds	2009	Fund	20.30%	23651
Capitec Bank	South Africa	UMIC	Africa	South Africa	Financial Institutions	Financial services	2009	Loan	-	17424
CASEIF	Regional	-	America	Panama	SME Funds	Investment funds	2000	Fund	31.80%	5854
CASEIF II	Regional	-	America	Panama	SME Funds	Investment funds	2007	Fund	13.79%	21120
Casquip Starch	Swaziland	LMIC	Africa	Swaziland	Industrial Partnerships	Agriculture, forestry and fishing	2008	Equity	24.70%	10720
								Loan	-	14421
							2010	Equity	24.70%	2450
							2010	Loan	-	2004
							2011	Equity	24.70%	3966
							2011	Equity	24.70%	1458
							2012	Loan	-	1306
Chayton Atlas Investments	Zambia	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture, forestry and fishing	2012	Equity	22.74%	60093
China Environment Fund 2004	China	UMIC	Asia & Pacific	Cayman Islands	SME Funds	Investment funds	2005	Fund	10.00%	4826
CIFI	Regional	-	America	Panama	Financial Institutions	Financial services	2004	Equity	9.30%	31225
							2011	Loan	-	114069
CORECO	Regional	-	America	Delaware, USA	SME Funds	Financial services	2012	Fund	18.90%	60540
Desyfin	Costa Rica	UMIC	America	Costa Rica	Financial Institutions	Financial services	2011	Mezzanine	-	12167
							2013	Equity	23.20%	36772
								Loan	-	15209
DFCU Limited	Uganda	LDC	Africa	Uganda	Financial Institutions	Financial services	2004	Equity	27.54%	17607
							2010	Loan	-	37322

							2013	Equity	27.54%	98118
DFCU Limited	Uganda	LDC	Africa	Uganda	Financial Institutions	Financial services	2007	Mezzanine	-	4563
E+Co	Regional	-	Global	Delaware, USA	Renewable Energy	Energy	2009	Loan	-	35949
ECP Africa Fund (Afr Infr Fnd)	Regional	-	Africa	Mauritius	SME Funds	Investment funds	1999	Fund	1.20%	392
Euro TechBridge	Kenya	OLIC	Africa	Norway	Industrial Partnerships	Information and communication	2008	Loan	-	2250
European Financing Partners SA	Regional	-	Africa	Various	Industrial Partnerships	Investment funds	2006	Equity	7.60%	195
								Loan	-	6861
							2009	Loan	-	76274
							2010	Loan	-	83825
							2013	Loan	-	83825
Evolution One Fund	Regional	-	Africa	South Africa	SME Funds	Energy	2009	Fund	7.20%	33149
EXIM Bank (Tanzania) Ltd.	Tanzania	LDC	Africa	Tanzania	Financial Institutions	Financial services	2008	Mezzanine	-	22814
Fanisi Venture Capital Fund	Regional	-	Africa	Luxemburg	SME Funds	Investment funds	2009	Fund	30.93%	84931
Fanisi Venture Management Company	Regional	-	Africa	Luxemburg	SME Funds	Investment funds	2009	Equity	50.00%	1664
FDL	Nicaragua	LMIC	America	Nicaragua	Financial Institutions	Financial services	2013	Loan	-	18251
Ficohsa	Honduras	LMIC	America	Honduras	Financial Institutions	Financial services	2012	Loan	-	69091
Ficohsa Gua	Guatemala	LMIC	America	Guatemala	Financial Institutions	Financial services	2013	Loan	-	18251
First Finance Plc.	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institutions	Financial services	2013	Loan	-	18251
Frontier Fund	Bangladesh	LDC	Asia & Pacific	Cayman Islands	SME Funds	Investment funds	2010	Fund	11.30%	58936
Fula Rapids HPP PDF	South Sudan	LDC	Africa	South Sudan	Renewable Energy	Energy	2013	Loan	-	12167
Fundo de Investimento Privado-Angol	Angola	LDC	Africa	Luxemburg	SME Funds	Investment funds	2009	Fund	29.40%	60582
GLAD Ltd	Uganda	LDC	Africa	Uganda	Industrial Partnerships	Agriculture, forestry and fishing	2012	Loan	-	3650
Green Resources USD	Tanzania	LDC	Africa	Norway			2009	Loan	-	34069

					Industrial Partnerships	Agriculture, forestry and fishing	2012	Mezzanine	-	91256
GroFin Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment funds	2008	Fund	9.40%	75665
Hattha Kaksekar Ltd (HKL)	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institutions	Financial services	2008	Equity	17.60%	3992
							2011	Equity	17.60%	1930
							2011	Equity	17.60%	5461
							2013	Equity	17.60%	2134
							2013	Loan	-	15209
HEFF	Regional	-	America	Delaware, USA	Financial Institutions	Financial services	2011	Fund	33.00%	30320
Hidro Santa Cruz	Guatemala	LMIC	America	Guatemala	Renewable Energy	Energy	2011	Loan	-	24715
								Mezzanine	-	7605
Horizon Equity Partners Fund III	South Africa	UMIC	Africa	South Africa	SME Funds	Investment funds	2007	Fund	9.00%	17907
Hydel Hydropower PDF	Kenya	OLIC	Africa	Kenya	Renewable Energy	Energy	2011	Loan	-	9126
Interact Climate Change Facility	Regional	-	Global	Luxemburg	Renewable Energy	Energy	2010	Equity	7.70%	47
								Loan	-	69968
Kabul Serena Hotel	Afghanistan	LDC	Asia & Pacific	Afghanistan	Industrial Partnerships	Tourism	2005	Equity	17.10%	33785
Kikagati HPP PDF	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2012	Loan	-	8481
Kinangop Wind Park Limited	Kenya	OLIC	Africa	British Virgin Islands	Renewable Energy	Energy	2013	Equity	18.75%	73054
Kinangop Wind Park PDF	Kenya	OLIC	Africa	British Virgin Islands	Renewable Energy	Energy	2012	Loan	-	11225
Kinyeti Capital Ltd	South Sudan	LDC	Africa	South Sudan	Industrial Partnerships	Financial services	2012	Equity	49.00%	22121
KLP Norfund Investments AS	Regional	-	Global	Norway	Renewable Energy	Investment funds	2013	Equity	50.00%	1050
							2013	Equity	50.00%	35377
LAAD	Regional	-	America	Panama	Financial Institutions	Financial services	2009	Loan	-	38027
							2013	Loan	-	60837
Lafise Investment Management	Bahamas	-	America	Bahamas	SME Funds	Investment funds	1999	Equity	20.00%	17
Lake Turkana Wind Project PDF	Kenya	OLIC	Africa	Kenya	Renewable Energy	Energy	2011	Loan	-	14754
LOCFUND	Regional	-	America				2007	Fund	9.98%	8191

				Delaware, USA	Financial Institutions	Financial services	2007	Loan	-	3048
LOCFUND II	Regional	-	America	Delaware, USA	Financial Institutions	Financial services	2013	Fund	26.00%	48916
Matanuska Africa	Mozambique	LDC	Africa	Mauritius	Industrial Partnerships	Agriculture, forestry and fishing	2008	Equity	33.30%	31768
								Mezzanine	-	24335
							2012	Mezzanine	-	69354
								Guarantee	-	1622
							2013	Loan	-	15513
							2013	Loan	-	1789
Micro Africa Ltd_KES	Kenya	OLIC	Africa	Kenya	Financial Institutions	Financial services	2011	Loan	-	2882
Micro Africa Ltd_UGX	Uganda	LDC	Africa	Uganda	Financial Institutions	Financial services	2011	Loan	-	2832
Nam Sim	Laos	LDC	Asia & Pacific	Laos	Renewable Energy	Energy	2011	Loan	-	23422
NMBZ Holdings Limited	Zimbabwe	OLIC	Africa	Zimbabwe	Financial Institutions	Financial services	2013	Equity	9.00%	28800
								Loan	-	8517
NMI Frontier Fund	Regional	-	Global	Norway	Financial Institutions	Financial services	2008	Fund	45.00%	108000
NMI Fund III	Regional	-	Global	Norway	Financial Institutions	Financial services	2013	Fund	26.25%	47880
NMI Global Fund	Regional	-	Global	Norway	Financial Institutions	Financial services	2008	Fund	45.00%	162000
NMI Portfolio Manager AS	Regional	-	Global	Norway	Financial Institutions	Financial services	2008	Equity	50.00%	39120
Norfinance AS	Regional	-	Africa	Norway	Financial Institutions	Financial services	2013	Equity	100.00%	54800
Norsad	Regional	-	Africa	Botswana	Financial Institutions	Financial services	2011	Equity	11.00%	0
							2012	Equity	11.00%	56847
Novastar Ventures East Africa Fund	Regional	-	Africa	Mauritius	SME Funds	Investment funds	2013	Fund	#N/A	60837
Nsongezi Hydropwer Project PDF	Uganda	LDC	Africa	Uganda	Renewable Energy	Energy	2012	Loan	-	3042
								Equity	-	448
ODEF	Honduras	LMIC	America	Honduras	Financial Institutions	Financial services	2012	Loan	-	10682
OMEGA SmartBuild	Uganda	LDC	Africa	Norway	Industrial Partnerships	Financial services	2010	Loan	-	2000

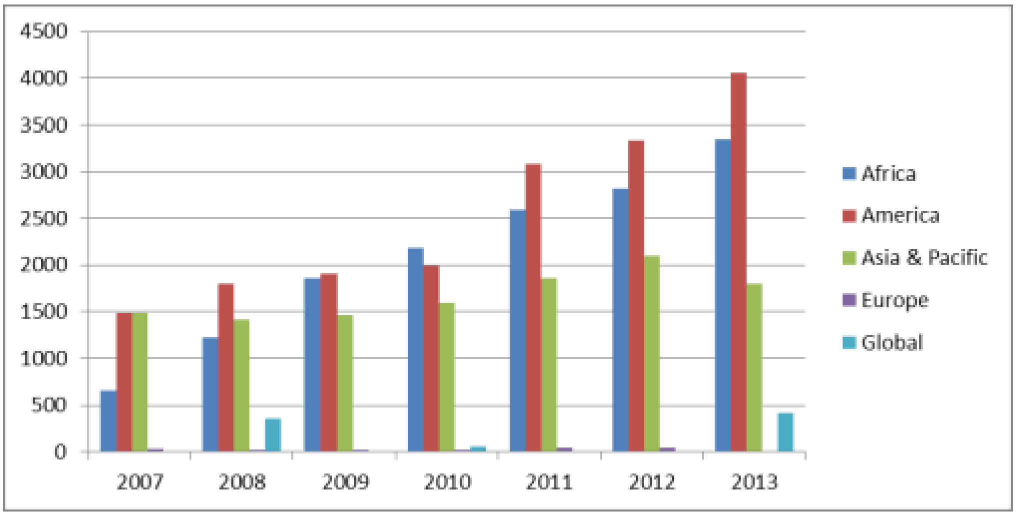
Prasac Microfinance Institution	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institutions	Financial services	2013	Loan	-	60837
Prospero	Regional	-	America	Cayman Islands	Financial Institutions	Financial services	2011	Fund	21.70%	28587
Proximity Designs	Myanmar	LDC	Asia & Pacific	Myanmar	Financial Institutions	Financial services	2013	Loan	-	12167
Real People Investment PTY	South Africa	UMIC	Africa	South Africa	Financial Institutions	Financial services	2009	Equity	16.80%	77431
							2011	Equity	16.80%	42306
							2012	Equity	16.80%	15730
							2012	Mezzanine	-	127776
							2012	Equity	16.80%	32043
Sacombank	Vietnam	LMIC	Asia & Pacific	Vietnam	Financial Institutions	Financial services	2011	Loan	-	152093
Sacombank Leasing Limited	Vietnam	LMIC	Asia & Pacific	Vietnam	Financial Institutions	Financial services	2011	Loan	-	30419
Safa Marine Industries Ltd	India	LMIC	Asia & Pacific	India	Industrial Partnerships	Manufacturing	2003	Loan	-	470
Sathapana	Cambodia	LDC	Asia & Pacific	Cambodia	Financial Institutions	Financial services	2011	Loan	-	12167
Scanwater AS	Uganda	LDC	Africa	Norway	Industrial Partnerships	Construction	2009	Loan	-	2500
Scatec Solar SA	South Africa	UMIC	Africa	South Africa	Renewable Energy	Energy	2012	Equity	35.00%	74140
								Loan	-	28647
SEAF Blue Waters Growth Fund	Vietnam	LMIC	Asia & Pacific	Cayman Islands	SME Funds	Investment funds	2008	Fund	20.00%	29473
SEAF Sichuan Small Investment Fund	China	UMIC	Asia & Pacific	Delaware, USA	SME Funds	Investment funds	2000	Fund	13.30%	9170
SN Power	Regional	-	Global	Norway	Renewable Energy	Energy	2013	Equity	40.00%	444135
SNPI	Regional		Global		Renewable Energy	Energy	2011	Equity	40.00%	3590577
Socremo	Mozambique	LDC	Africa	Mozambique	Financial Institutions	Financial services	2009	Equity	35.60%	12011
							2010	Equity	35.60%	12519
Solidus Investment Fund S.A.	Regional	-	America	Panama	Financial Institutions	Financial services	2005	Fund	6.30%	8952
Techcombank	Vietnam	LMIC	Asia & Pacific	Vietnam	Financial Institutions	Financial services	2011	Loan	-	91256
The Currency Exchange (TCX)	Regional	-	Global	Netherlands	Financial Institutions	Financial services	2007	Fund	2.40%	55000

TPS Dar es Salaam	Tanzania	LDC	Africa	Kenya	Industrial Part-nerships	Tourism	2011	Equity	28.50%	39089
							2011	Loan	-	18859
TPS Pakistan	Pakistan	LMIC	Asia & Pacific	Pakistan	Industrial Part-nerships	Tourism	2007	Equity	4.70%	21161
TPS Rwanda	Rwanda	LDC	Africa	Rwanda	Industrial Part-nerships	Tourism	2010	Equity	11.40%	12510
TPS Rwanda -USD	Rwanda		Africa		Industrial Part-nerships	Tourism	2010	Loan	-	16426
UAP Properties Limited	Sudan	LDC	Africa	Sudan	Industrial Part-nerships	Real estate acti-vities	2013	Loan	-	30419
Vantage Mezzanine Fund II	Regional	-	Africa	South Africa	SME Funds	Investment funds	2011	Fund	5.40%	57840
Voxtra East Africa Agri-business Ini	Regional	-	Africa	Norway	SME Funds	Agriculture, fo-restry and fishing	2011	Fund	35.00%	23472
Yara fertiliser terminal Dar	Tanzania	LDC	Africa	Tanzania	Industrial Part-nerships	Manufacturing	2012	Loan	-	36502
Grand Total										**9630608**

Table A5.10. Allocation of committed investments (% of NOK) across key geographic regions in Norfund's portfolio in 2007–2013[116].

	2007	2008	2009	2010	2011	2012	2013
Africa	18.0%	25.3%	35.3%	37.3%	34.1%	34.0%	34.8%
America	40.4%	37.4%	36.3%	34.0%	40.6%	40.1%	42.1%
Asia & Pasific	40.4%	29.5%	27.7%	27.2%	24.5%	25.2%	18.7%
Europe	0.9%	0.5%	0.5%	0.4%	0.6%	0.6%	0.0%
Global	0.2%	7.4%	0.2%	1.1%	0.2%	0.2%	4.4%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure A5.1. Allocation of committed investments (MNOK) across key geographic regions in Norfund's portfolio in 2007–2013[117].



[116] i) Regions labeled with "Europe/Central Asia" are included under "Europe".
ii) Regions labeled with Global Africa, Global Asia and Global Latin America are included in Africa, Asia and Latin America regions respectively. Regions labeled Asia and Asia & Pacific were combined. Regions labeled Europe and Europe/central Asia were combined.
iii) Regional data was adjusted from global to regional specific information based on country information when available.

[117] i) Regions labeled with "Europe/Central Asia" are included under "Europe".
ii) Regions labeled with Global Africa, Global Asia and Global Latin America are included in Africa, Asia and Latin America regions respectively. Regions labeled Asia and Asia & Pacific were combined. Regions labeled Europe and Europe/central Asia were combined.
iii) Regional data was adjusted from global to regional specific information based on country information when available

Table A5.11. Allocation of committed investments (% of NOK) across key geographic regions in Norfund's portfolio 2007–2013 (SNPI excluded)[118].

	2007	2008	2009	2010	2011	2012	2013
Africa	40.9%	47.6%	59.5%	63.7%	57.7%	59.3%	59.3%
America	20.0%	15.3%	18.4%	13.6%	18.8%	20.2%	15.9%
Asia & Pasific	36.6%	22.4%	21.0%	20.1%	22.2%	19.2%	17.3%
Europe	2.0%	0.9%	0.8%	0.7%	1.0%	1.0%	0.0%
Global	0.5%	13.9%	0.3%	1.8%	0.3%	0.3%	7.5%
Grand Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure A5.2. Allocation of committed investments (MNOK) across key geographic regions in Norfund's portfolio 2007–2013 (SNPI excluded)[119].

[118] i) Regions labeled with "Europe/Central Asia" are included under "Europe".
ii) Regions labeled with Global Africa, Global Asia and Global Latin America are included in Africa, Asia and Latin America regions respectively. Regions labeled Asia and Asia & Pacific were combined. Regions labeled Europe and Europe/central Asia were combined.
iii) Regional data was adjusted from global to regional specific information based on country information when available

[119] i) Regions labeled with "Europe/Central Asia" are included under "Europe".
ii) Regions labeled with Global Africa, Global Asia and Global Latin America are included in Africa, Asia and Latin America regions respectively. Regions labeled Asia and Asia & Pacific were combined. Regions labeled Europe and Europe/central Asia were combined.
iii) Regional data was adjusted from global to regional specific information based on country information when available

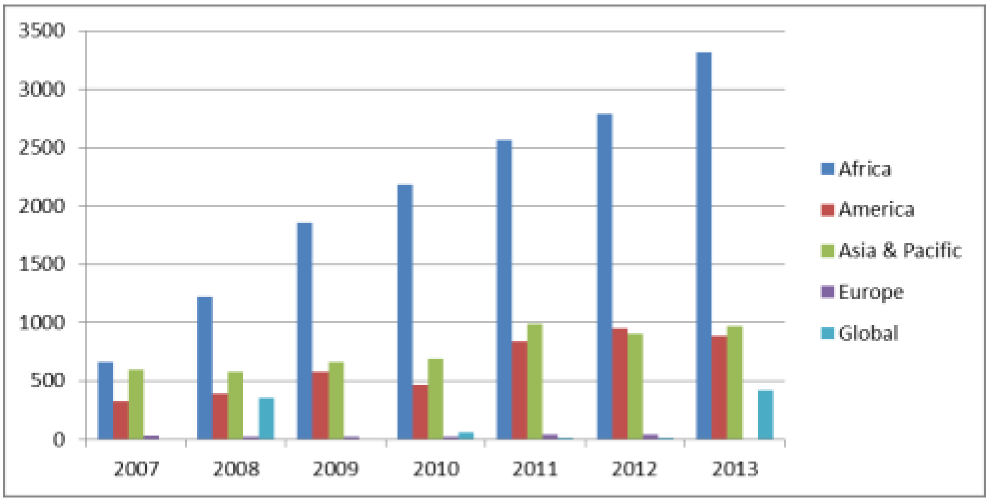


Table A5.12. Allocation of committed investments (MNOK) across countries in Norfund's portfolio in 2007–2013[120].

	ODA Category[121]	2007	2008	2009	2010	2011	2012	2013
Afghanistan	LDC	33.8	33.8	33.8	33.8	33.8	33.8	33.8
Angola	LDC	15.4	15.2	44.7	45.4	65.4	71.1	66.1
Argentina	UMIC	2.7	8.7	0.0	0.0	0.0	0.0	1.6
Bahamas	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bangladesh	LDC	100.8	108.1	46.0	130.8	123.7	136.7	113.5
Barbados	-	0.0	4.1	0.0	0.0	0.0	0.0	0.0
Belize	LMIC	9.1	4.6	0.0	0.0	0.0	0.0	0.0
Bolivia	LMIC	14.8	12.9	0.0	0.0	0.0	0.0	17.7
Bosnia And Herzegovina	UMIC	3.8	3.5	3.2	0.0	0.0	0.0	0.0

[120] i) Country categorization has changed over the years in Norfund portfolio. In 2009-2012 funds and other investments with regional focus have been allocated to regional categories, in line with the country categorization used in disbursement reporting published by Norad.

ii) Region specific regional categories have been combined (e.g. Global Asia and Regional Asia)

iii) The commitments include both disbursed and undisbursed commitments. Commitments for most funds with regional focus have large shares of commitments undisbursed.

[121] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm

Botswana	UMIC	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Brazil	UMIC	5.5	15.2	0.0	292.8	743.2	880.6	969.7
Bulgaria	UMIC	11.2	1.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	-	0.0	0.9	0.0	0.0	0.0	0.0	0.0
Burundi	LDC	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Cambodia	LDC	5.4	57.4	78.3	69.4	82.6	61.6	172.7
Cameroon	LDC	0.0	7.3	0.0	0.0	0.0	0.0	0.0
Central Africa	LMIC	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Chile	LDC	445.7	686.6	325.0	425.0	425.0	425.0	1005.4
China	UMIC	66.1	34.8	26.7	22.9	22.4	20.6	14.0
Colombia	UMIC	16.3	113.4	0.0	0.0	0.0	0.0	0.3
Comoros	UMIC	3.3	4.8	0.0	0.0	0.0	0.0	0.0
Costa Rica	LDC	11.6	18.7	28.9	0.0	11.5	11.5	156.5
Dominican Republic	UMIC	14.2	20.0	0.0	0.0	0.0	0.0	15.7
DR Congo	UMIC	0.3	10.1	0.0	0.0	0.0	0.0	0.0
Eastern Africa	LDC	0.0	0.0	28.9	0.0	0.0	13.2	0.0
Ecuador	UMIC	15.2	13.3	0.0	0.0	0.0	0.0	8.5
Egypt	LMIC	1.3	0.5	0.0	0.0	0.0	0.0	0.0
El Salvador	LMIC	68.9	58.7	0.0	0.0	0.0	0.0	18.6
Ethiopia	LDC	9.3	0.0	0.0	0.0	0.0	0.0	27.8
Gabon	UMIC	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Ghana	LMIC	42.3	64.5	0.0	0.0	0.0	0.0	28.5
Guatemala	LMIC	20.1	13.7	0.0	0.0	31.8	30.2	78.7
Honduras	LMIC	27.3	26.7	0.0	0.0	0.0	86.5	123.8
India	LMIC	557.5	304.8	94.0	134.5	170.0	169.9	437.8

Indonesia	LMIC	39.4	40.4	0.0	0.0	0.0	0.0	9.6
Ivory Coast	LMIC	1.7	0.6	0.0	0.0	0.0	0.0	0.0
Jamaica	UMIC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kenya	OLIC	46.8	170.5	35.5	36.0	61.6	49.5	543.8
Kosovo	LMIC	0.0	7.9	6.7	6.3	13.3	13.3	0.0
Kroatia	-	8.7	0.8	0.0	0.0	0.0	0.0	0.0
Laos	LDC	0.0	0.0	0.0	0.0	23.1	333.1	23.4
Lesotho	LDC	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Macedonia, Tfyr	UMIC	0.0	7.9	6.7	6.3	12.5	12.5	0.0
Madagascar	LDC	40.6	48.6	10.0	9.7	9.7	9.5	10.0
Malawi	LDC	1.8	2.4	0.0	0.0	0.0	0.0	0.0
Mali	LDC	9.3	5.7	0.0	0.0	0.0	0.0	0.0
Mauritius	UMIC	41.1	6.7	0.0	0.0	0.0	0.0	0.4
Mexico	UMIC	4.1	9.0	0.0	0.0	0.0	0.0	4.3
Mongolia	LMIC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco	LMIC	10.5	1.8	0.0	0.0	0.0	0.0	0.0
Mosambique	LDC	10.9	15.7	0.0	0.0	0.0	0.0	0.0
Mozambique	LDC	7.7	50.4	77.4	124.3	141.2	232.8	354.8
Myanmar	UMIC	0.0	0.0	0.0	0.0	0.0	0.0	12.2
Namibia	LDC	62.9	98.0	57.5	26.3	26.3	26.3	0.0
Nepal	LMIC	183.6	191.0	100.0	100.0	100.0	100.0	179.5
Nicaragua	LDC	62.4	41.7	8.0	6.6	5.6	6.1	34.3
Niger	LMIC	0.0	1.2	0.0	0.0	0.0	0.0	3.7
Nigeria	LMIC	67.0	203.4	0.0	0.0	0.0	0.0	0.1
Pakistan	UMIC	21.6	21.2	21.2	21.2	21.2	21.2	21.2

Panama	LMIC	22.0	9.9	118.8	54.0	124.8	121.7	17.4
Paraguay	UMIC	3.7	2.1	0.0	0.0	0.0	0.0	4.3
Peru	-	737.6	733.2	832.5	832.5	1007.5	1007.4	1199.0
Philippines	LMIC	302.1	489.8	702.5	702.5	702.5	702.5	404.2
Romania	-	8.6	0.7	0.0	0.0	0.0	0.0	0.0
Rwanda	LDC	0.4	13.2	0.0	28.5	28.7	27.5	28.9
Senegal	LDC	42.5	59.4	0.0	0.0	0.0	0.0	0.6
Seychelles	UMIC	3.3	5.9	0.0	0.0	0.0	0.0	0.0
Sierra Leone	LDC	2.2	0.8	0.0	0.0	0.0	0.0	2.6
South Africa	UMIC	100.4	131.8	318.9	327.3	514.8	533.4	585.1
South Sudan	LDC	0.0	0.0	0.0	0.0	0.0	0.0	34.3
Sri Lanka	LMIC	35.1	42.5	0.0	9.6	0.0	0.0	11.6
St. Lucia	UMIC	0.0	3.7	0.0	0.0	0.0	0.0	0.0
Sudan	LDC	0.0	7.2	0.0	0.0	0.0	4.3	30.4
Swaziland	LMIC	0.0	29.3	29.8	38.2	43.1	43.2	36.3
Tanzania	LDC	50.9	93.0	106.7	163.8	215.8	358.0	464.4
Thailand	UMIC	50.8	49.8	9.1	4.6	0.0	0.0	1.9
Trinidad & Tobago	-	0.5	0.9	0.0	0.0	0.0	0.0	0.0
Tunisia	UMIC	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Uganda	LDC	61.4	132.6	98.6	177.3	180.7	135.9	275.4
Uruguay	UMIC	1.0	1.0	0.0	0.0	0.0	0.0	1.7
Venezuela	UMIC	0.5	0.3	0.0	0.0	0.0	0.0	0.0
Vietnam	LMIC	33.1	46.7	30.6	29.3	285.8	282.4	303.2
Zambia	LDC	20.0	32.7	75.2	13.5	116.7	168.4	170.5
Zimbabwe	OLIC	0.0	0.0	0.0	0.0	0.0	0.0	66.5

Regional	-	1.8	139.8	1909.7	0.0	1824.5	1754.9	1504.2
Regional Africa	-	0.0	0.0	0.0	766.2	140.8	157.4	0.0
Regional Africa & Central America	-	0.0	0.0	0.0	43.9	44.1	0.0	0.0
Regional Asia	-	0.0	0.0	0.0	34.8	127.0	127.8	0.0
Regional Balkan	-	0.0	0.0	0.0	2.1	0.0	0.0	0.0
Regional Central America	-	0.0	0.0	0.0	89.7	0.0	0.0	0.0
Regional Eastern Africa	-	0.0	0.0	0.0	139.2	0.0	0.0	0.0
Regional Europe/Central Asia	-	0.0	0.0	0.0	8.3	16.0	20.4	0.0
Regional Latin America	-	0.0	0.0	0.0	319.6	68.8	93.0	0.0
Regional Middle East/North Africa	-	0.0	0.0	0.0	3.9	1.1	1.1	0.0
Regional South Asia	-	0.0	0.0	0.0	109.3	0.0	0.0	0.0
Regional South East Asia	-	0.0	0.0	0.0	144.8	0.0	0.0	0.0
Regional Southern Africa	-	0.0	0.0	0.0	100.1	0.0	0.0	0.0
Regional southern Africa and Indian ocean	-	0.0	0.0	0.0	29.4	0.0	0.0	0.0
Regional Sub-Saharan Africa	-	0.0	0.0	0.0	81.9	16.0	13.8	0.0
Regional West Africa	-	0.0	0.0	0.0	37.1	0.0	0.0	0.0
Global	-	63.5	217.0	0.0	74.0	24.1	22.4	0.0
Grand Total		**3669.4**	**4813.4**	**5264.7**	**5856.7**	**7606.5**	**8320.4**	**9630.6**

Table A5.13. Allocation of committed investments (MNOK) across countries in Norfund's portfolio in 2007–2013 (SNPI excluded)[122]

	ODA Category[123]	2007	2008	2009	2010	2011	2012	2013
Afghanistan	LDC	33.8	33.8	33.8	33.8	33.8	33.8	33.8
Angola	LDC	15.4	15.2	44.7	45.4	65.4	71.1	66.1
Argentina	UMIC	2.7	8.7	0.0	0.0	0.0	0.0	1.6
Bahamas	-	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Bangladesh	LDC	100.8	108.1	46.0	130.8	123.7	136.7	113.5
Barbados	-	0.0	4.1	0.0	0.0	0.0	0.0	0.0
Belize	LMIC	9.1	4.6	0.0	0.0	0.0	0.0	0.0
Bolivia	LMIC	14.8	12.9	0.0	0.0	0.0	0.0	17.7
Bosnia And Herzegovina	UMIC	3.8	3.5	3.2	0.0	0.0	0.0	0.0
Botswana	UMIC	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Brazil	UMIC	5.5	15.2	0.0	0.0	0.0	0.0	0.2
Bulgaria	UMIC	11.2	1.0	0.0	0.0	0.0	0.0	0.0
Burkina Faso	-	0.0	0.9	0.0	0.0	0.0	0.0	0.0
Burundi	LDC	0.0	1.5	0.0	0.0	0.0	0.0	0.0
Cambodia	LDC	5.4	57.4	78.3	69.4	82.6	61.6	172.7
Cameroon	LDC	0.0	7.3	0.0	0.0	0.0	0.0	0.0

[122] i) Country categorization has changed over the years in Norfund portfolio. In 2009-2012 funds and other investments with regional focus have been allocated to regional categories, in line with the country categorization used in disbursement reporting published by Norad.

ii) Region specific regional categories have been combined (e.g. Global Asia and Regional Asia)

iii) The commitments include both disbursed and undisbursed commitments. Commitments for most funds with regional focus have large shares of commitments undisbursed.

[123] Based on OECD DAC list of ODA Recipients 2013, available at http://www.oecd.org/development/stats/daclistofodarecipients.htm

Central Africa	LMIC	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Chile	LDC	4.5	2.5	0.0	0.0	0.0	0.0	0.0
China	UMIC	66.1	34.8	26.7	22.9	22.4	20.6	14.0
Colombia	UMIC	16.3	113.4	0.0	0.0	0.0	0.0	0.3
Comoros	UMIC	3.3	4.8	0.0	0.0	0.0	0.0	0.0
Costa Rica	LDC	11.6	18.7	28.9	0.0	11.5	11.5	156.5
Dominican Republic	UMIC	14.2	20.0	0.0	0.0	0.0	0.0	15.7
DR Congo	UMIC	0.3	10.1	0.0	0.0	0.0	0.0	0.0
Eastern Africa	LDC	0.0	0.0	28.9	0.0	0.0	13.2	0.0
Ecuador	UMIC	15.2	13.3	0.0	0.0	0.0	0.0	8.5
Egypt	LMIC	1.3	0.5	0.0	0.0	0.0	0.0	0.0
El Salvador	LMIC	68.9	58.7	0.0	0.0	0.0	0.0	18.6
Ethiopia	LDC	9.3	0.0	0.0	0.0	0.0	0.0	27.8
Gabon	UMIC	2.5	0.0	0.0	0.0	0.0	0.0	0.0
Ghana	LMIC	42.3	64.5	0.0	0.0	0.0	0.0	28.5
Guatemala	LMIC	20.1	13.7	0.0	0.0	31.8	30.2	78.7
Honduras	LMIC	27.3	26.7	0.0	0.0	0.0	86.5	123.8
India	LMIC	108.0	112.0	17.2	57.6	17.2	16.9	186.5
Indonesia	LMIC	39.4	40.4	0.0	0.0	0.0	0.0	9.6
Ivory Coast	LMIC	1.7	0.6	0.0	0.0	0.0	0.0	0.0
Jamaica	UMIC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Kenya	OLIC	46.8	170.5	35.5	36.0	61.6	56.6	543.8
Kosovo	LMIC	0.0	7.9	6.7	6.3	13.3	13.3	0.0
Kroatia	-	8.7	0.8	0.0	0.0	0.0	0.0	0.0
Laos	LDC	0.0	0.0	0.0	0.0	23.1	21.4	23.4

Lesotho	LDC	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Macedonia. Tfyr	UMIC	0.0	7.9	6.7	6.3	12.5	12.5	0.0
Madagascar	LDC	40.6	48.6	10.0	9.7	9.7	0.0	10.0
Malawi	LDC	1.8	2.4	0.0	0.0	0.0	0.0	0.0
Mali	LDC	9.3	5.7	0.0	0.0	0.0	0.0	0.0
Mauritius	UMIC	41.1	6.7	0.0	0.0	0.0	9.5	0.4
Mexico	UMIC	4.1	9.0	0.0	0.0	0.0	0.0	4.3
Mongolia	LMIC	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Morocco	LMIC	10.5	1.8	0.0	0.0	0.0	0.0	0.0
Mosambique	LDC	10.9	15.7	0.0	0.0	0.0	0.0	0.0
Mozambique	LDC	7.7	50.4	77.4	124.3	141.2	232.8	354.8
Myanmar	UMIC	0.0	0.0	0.0	0.0	0.0	0.0	12.2
Namibia	LDC	62.9	98.0	57.5	26.3	26.3	26.3	0.0
Nepal	LMIC	0.9	0.6	0.0	0.0	0.0	0.0	0.0
Nicaragua	LDC	62.4	41.7	8.0	6.6	5.6	6.1	34.3
Niger	LMIC	0.0	1.2	0.0	0.0	0.0	0.0	3.7
Nigeria	LMIC	67.0	203.4	0.0	0.0	0.0	0.0	0.1
Pakistan	UMIC	21.6	21.2	21.2	21.2	21.2	21.2	21.2
Panama	LMIC	22.0	9.9	18.8	54.0	124.8	121.7	8.5
Paraguay	UMIC	3.7	2.1	0.0	0.0	0.0	0.0	4.3
Peru	-	19.2	10.7	0.0	0.0	0.0	0.0	14.1
Philippines	LMIC	41.4	29.7	0.0	0.0	0.0	0.0	0.0
Romania	-	8.6	0.7	0.0	0.0	0.0	0.0	0.0
Rwanda	LDC	0.4	13.2	0.0	28.5	28.7	27.5	28.9
Senegal	LDC	42.5	59.4	0.0	0.0	0.0	0.0	0.6

Seychelles	UMIC	3.3	5.9	0.0	0.0	0.0	0.0	0.0
Sierra Leone	LDC	2.2	0.8	0.0	0.0	0.0	0.0	2.6
South Africa	UMIC	100.4	131.8	318.9	327.3	514.8	533.4	585.1
South Sudan	LDC	0.0	0.0	0.0	0.0	0.0	0.0	34.3
Sri Lanka	LMIC	35.1	39.9	0.0	9.6	0.0	0.0	11.6
St. Lucia	UMIC	0.0	3.7	0.0	0.0	0.0	0.0	0.0
Sudan	LDC	0.0	7.2	0.0	0.0	0.0	4.3	30.4
Swaziland	LMIC	0.0	29.3	29.8	38.2	43.1	43.2	36.3
Tanzania	LDC	50.9	93.0	106.7	163.8	215.8	358.0	464.4
Thailand	UMIC	50.8	49.8	9.1	4.6	0.0	0.0	1.9
Trinidad & Tobago	-	0.5	0.9	0.0	0.0	0.0	0.0	0.0
Tunisia	UMIC	1.7	0.0	0.0	0.0	0.0	0.0	0.0
Uganda	LDC	61.4	132.6	98.6	177.3	180.7	128.8	275.4
Uruguay	UMIC	1.0	1.0	0.0	0.0	0.0	0.0	1.7
Venezuela	UMIC	0.5	0.3	0.0	0.0	0.0	0.0	0.0
Vietnam	LMIC	33.1	46.7	30.6	29.3	285.8	282.4	303.2
Zambia	LDC	20.0	32.7	75.2	13.5	83.7	135.5	139.4
Zimbabwe	OLIC	0.0	0.0	0.0	0.0	0.0	0.0	66.5
Regional	-	1.8	139.8	1909.7	0.0	1824.5	1754.9	1504.2
Regional Africa	-	0.0	0.0	0.0	766.2	140.8	157.4	0.0
Regional Africa & Central America	-	0.0	0.0	0.0	43.9	44.1	0.0	0.0
Regional Asia	-	0.0	0.0	0.0	34.8	127.0	127.8	0.0
Regional Balkan	-	0.0	0.0	0.0	2.1	0.0	0.0	0.0
Regional Central America	-	0.0	0.0	0.0	89.7	0.0	0.0	0.0

Regional Eastern Africa	-	0.0	0.0	0.0	139.2	0.0	0.0	0.0
Regional Europe/Central Asia	-	0.0	0.0	0.0	8.3	16.0	20.4	0.0
Regional Latin America	-	0.0	0.0	0.0	319.6	68.8	93.0	0.0
Regional Middle East/North Africa	-	0.0	0.0	0.0	3.9	1.1	1.1	0.0
Regional South Asia	-	0.0	0.0	0.0	109.3	0.0	0.0	0.0
Regional South East Asia	-	0.0	0.0	0.0	144.8	0.0	0.0	0.0
Regional Southern Africa	-	0.0	0.0	0.0	100.1	0.0	0.0	0.0
Regional southern Africa and Indian ocean	-	0.0	0.0	0.0	29.4	0.0	0.0	0.0
Regional Sub-Saharan Africa	-	0.0	0.0	0.0	81.9	16.0	13.8	0.0
Regional West Africa	-	0.0	0.0	0.0	37.1	0.0	0.0	0.0
Global	-	63.5	217.0	0.0	74.0	24.1	22.4	0.0
Grand Total		1616.9	2560.9	3127.9	3427.0	4442.4	4707.3	5595.9

Figure A5.3. Share (% of NOK) of committed investments in LDCs in Norfund's portfolio 2007–2013.

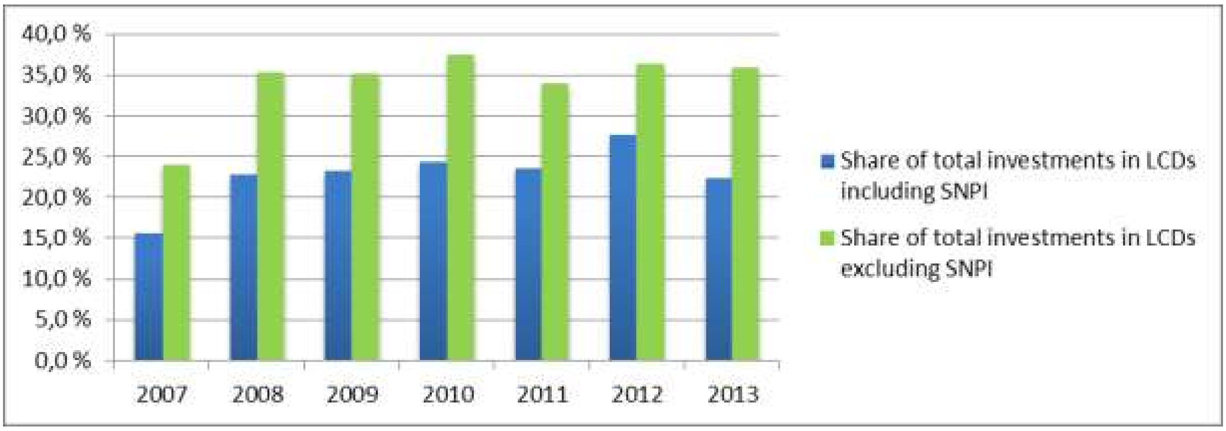


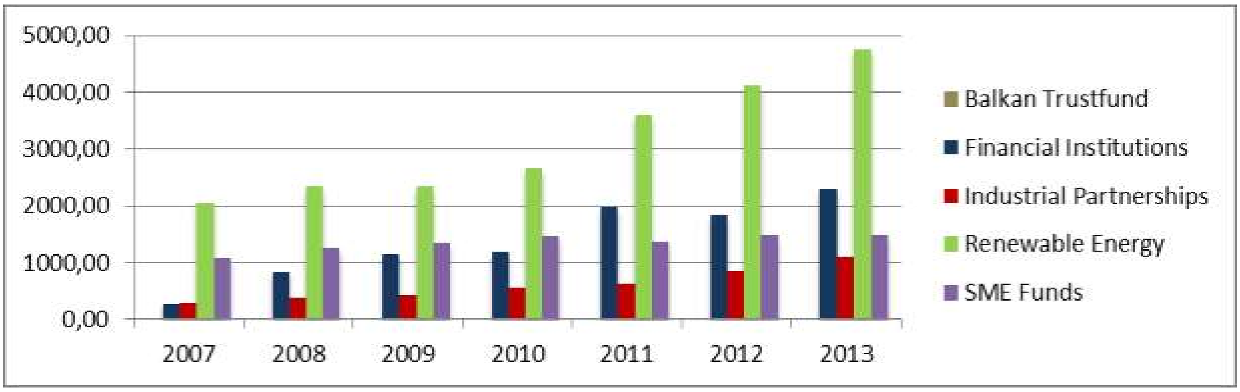
Table A5.14. Allocation of committed investments (% of NOK) portfolio among ODA country categories in Norfund's 2007–2013.

	2007	2008	2009	2010	2011	2012	2013
Least developed countries (LDCs)	16%	23%	23%	24%	24%	28%	22%
Other low income countries (OLICs)	23%	14%	14%	12%	7%	6%	N/A
Lower middle income countries (LMICs)	41%	45%	40%	40%	49%	47%	N/A
Upper middle income countries (UMICs)	18%	19%	23%	24%	20%	19%	N/A
Other / uncategorized	2%	0%	0%	0%	0%	0%	78%
Total	100%	100%	100%	100%	100%	100%	100%

Table A5.15. Share of committed investments (MNOK) in countries outside the scope set in the Norfund Act in Norfund portfolio 2007–2013[124]*. See chapter 3.1 in main report for the Norfund Act exact wording and the interpretation of the evaluation team.*

	2007	2008	2009	2010	2011	2012	2013
Commitments in non-eligible countries (share of total portfolio)	585.3 (15.9%)	862.2 (17.9%)	18.8 (0.4%)	381.3 (6.5%)	651.2 (8.6%)	666.6 (8.0%)	0.0 (0.0%)
SNPI's commitments in non-eligible countries (share of total portfolio)	441.3 (12.0%)	691.8 (14.2%)	0.0 (0.0%)	0.0 (0.0%)	0.0 (0.0%)	0.0 (0.0%)	0.0 (0.0%)
Commitments in non-eligble countries excluding SNPI (share of total portfolio)	144.0 (3.9%)	170.4 (3.7%)	0.0 (0.4%)	327.3 (6.5%)	651.2 (8.6%)	666.6 (8.0%)	0.0 (0.0%)

Figure A5.4. Committed investments (MNOK) per department in Norfund's portfolio 2007–2013[125].



[124] The analysis is based on World Bank GDP per capita data in 2013 US dollars (World Bank 2014a). In 2013 all investments were among the country scope set for Norfund.
[125] i) Industrial partnerships were labelled Direct investments in 2007-2009.

Figure A5.5. Committed investments (MNOK) per department in Norfund's portfolio in 2007–2013 (SNPI excluded)[126].

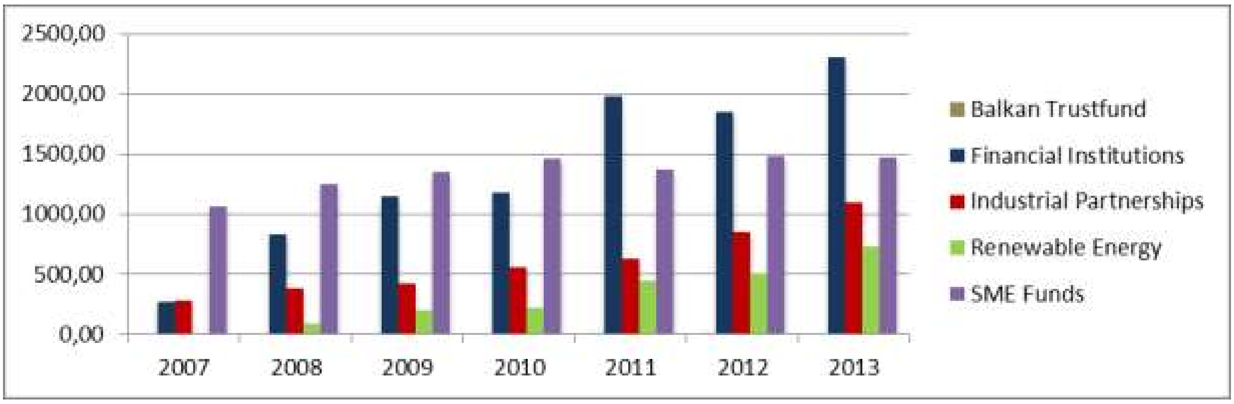


Table A5.16. Committed investments (MNOK) per sector in Norfund's portfolio in 2007–2013.

MNOK	2007	2008	2009	2010	2011	2012	2013
Agriculture		67.2	85.3	223.2	261.3	376.9	594.8
Communications	62.9	96.5	57.5	26.3	26.3	26.3	
Construction			2.5	2.5		2.5	2.5
Energy	2053.4	2339.2	2374.4	2692.6	3641.2	4150.1	4754.9
Fertilizers						33.4	
Financial services	182.8	360.1	470.9	540.8	940.6	1045.0	2388.1
Fishing & Aquaculture	30.3	10.1	8.0	6.6	5.6	4.3	
Food processing	0.4						
Forestry	3.3	2.9	40.4	41.0	42.3	125.3	
Information Technology	27.1	23.5	23.2	2.5	2.3	2.3	2.3
Investment Funds	1057.8	1298.7	1410.9	1523.9	1595.2	1469.0	1588.5
Leasing	12.1				27.5	55.3	

[126] i) Data for 2008 not explicitly available.
ii) Industrial partnerships were labelled Direct investments in 2007-2009.

Manufacturing	7.6	5.3	0.5	0.4	0.5	0.5	37.0
Micro-credit	118.8	484.3	682.7	651.1	860.1	832.3	
Project Development					2.5		
Real estate activities							30.4
Services and Consulting	1.8	1.8	1.8	4.3	4.3	3.8	
Tourism	111.2	123.9	106.5	141.4	196.9	193.3	232.1
Grand Total	3669.4	4813.4	5264.7	5856.7	7606.5	8320.4	9630.6

Table A5.17. Committed investments (MNOK) per sector in Norfund's portfolio in 2007–2013 (SNPI excluded).

Row Labels	2007	2008	2009	2010	2011	2012	2013
Agriculture		67.2	85.3	223.2	261.3	376.9	594.8
Communications	62.9	96.5	57.5	26.3	26.3	26.3	
Construction			2.5	2.5		2.5	2.5
Energy	0.9	86.7	237.6	262.9	477.2	537.0	720.2
Fertilizers						33.4	
Financial services	182.8	360.1	470.9	540.8	940.6	1045.0	2388.1
Fishing & Aquaculture	30.3	10.1	8.0	6.6	5.6	4.3	
Food processing	0.4						
Forestry	3.3	2.9	40.4	41.0	42.3	125.3	
Information Technology	27.1	23.5	23.2	2.5	2.3	2.3	2.3
Investment Funds	1057.8	1298.7	1410.9	1523.9	1595.2	1469.0	1588.5
Leasing	12.1				27.5	55.3	
Manufacturing	7.6	5.3	0.5	0.4	0.5	0.5	37.0

Micro-credit	118.8	484.3	682.7	651.1	860.1	832.3	
Project Development					2.5		
Real estate activities							30.4
Services and Consulting	1.8	1.8	1.8	4.3	4.3	3.8	
Tourism	111.2	123.9	106.5	141.4	196.9	193.3	232.1
Grand Total	1616.9	2560.9	3127.9	3427.0	4442.5	4707.3	5595.9

Figure A5.6. Allocation of committed investments (MNOK) per instrument in Norfund's portfolio in 2007–2013.

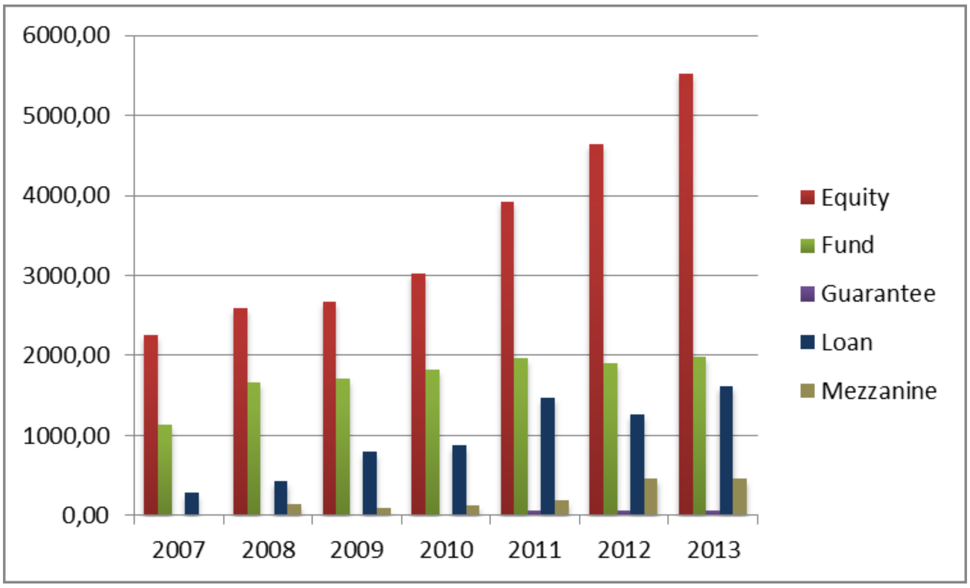


Figure A5.7. Allocation of committed investments (MNOK) per instrument in Norfund's portfolio in 2007–2013 (SNPI excluded).

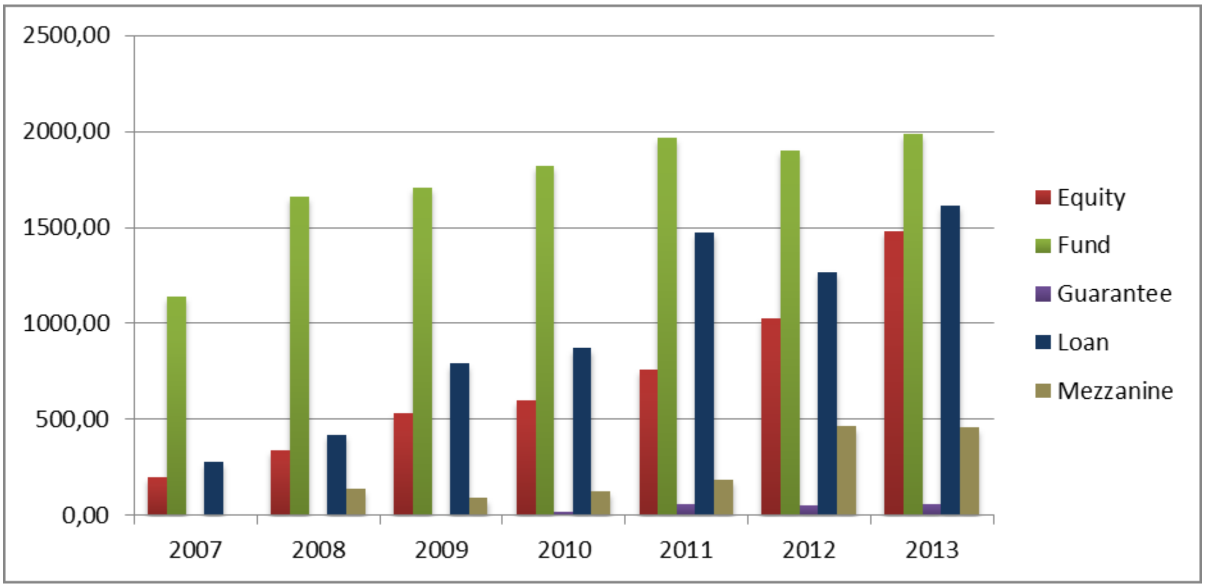
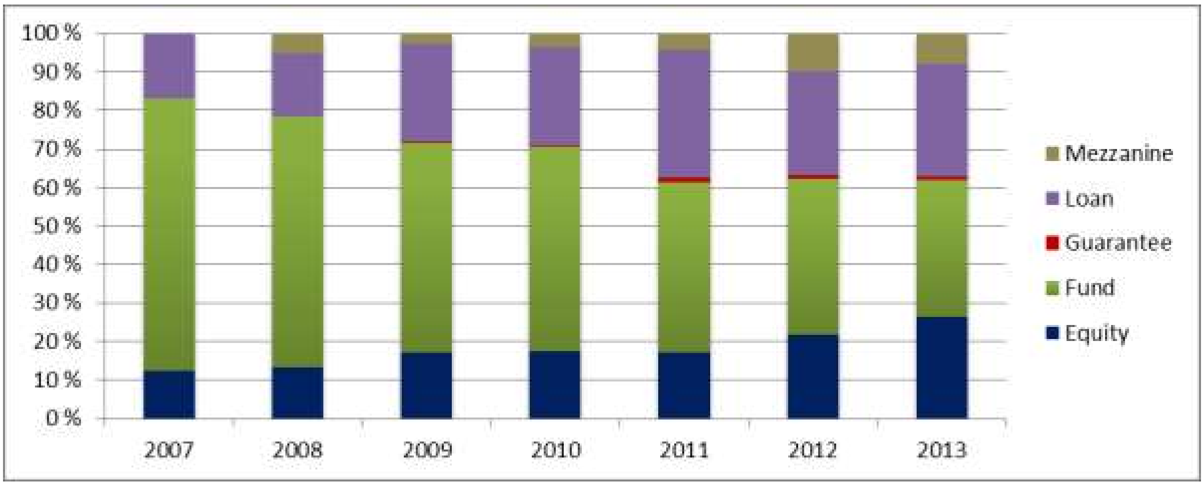


Figure A5.8. Allocation of committed investments (% of NOK) per instrument in Norfund's portfolio in 2007–2013 (SNPI excluded).



Data related to development effects

The current Norfund regime for DE data collection and reporting was introduced in 2009/2010. Therefore, the time series does not necessarily contain fully comparable figures over the whole period presented[127]. In line with descriptions in Annex 6, jobs refer to number of person employed directly, while total jobs refer to number of persons employed directly and indirectly[128]. The definition and practices of counting for employment effects has evolved during the evaluation period, noting also differences depending on the type of investment.[129] Total government contributions cover taxes and all fees and proceeds, including customs duties and royalties, value added tax (VAT), social security payments, etc. to local and central (*host country*) government from the company. Norfund procedure for assessing Norfund "share" of DE in some of its investments is presented in Annex 6. The tables below present DE indicators disaggregated by investment area/department (Table A5.18) and ODA country groups (Tables A5.19-A5.22).

Table A5.18a. Selected development effects disaggregated per department 2013

	Women employed	Jobs (direct)	Total jobs	Total Government Contribution (MNOK)
Financial Institutions	34 456	95 555	127 000	1 991.9
Industrial Partnerships	1 509	9 148	40 000	812.5
Renewable Energy	42	116	6 000	1 572.8
SME Funds	9 330	22 171	141 000	1 507.3
Grand Total	45 337	126 990	314 000	5 884.5

[127] The data contains also some inconsistencies related to the following figures:

i) In 2009 data for total government contributions differs in tables A5.18.e and A5.22a due to inconsitencies between data sources.

ii) In 2012 data for total government contributions for one sub-project is missing in Table A5.18b.

iii) In 2011-2013 there is a slight difference in total jobs between tables A5.18c-e and A5.21a due to inconcistencies between data sources.

[128] In 2007-2010 total jobs consists of sum of direct employees and employees in fund investments. In subsequent years total jobs consists of the sum of direct and indirect jobs, as also defined in Annex 6.

[129] For example for fund (indirect) investments, indirect employees refer to employees working in portfolio companies/companies supported by the funds. For direct investments, indirect employees refer to employees in the value chain, with the indicator being specified in more detail in recent years.

Table A5.18b. Selected development effects disaggregated per department 2012

	Women employed	Jobs (direct)	Total jobs	Total Government Contribution (MNOK)
Financial Institutions	31 587	85 738	116 131	1 826.3
Industrial Partnerships	1 868	11 197	32 133	663.0
Project Development	59	110	541	11.8
Renewable Energy	226	1 089	6 012	519.1
SME Funds	151	400	139 082	1 264.1
Grand Total	33 891	98 534	293 899	4 284.4

Table A5.18c. Selected development effects disaggregated per department 2011

	Women employed	Jobs (direct)	Total jobs	Total Government Contribution (MNOK)
Financial Institutions	25 741	84 023	107 992	1 646.1
Industrial Partnerships	1 900	8 704	16 422	872.8
Project Development	14	62	381	3.0
Renewable Energy	190	1 274	6 678	198.6
SME Funds	168	405	134 979	1 486.8
Grand Total	28 013	94 468	266 452	4 207.3

Table A5.18d. Selected development effects disaggregated per department 2010

	Women employed	Jobs (direct)[130]	Total jobs[131]	Total Government Contribution (MNOK)
Financial Institutions	14 613	39 899	57 770	674.2
Industrial Partnerships	1 606	12 682	12 682	754.7
Norad loan	201	334	334	0.0
Renewable Energy	144	873	873	117.3
SME Funds	47	139	93 662	1 146.0
Grand Total	16 611	53 927	165 321	2 692.2

Table A5.18e. Selected development effects disaggregated per department 2009

	Women employed	Jobs (direct)[132]	Total jobs[133]	Total Government Contribution (MNOK)
Balkan Trustfund	0	0	0	0.0
Financial Institutions	8 597	38 598	52 214	246.9
Industrial Partnerships	2 630	12 386	17 679	2 298.4
Norad loan	70	286	286	0.0
Renewable Energy	193	1 574	1 574	278.4
SME Funds	58	138	76 393	590.8
Grand Total	11 548	52 982	148 146	3 414.6

[130] Jobs excludes employees in fund investments and includes female jobs.
[131] Total jobs include jobs and jobs in fund investments.
[132] Jobs excludes employees in fund investments and includes female jobs.
[133] Total jobs include jobs and jobs in fund investments.

Table A5.18f. Selected development effects disaggregated per department 2008

	Women employed	Jobs (direct)[134]	Total jobs[135]	Total Government Contribution (MNOK)
Balkan Trustfund	3	6	1 237	0.0
Financial Institutions	7 968	38 648	49 200	71.5
Industrial Partnerships[136]	1 797	9 928	9 928	2 298.4
Norad loan	550	878	878	0.0
Renewable Energy	208	1 860	1 860	278.4
SME Funds	155	412	95 042	590.8
Total	10 681	51732	158 145	3 239.1

Table A5.19a. Women employed (direct jobs) per ODA country group 2008–2013.

	2008	2009	2010	2011	2012	2013
LDC	6727	5927	5078	11953	12733	16312
LMIC	474	494	532	5417	11360	11982
OLIC	15	30	5018	2151	76	206
UMIC	2034	2402	4300	5306	6392	7147
Other countries		2				
N/A	1431	2693	1683	3186	3330	9690
Total	10681	11548	16611	28013	33891	45337

[134] Jobs excludes employees in fund investments and includes female jobs.
[135] Total jobs include jobs and jobs in fund investments.
[136] Industrial Partnerships consists of "Direct investments"

Table A5.19b. Women employed (share of women in direct jobs) per ODA country group 2008–2013.

	2008	2009	2010	2011	2012	2013
LDC	62.98%	51.32%	30.57%	42.67%	37.57%	35.98%
LMIC	4.44%	4.28%	3.20%	19.34%	33.52%	26.43%
OLIC	0.14%	0.26%	30.21%	7.68%	0.22%	0.45%
UMIC	19.04%	20.80%	25.88%	18.94%	18.86%	15.76%
Other countries	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%
N/A	13.40%	23.32%	10.13%	11.37%	9.83%	21.37%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table A5.20a. Jobs (direct) per ODA country group 2008–2013

	2008	2009	2010	2011	2012	2013
LDC	42910	38111	38624	62109	61713	68578
LMIC	2135	2133	2113	11892	21812	22852
OLIC	48	4136	3367	7000	206	530
UMIC	3425	3946	7656	8480	10263	11110
Other countries		5				
N/A	3214	4651	2167	4987	4540	23920
Total	51732	52982	53927	94468	98534	126990

Table A5.20b. Jobs (% of direct jobs) per ODA country group 2008–2013

	2008	2009	2010	2011	2012	2013
LDC	82.95%	71.93%	71.62%	65.75%	62.63%	54.00%
LMIC	4.13%	4.03%	3.92%	12.59%	22.14%	18.00%
OLIC	0.09%	7.81%	6.24%	7.41%	0.21%	0.42%
UMIC	6.62%	7.45%	14.20%	8.98%	10.42%	8.75%
Other countries	0.00%	0.01%	0.00%	0.00%	0.00%	0.00%
N/A	6.21%	8.78%	4.02%	5.28%	4.61%	18.84%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table A5.21a. Total jobs (direct + indirect jobs) per ODA country group 2008–2013

	2008	2009	2010	2011	2012	2013
LDC	44145	39479	39435	107181	94451	92712
LMIC	4955	3957	23405	77172	78752	25681
OLIC	48	4136	3367	16877	10080	530
UMIC	18711	10816	13056	53297	58726	17314
Other countries		5		302		
N/A	90286	89753	86058	6219	37684	163667
Total	**158145**	**148146**	**165321**	**261048**	**279693**	**299904**

Table A5.21b. Total jobs (% of direct + indirect jobs) per ODA country group 2008–2013

	2008	2009	2010	2011	2012	2013
LDC	27.91%	26.65%	23.85%	41.06%	33.77%	30.91%
LMIC	3.13%	2.67%	14.16%	29.56%	28.16%	8.56%
OLIC	0.03%	2.79%	2.04%	6.47%	3.60%	0.18%
UMIC	11.83%	7.30%	7.90%	20.42%	21.00%	5.77%
Other countries	0.00%	0.00%	0.00%	0.12%	0.00%	0.00%
N/A	57.09%	60.58%	52.06%	2.38%	13.47%	54.57%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table A5.22a. Total government contributions (tNOK) per ODA country group 2008–2013

	2008	2009[137]	2010	2011	2012	2013
LDC	2298	2936	570	960	683	778
LMIC	4	26	348	1068	894	716
OLIC	0	91	191	369	150	16
UMIC	405	136	863	1771	1846	2100
Other countries	0	28	0	0	0	0
N/A	532	954	721	39	742	2275
Total	3239	4171	2692	4207	4316	5885

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Table A5.22b. Total government contributions (% of NOK) per ODA country group 2008–2013

	2008	2009	2010	2011	2012	2013
LDC	70.94%	70.38%	21.17%	22.81%	15.84%	13.21%
LMIC	0.13%	0.61%	12.94%	25.39%	20.72%	12.17%
OLIC	0.01%	2.18%	7.09%	8.78%	3.48%	0.27%
UMIC	12.49%	3.27%	32.04%	42.10%	42.77%	35.68%
Other countries	0.00%	0.67%	0.00%	0.00%	0.00%	0.00%
N/A	16.43%	22.88%	26.77%	0.93%	17.19%	38.66%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Table A5.23. Renewable energy sector specific DE indicators 2010–2013. [138] *The data in the table is provided for the entire RE portfolio and also separately for SNPI investments (Norfund DE data*[139]*).*

	2010		2011		2012		2013	
	Total RE	SNPI	Total RE	SNPI	Total RE	SNPI	Total RE	SNPI
Operational capacity MW	1 354	1 341	1665[140]	N/A	2 520	2 507	3 003	2 802
Produced GWh	4 317	4 250	N/A	4 262*	5 814	5 736	6 781	6 705*
People supplied	11146 941	9 763 608	14567 733	8450 447*	11946 919	9717 662	8887 380	8048 905
Avoided GHG tCO2	1 574 818	818 706 *	3400000 [141]	2194 438	2 594 876	2588 763	1 141 654	1141 566

138 Norfund's present reporting system for development effects was introduced in 2009/2010.
139 Figures marked with * have been provided separately by Norfund.
140 Figure from Norfund Report on Operations 2011.
141 Figure from Norfund Report on Operations 2011.

Electricity produced by SNPI investee companies amounted in 2007 to 2162 GWh, 3435 GWh in 2008, and 3800 GWh in 2009.[142] SNPI reports on the development effects of its investments to Norfund annually using the same development indicator template as other Norfund's RE investments, i.e. indicators common to all investments and additional sector specific indicators. The indicator for GHG emissions avoided in reporting year is calculated by multiplying annual power production with a grid emission factor for the relevant country. The estimated number of persons supplied is arrived at by dividing the actual production by average national electricity consumption per capita. Norfund notes that this (people supplied) indicator "*is only an illustration of the capacity produced and must be used with caution as much of the electricity is in fact used for industrial production*" (see Annex 6).

Data related to use of offshore jurisdiction for investment, due diligence and safeguards

Table A5.24. Number and share (# of investments) of committed investments with OFC as domicile in Norfund's portfolio in 2009–2013[143].

Domicile	2009	2010	2011	2012	2013
Bahamas	3	1	1	1	1
British Virgin Islands	1	1	1	1	1
Cayman Islands	5	5	6	5	4
Delaware	6	5	6	6	7
Guernsey		1	1	1	1
Jersey			1	1	
Luxembourg	4	5	5	5	5
Mauritius	19	18	18	19	22
Panama	2	4	5	5	5
Total OFCs	40	40	44	44	46
All investments	81	85	98	107	118
OFCs / All (%)	49%	47%	45%	41%	39%

[142] Gross production, actual. Data gathered from annual reports delivered by SNPI.
[143] Based on Norfund's Annual reports and Reports on operations 2009-2013 and Norfund portfolio data.

Figure A5.9. Share of investments (% of NOK) in OFCs in Norfund's portfolio 2009–2013[144].

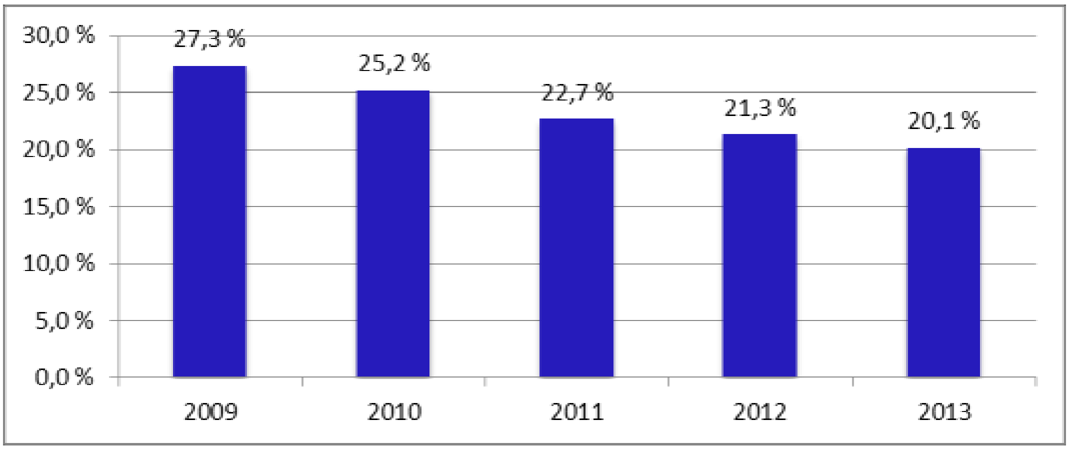


Table A5.25. Share of committed investments (% of number of investments) with domicile in OFCs per department in Norfund's portfolio in 2009–2013[145].

Department	2009	2010	2011	2012	2013	% of all investments 2009-2013
Industrial Partnerships	2	3	4	5	6	9.3%
Financial Institutions	7	6	8	8	8	17.3%
Renewable Energy	1	2	3	4	3	6.1%
SME Funds	30	29	25	27	25	63.6%
Other			4		4	3.7%
Total	40	40	44	44	46	100.0%

[144] Based on Norfund's Annual reports and Reports on operations 2009-2013.
[145] Data based on Norfund Reports on Operations.

Figure A5.10. Number of investments in Norfund's portfolio using OFCs per department in 2009–2013[146].

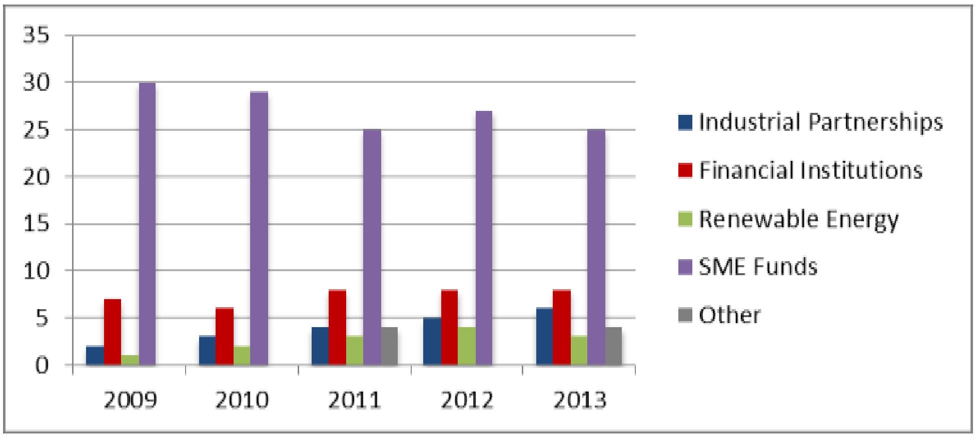


Table A5.26. Committed investments (MNOK) in OFCs per department in Norfund's portfolio in 2009–2013[147].

MNOK	2009	2010	2011	2012	2013
Industrial Partnerships	112.9	146.4	163.2	322.8	381.9
Financial Institutions	173	126.5	348.6	286.7	389.1
Renewable Energy	43.3	83	114.5	112.3	120.3
SME Funds	1108.8	1120.5	941.3	1050.7	899.71
Other	0	0	156.2	0	148.6
Total OFC investments (MNOK)	1438	1476	1724	1773	1940
Investmetns in OFCs / total Portfolio (% MNOK)	27.3%	25.2%	22.7%	21.3%	20.1%

[146] Data based on Norfund Reports on Operations.
[147] Data based on Norfund Reports on Operations.

Data related to efficiency of Norfund

Table A5.27. Wages, salaries and other payroll expenses in 2007–2013. The data is collected from the corresponding Norfund annual reports.

Wages, salaries and other payroll expenses	2007	2008	2009	2010	2011	2012	2013
Wages and salaries	21950	24709	29 600	32 139	40566	39 632	46 623
Directors' fees	520	450	450	525	527	954	659
Payroll tax	3105	3650	3 960	4 155	5040	6 350	6 492
Personnel insurance	404	413	594	639	765	851	1 089
Pension expenses	5653	4446	7 334	4 015	13253	12 668	-1 132
Other benefits	1758	1021	2 482	2 907	2793	2 806	5 502
Payroll expenses reimbursed	-776	-609	-754	125	-166	-140	-48
Total	32613	34080	43665	44506	62778	63 120	59 185
Number of employees	35	40	41	45	49	50	54
Average wages and salaries / employee	627	618	722	714	828	793	863

Table A5.28. Remuneration of senior personnel in 2007–2013. The data is collected from the corresponding Norfund annual reports.

Remuneration of senior personnel	2007	2008	2009	2010	2011	2012	2013
Wages and salaries/fees, Managing director	1 453	1 655	1 816	2 029	2 091	2 178	2 251
Pension contributions, Managing director	582	705	606	519	652	711	696
Other remuneration, Managing director	129	128	98	68	82	94	98
Total	2 164	2 488	2 519	2 617	2 825	2 983	3 044

Wages and salaries/fees, Chairman	120	120	120	120	145	170	178
Wages and salaries/fees, Board-members	400	330	482	405	385	443	482
Total	2 684	2 938	3 121	3 142	3 355	3 596	3 703

Table A5.29. Number of investments with Norwegian and EDFI partner organisations in 2012 portfolio.

	Number of EDFI partners	Number of Norwegian partners
Financial Institutions	16	3
Industrial Partnerships	9	8
Renewable Energy	4	6
SME Funds	23	1
Grand Total	52	18

Table A5.30. Committed investments (MNOK and % of NOK) with Norwegian and EDFI partner organisations in 2012 portfolio per department.

	Norwegian partner		Other DFI partner		Total portfolio[148]
	MNOK	% of the portfolio	MNOK	% of the portfolio	
Financial Institutions	300	15 %	1167	60%	1961
Industrial Partnerships[149]	279	31 %	520	58%	890
Renewable Energy	4150	96 %	130	3%	4340
SME Funds	23	1 %	1413	81%	1737
Total	4752	53 %	3230	36%	8928

[148] In this case total portfolio excludes investments made through Balkan Trustfund.
[149] Two commitments include both Norwegian and other DFI partners.

Figure A5.11. Number of Norwegian partner organisations in Norfund's committed investments in 2012 portfolio per country and department.

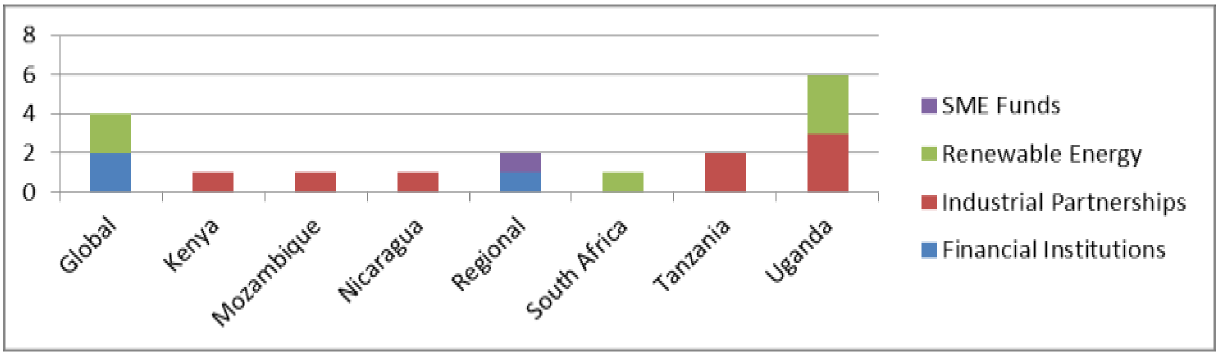
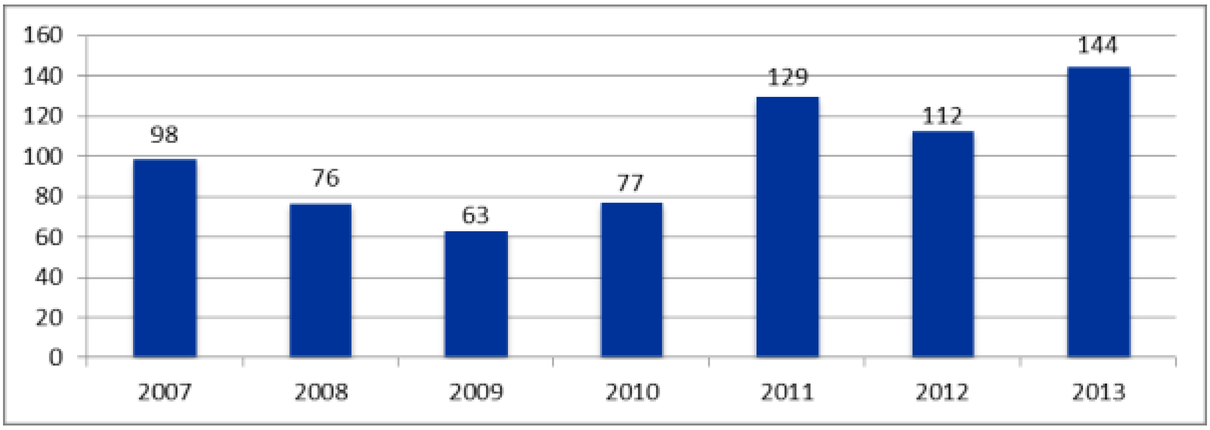


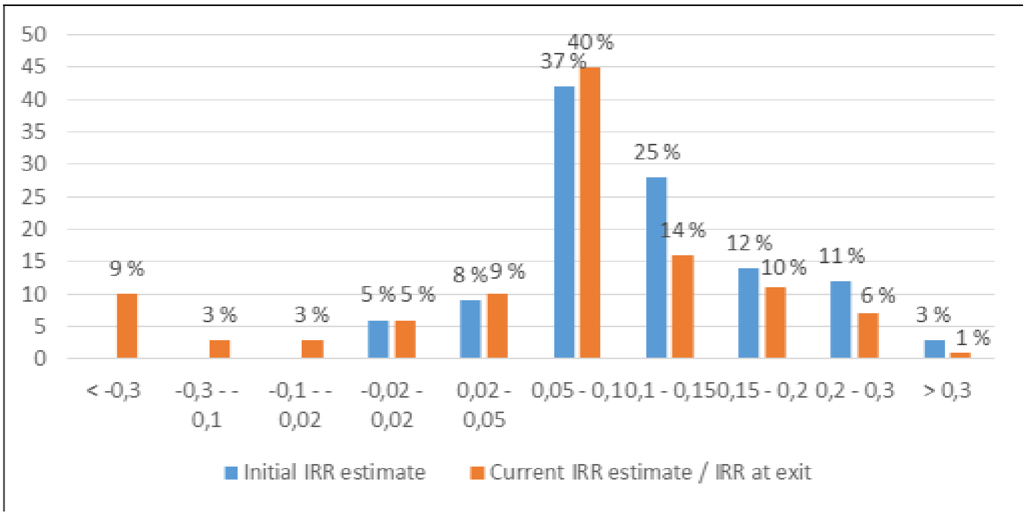
Figure A5.12. Average size of new investments in 2007–2013 (MNOK)[150].



[150] Data collected from Norfund Reports on Operations.

Data related to profitability of Norfund (see also Annex 9)

Figure A5.13. The distribution of original IRRs and current IRRs or IRRs at exit of the investments made during the assessment period (2007–2013), based on Norfund portfolio data.



Data related to grant financing

Tables A5.31-A5.35 indicate committed grant investments in 2007–2013 as data is available. Table A5.36 presents the actual grant disbursements per investment project during the evaluation period. All Norfund investments are applicable for grant investments (including SNPI).

Table A5.31. Norfund's share of total costs in grant funded interventions in 2009–2013.

	2009	2010	2011	2012	2013
Total project costs (tNOK) (incl. other investors. investees etc.)	36758	51728	76300	45199	37616
Norfund share of total (tNOK)	23625	23911	23125	17702	20351
Norfund share of total (%)	64.3%	46.2%	30.3%	39.2%	54.1%
Average Norfund share of GF projects (%)	66.4%	66.9%	56.0%	48.4%	59.2%

Figure A5.14. Allocation of grant funding (tNOK) in GF project categories per year and per Norfund department 2010–2013.

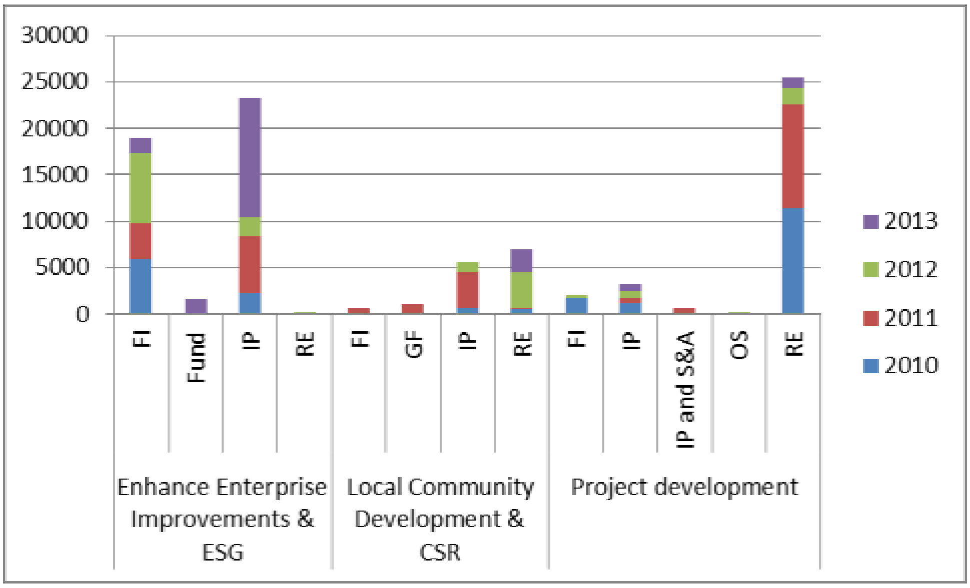


Table A5.32. Allocation of grant funding (% of NOK) across GF project categories in 2008–2013.

%	2008	2009	2010	2011	2012	2013	Total
Enhance Enterprise Improvements & ESG	19.4%	30.4%	35.3%	40.3 %	55.7%	78.8%	33.9 %
Local Community Development & CSR	28.9%	8.6%	4.7%	18.6 %	28.4%	11.9%	9.3 %
Project development	51.8%	61.1%	60.0%	41.1 %	15.8%	9.3%	15.7 %
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table A5.33. Allocation of grant funding (tNOK) across GF project categories in 2008–2013.

tNOK	2008	2009	2010	2011	2012	2013	Total
Enhance Enterprise Improvements & ESG	2958	7180	8437	12164	9867	16034	56640
Local Community Development & CSR	4410	2021	1120	5613	5035	2431	20630
Project development	7903	14424	14354	12398	2800	1886	53765
Total	15271	23625	23911	30175	17702	20351	131035

Table A5.34. Allocation of grant funding (% of NOK) across geographical regions in 2008–2013.

%	2008	2009	2010	2011	2012	2013	Total
Africa	86.8%	92.2%	92.2%	76.7%	75.8%	85.8%	84.8%
America	8.6%	3.5%	6.0%	7.37%	3.1%	6.7%	5.9%
Asia	4.6%	2.7%	1.7%	0.5%	21.1%	5.7%	5.2%
Africa, Asia	0.0%	0.0%	0.0%	13.3%	0.0%	0.0%	3.1%
Global	0.0%	1.6%	0.0%	2.1%	0.0%	0.0%	0.8%
No data	0.0%	0.0%	0.0%	0.0%	0.0%	1.8%	0.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Figure A5.15. Allocation of grant funding across geographical regions in 2008–2013 (tNOK).

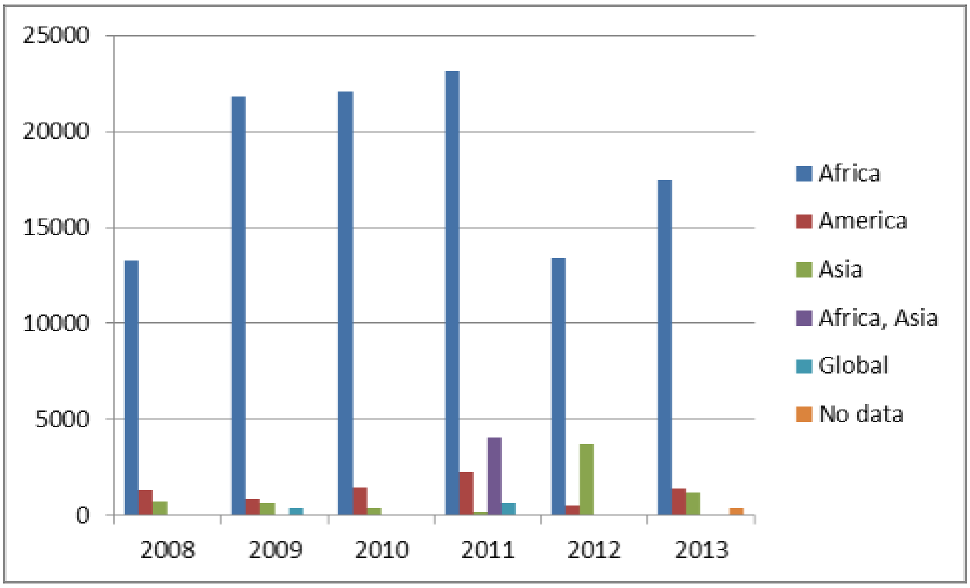


Table A5.35. Allocation of grant funding (% of NOK) across Norfund's departments in 2010–2013.

%	2010	2011	2012	2013	Total
Financial Institutions	32.0%	14.92%	44.1%	7.8%	23.4%
Industrial Partner-ships[151]	17.1%	36.9%	21.9%	67.1%	32.5%
Renewable Energy	49.8%	37.5%	33.0%	17.2%	35.6%
Other[152]	0.0%	3.3%	1.0%	7.9%	3.0%
No data[153]	1.1%	7.4%	0.0%	0.0%	2.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%

[151] Includes agri-business (AB) and "IP and S&A", which is not defined in more detail.
[152] Includes Other services, Funds and Grant funding (GF).
[153] No department defined.

Figure A5.16. Allocation of grant projects across geographical regions (# of projects).

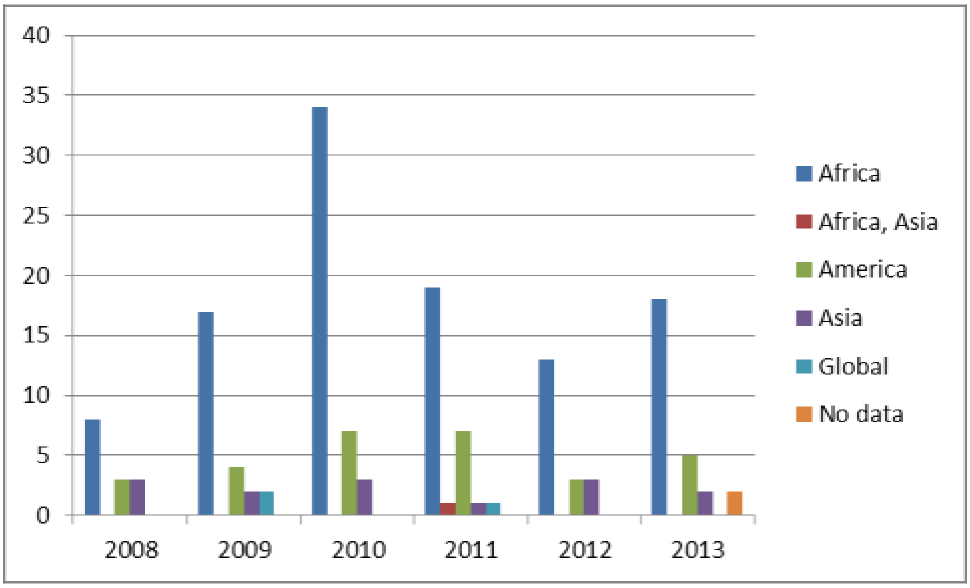


Table A5.36. Total Grant disbursements per investment project in 2007–2013

Grant recipients	Net disb. 2007–2013 (NOK 1000)	
A. Interventions with direct investments		**75 812**
Abacus	*13*	
ACF	*151*	
ACP	*5 737*	
Africado	*1 793*	
AfriCap	*335*	
Agrica	*3 430*	
Aureos	*50*	
Aureos Africa Fund	*141*	
Aureos Asia	*306*	
Aureos Health Fund	*5 031*	
Aureos Vietnam	*657*	
Banco Terra	*1 535*	
BCEK	*2 237*	
Bugoye	*178*	
CAIM	*0*	
Care Works	*167*	
CASEIF	*1 872*	
Casquip	*1 005*	
Ceyland Int.	*41*	
Chayton	*855*	
CIFI	*113*	
Desyfin	*24*	
DFCU	*533*	

E+CO	*317*	
Family Bank	*57*	
Fanisi	*7 882*	
Fula Rapids	*3 378*	
Gallito Ciego	*387*	
GRAS	*151*	
HKL	*49*	
Jambo Roses	*190*	
Kabul Serena	*1 340*	
Kikagati	*4 792*	
Kinyeti	*2 615*	
LAFISE	*557*	
Lake Turkana	*3 617*	
Locfund	*563*	
Matanuska	*3 985*	
Micro Africa	*436*	
Nicafish	*551*	
Norsad	*211*	
Nsongezi	*581*	
Real People	*243*	
REGMIFA	*56*	
Sacombank	*153*	
Sao Hill Energy	*9 281*	
SEAF	*314*	
Socremo	*1 358*	
ToughStuff	*5 136*	
TPS Dar	*238*	
TPS Pakistan	*228*	
Uganda Microfinance Ltd.	*941*	
B. Interventions for sub-projects of fund investments		**9 538**
AMSCO - sub-projects	*280*	
CASEIF I - sub-projects	*58*	
CASEIF II - sub-projects	*1 217*	
CIFI - sub-projects	*59*	
EMERGE - sub-projects	*2 250*	
Fanisi - sub-projects	*4 525*	
HKL - sub-projects	*321*	
Locfund I - sub-projects	*654*	
Prospero - sub-projects	*175*	

C. Pre-investment interventions (e.g. feasibility studies)[154]		**10 428**
Agri Namibia	*78*	
Agri Quality and Competence Development	*84*	
Agribusiness country study	*627*	
Agribusiness strategy / Agri in Africa	*1 941*	
Agro Greenfield development Tanzania	*1 189*	
CDC.IFC.FMO Gender Study	*63*	
Development of business plan livestock Uganda	*76*	
Faglig bistand gjennom veiledningskont.	*990*	
Feasibility MSME Mozambik	*40*	
Feasibility of small-scale hydropower	*89*	
Forundersøkelse prod.selsk. Mosambik	*196*	
Forundersøkelser Sør-Sudan	*56*	
Hydropower rehabilitation Angola	*50*	
Microfinance Sør-Sudan	*467*	
Minipower Africa feasibility study	*130*	
Mozambique hydropower	*391*	
Myanmar consultant	*130*	
Outgrower scheme pilot Tanzania	*185*	
Prefeasibility African Agri Bank	*250*	
SAGCOT: Blueprint Agric.Corr.Tanzania	*353*	
Small Scale Hydropower Africa Feasibility Study	*317*	
SME councelling	*200*	
Solar Market Study	*64*	
Stock exchange project East Africa	*640*	
TA Adm 2008	*162*	
Uganda GET FiT Pilot Program	*248*	
Uganda Housing Feasibility	*400*	
Utviklingsfondet: Small Scale Agribuinesses in Africa	*632*	
Value Chain Integration Business Plan Development	*268*	
Zimbabwe Mapping Exercise	*111*	
D. Earmarked embassy/MFA development grants		**145 724**
EARMARKED - Bugoye (Energy initiative)	65 067	
EARMARKED - Fula Rapids	37 657	
EARMARKED - NMI	43 000	
GRAND TOTAL		**241 502**

[154] Includes project development interventions, mapping exercises and other interventions than cannot be attributed to one particular Norfund investment (either because it was never realized, or because the intervention is general in nature and/or covers multiple projects).

Data related to sustainability of Norfund and the development outcomes of its operations

Table A5.37. Cash flow data from Norfund's operations during 2007–2013[155].

MNOK	2007	2008	2009	2010	2011	2012	2013
Operating cash flow	57	104	190	43	22	106	-10
Operating cash flow / portfolio	2.7%	3.0%	4.6%	0.9%	0.4%	1.6%	-0.1%
Total net outflow investment activities	-1 381	-567	-319	-364	-2 024	-496	-748
Increase in equity (capital contributions from gvmt)	485	485	585	629	1 000	1 030	1 198
Net change in cash after financing	-840	34	445	314	-974	640	440

Table A5.38. Cash flow data from Norfund's operations during 2007–2013 (expressed in tNOK)[156].

Cash Flow	2007	2008	2009	2010	2011	2012
Cash flow from operations	57 358	104 442	190 443	42 667	21 610	106 051
Investments fixed assets	-1 510	-493	-2 519	-1 113	-2 399	-2 254
Proceeds exits and loan repayments	112 909	317 383	301 689	272 208	139 615	488 692
Disbursements for investments	-1 491 954	-883 922	-618 406	-635 448	-2 161 231	-982 218
Total outflow investment activities	-1 380 555	-567 032	-319 236	-364 353	-2 024 015	-495 780

[155] Data gathered from Norfund Annual Reports. Note that profits associated with the SNPI do not generate cash flow as it is accounted for as an associated company.
[156] Data gathered from Norfund Annual Reports.

Net after investment activities	-1 323 196	-462 590	-128 792	-321 686	-2 002 406	-389 729

Annex 6 Norfund development indicators

Norfund annually collects and reports on some development indicators for all of its investee companies. The data collection is based on self-reporting from Norfund investments. This Annex lists and describes the indicators that Norfund reports to use in 2013/2014. These indicators have evolved during the evaluation period 2007-2013 and the evaluation team has made use of data used and collected and reported during that time, including many of the indicators listed below.

Indicators collected for the entire portfolio

Indicator	Explanation
Employment per 12.31.20XX	
Persons employed (direct)	<u>Fund investments:</u> employees in fund management companies (full time equivalent, FTE). <u>Direct investments:</u> Permanent employees and casual employees working on a permanent basis, including part-time and seasonal employees measured in full-time equivalents (FTE).
Women employed	Number of women employed, as defined above.
Indirect employees	<u>Fund investments:</u> direct employees in portfolio companies. <u>Direct investments (ex FI investments):</u> Persons (FTE) dependent (>50% of income) on company for livelihood (major suppliers, agents, contractors, etc.)
Contribution to government revenues in 20XX	
Total contribution to government	Taxes and all fees and proceeds, including customs duties and royalties, value added tax (VAT), social security payments, etc. to local and central (*host country*) government from the company, including deferred tax over the last reported financial year. [Total taxes: as reported on the investment's income statement]. Employees' taxes paid to government are not relevant, and have been excluded.

Corporate (income) taxes	Company taxes in last financial year (as reported in the P&L/Income statement).
Other cross-portfolio indicators per 12.31.20XX	
LDC share	% of portfolio invested in LDCs. Based on committed amount.
Africa share	% of portfolio in Africa. Based on committed amount.
Greenfield share	% of portfolio in greenfield projects. Based on committed amount.
Equity share	% of portfolio in equity investments. Based on committed amount.
Fatalities	Number of work related fatalities in reporting year.

Indicators collected for sector specific parts of the portfolio

Norfund has four different investment departments/areas, and reports on a few sector-specific development indicators for each area.

Sector specific indicators	
Financial Intuitions	
Deposit taking institutions in portfolio	Number of financial institutions that are authorized to have deposit accounts. Only count FI in which Norfund has invested directly. Informal deposit accounts (e.g., as found in many MFIs) are not included.
Depositors	Total number of depositors and total amount of deposits.
SME depositors	Number of deposit accounts owned by SMEs.
Female depositors	Number of deposit accounts owned by women.
Borrowers	Total number of borrowers (persons having a loan(s) in a FI).
SME borrowers	Number of loans held by SMEs.
Female borrowers	Number of loans held by women.
Loans	Total amount of loans issue d.

Ratio of loans to total assets	In percent
Corporate governance	Qualitative assessment of the financial institutions' approaches to corporate governance. The FI's are assigned scores from 1 to 5 based on their corporate governance framework: policies, and implementation systems and controls. The highest rating, 5, implies documented robust framework and good controls; whereas a rating of 1 implies that the corporate governance framework is not adequate.
SME - Funds	
First generation funds	Number of funds in new geographic al areas, sectors, and/or with new focus area, and/or managed by first-time fund managers.
Disbursement rate	An estimation of the rate in which a fund manager disburses funds to its investee companies. A fund receives a high score if it invests/disburses rapidly compared to Norfund's expectations and low if it invests slower than expected.
Corporate governance	An evaluation fund manager's approach to corporate governance in its investee companies (see definition above).
Industrial Partnerships	
National Procurement	Total amount in reporting year, and as a share of total purchases.
Technology transfer	Qualitative - Y/N. "Yes" if the project has resulted in introduction of a new production process or product in the country or industry sector. If "yes", comment what/how.
Improved Infrastructure	Qualitative - Y/N. "Yes" if the project has resulted in or will result in improvements in the physical or social infrastructure benefiting the local population (e.g. water supply, roads, electricity, etc.). If "yes", comment what/how.
Serious incidents	Number of serious work related incidents with explanation.

Training	Number of employees provided with training (provided by company): • Work-related training • Training not related to position • Safety, Health and Environment training
Total number of hours trained	Total number of man-hours the employees has spent on training (as defined above).
Renewable Energy	
Value added statement	Total value added in reporting year, with breakdown of value allocation to (i) employees; (ii) lenders; (iii) shareholders.
Capacity	Total number of MW: • Operational stage • Under construction • Under development
Production	Total number of gigawatt hours (GWh) produced: • Average annual production (including under development) • Actual production in 2010
People Supplied	Estimated number of persons supplied: actual production divided by average national electricity consumption per capita. (Indicator is only an illustration of the capacity produced and must be used with caution as much of the electricity is in fact used for industrial production)
Avoided GHG	Tons of CO2 avoided in reporting year, calculated by multiplying annual power production with a grid emission factor for the relevant country (s*ometimes the country has a general baseline factor to be used for projects in that country, but normally we use the emission factor for the project based on its Clean Development Mechanism (CDM) documentation. If the project in question is not a CDM project, we would use the emission factor from another CDM project in the country. The CDM baseline*

	methodologies dictate how the emission factor should be calculated).
CERs & VERs	In tons of CO_2: (a) the total volume of Certified Emission Rights (CERs) & Verified Emission Reduction (VERs) over the approved timeframe (usually 21 years) for all projects that have achieved validation/registration, and (b) an estimate of the potential CERs & VERs in pipeline over the lifetime of each project.
TRI-score	Total Recordable Injury Rate - score both for projects in operation and under construction. Fatalities are also recorded.

Weighting indicators in the portfolio

Norfund mainly reports on aggregated figures for our portfolio (e.g., the total number of employees in companies Norfund are invested in), but also weights "our share" of these figures based solely on the percentage of the company we own (i.e., equity). The table below summarized how we weight different type of investments and sub-investments.

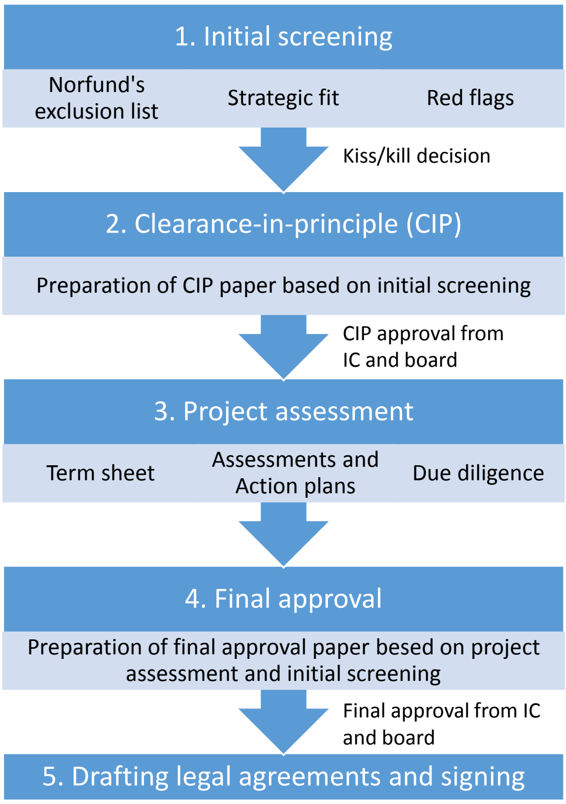
Weighting of indicators	*Direct Investments*	*Fund Investments*	
		Fund: loan investment	*Fund: equity investment*
Norfund: loan investment	0	0	0
Norfund: equity investment	Norfund's ownership share in the company	0	The fund's ownership share in portfolio company multiplied with Norfund's ownership share in the Fund.

Annex 7 Norfund’s investment process

This annex provides complementary information linked to chapters 3.4-3.10 describing in more detail Norfund´s investment process and project cycle.

Norfund’s investment assessment process is sketched in Figure A7.1. Norfund utilises a four-dimensional risk framework to highlight the key risks areas. The framework includes financial[157], execution, ESG[158] and reputational risks. Projects are classified within each of the four risk categories using a three-step scale (low, medium, high). The risk scores become gradually more accurate as more information is gathered and, at the same time, risk scoring supports and guides the assessment pointing out the most relevant risk areas. According to the Norfund interviews, risk scores are a useful tool in identifying the relevant risks. The IC often debates the scores to find weaknesses or shortcomings and to guide the thoroughness of subsequent risk evaluation processes.

Figure A7.1. Norfund’s project assessment process.



Initial screening and project assessment are the main phases associated with the assessment of project risk. The key risks identified in the initial screening are flagged and examined in more detail during the project assessment process. If the project involves high risks, the project assessment phase usually includes specific evaluations and plans to assess and mitigate the risks. According to the case studies, these stages are considered important in assessing risks. The investment assessment process culminates in a due diligence exercise, which aims to form a complete picture of each project’s strengths, weaknesses, risks IC suggestions and general project-specific needs.

According to the interviews, the negotiation process between Norfund and the management of the potential investee company is essential for the exchange of information, building mutual

[157] Norfund has defined financial risk as *“the probability of losing money or the occurrence of events that will significantly affect return negatively”*.
[158] ESG risk is assessed separately for environmental (E), social (S) and governance (G) risks with the highest outcome defining the composite risk category.

trust and considering project-specific risks. If consensus does not exist between Norfund and the investee this is considered as contributing to increased project risk. In order to reduce this risk, Norfund prepares a term sheet (draft agreement) during the assessment process to ensure mutual understanding in respect of the general project terms and requirements between Norfund and the potential investee company.

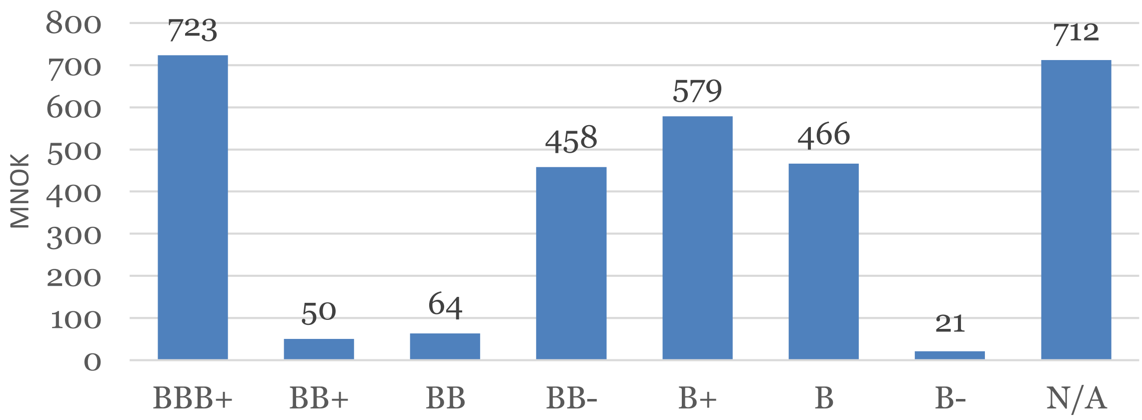
The information collected during the due diligence exercise, including the risk assessment, is summarised in the clearance in principle (CIP) and final project approval documents, which serve as the primary source of information for the IC and the board when they come to make the final investment approval decisions. After the approval decision is made and the legal agreements are negotiated the process is concluded by executing the investment agreements and finally through the disbursement of funds to the investee company.

Annex 8 Assessment of Norfund's portfolio against international country credit ratings

One way to measure Norfund's additionality is to assess its portfolio against international country credit ratings and scores which have an important impact in determining developing countries' cost of funding and access to capital. This is a relevant approach particularly as Norfund claims that its geographical focus is an important contributor to additionality. The credit ratings used in this evaluation are Standard & Poor's Country risk[159] and the World Bank's Ease of doing business and Getting credit ratings[160].

The results are presented in Figures A8.1 and A8.2.

Figure A8.1. Division of Norfund's committed capital according to Standard & Poor's Country risk rating (long-term local currency) as of the beginning of 2014. Regional and global projects are excluded. The data includes investments made after 2006.



According to Standard & Poor's country risk ratings, countries rated at BBB- or below are considered non-investment grade countries and as countries which have a low probability of meeting their payment obligations and, as such, are viewed as risky investment destinations by mainstream private investors. Norfund has made a few larger investments in South-Africa which is above the BBB- rating but otherwise most of its investments are made in non-investment grade markets. 76% of its portfolio (measured in NOK) is in non-investment grade coun-

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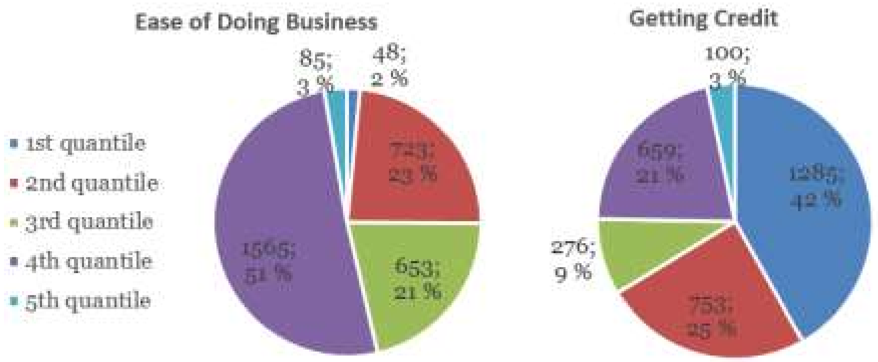
[159] Standard & Poor's country risk reflects the target country government's willingness and ability to service its debt taking into consideration political risk, economic structure and growth. It therefore reflects the general risk of investing in such a country.

[160] The World Bank's Doing Business index measures whether the regulatory environment is more conducive to the starting up and operation of a local enterprise. The Getting credit index measures the target country's legal rights as well as rules and practices affecting the coverage, scope and accessibility of credit information.

tries and 73% in BB- or riskier countries, which suggests that Norfund has succeeded in allocating funding mainly to high risk countries. This is in line with its strategy of investing in high risk countries.

Figure A8.2. Division of Norfund's committed capital (MNOK) according to the World Bank's Doing Business indexes, Ease of doing business and Getting credit. The countries are divided according to the ratings into five quintiles. Norfund's projects are classified into these quintiles. The labels show the amount of committed capital (MNOK) and shares. The data includes investments made after 2006.



A better level of performance in the World Bank's Ease of doing business ranking has been shown to be associated with greater inflows of FDI (Anderson and Gonzales 2012). The Ease of Doing Business and Getting credit ranking can also be viewed as measuring the scarcity of capital in a country which is a factor in Norfund's additionality as it strives to invest in countries with a shortage of capital. Measuring Norfund's portfolio allocation against the Ease of doing business rankings shows that over 50% of Norfund's investments are made in countries in the fourth quintile (reflecting difficult countries) whereas 23% and 21% respectively are made in second and third quintiles. The Getting credit rating, on the other hand, suggests that 42% of the investments are made in the first quintile (reflecting easy access to credit funding) whereas only around a quarter goes to fourth and fifth quintiles. The mixed results imply that Norfund's portfolio investments focus on countries where there is reasonable access to credit. Nevertheless, a working credit market does not imply ready access to equity capital. Therefore, the results suggest that Norfund is allocating investments to countries where doing business is quite challenging and that most likely also suffer from a lack of equity capital if not credit. This would be in line with Norfund's additional role when investing in these types of markets, especially in cases where it provides equity and takes an active ownership role in developing these projects.

Annex 9 Calculations and methods related to leverage, additionality, IRR and productivity

This annex describes the data used as well as approaches and assumptions made in assessing the Norfund portfolio related to leverage and additionality (chapter 3.5), productivity (chapter 3.7) and IRR (chapter 3.8).

Leveraging and additionality

Table A9.1. Detailed calculations on Norfund's leverage.

	2007	2008	2009	2010	2011	2012	2013
Commitments to equity investments in companies and funds							
Total commitments	1339	1957	2218	2304	3015	3218	3713
- funds	1141	1677	1706	1820	2302	2307	2228
- companies	198	280	512	484	713	911	1484
Equity leverage ratio of equity investments	4.6	4.3	4.6	5.2	5.0	6.6	5.9
- funds	4.5	4.4	4.8	5.3	5.1	7.6	7.2
- companies	5.0	4.0	4.2	4.6	4.6	4.1	3.9
Leveraged equity	6153	8430	10274	11901	15080	21222	21846
- funds	5173	7321	8108	9678	11787	17533	16121
- companies	979	1109	2167	2223	3294	3689	5725
Leveraged debt (expected debt-to-equity ratio 2:1)	14983	20774	24985	28408	36191	48880	51117
Total leveraged capital	21136	29204	35259	40309	51272	70102	72962
Leverage ratio	15.8	14.9	15.9	17.5	17.0	21.8	19.7
Commitments to loans							
Commitments to loans	206	401	545	648	1229	1158	1429
Leveraged capital (expected leverage ratio: 3:1)	617	1204	1634	1943	3687	3473	4286
Commitments to SN Power and Nordic Microfinance Initiative							

SN Power, invested capital	1642	2341	2580	2616	3810	3673	4109
Leveraged capital	2463	3511	3870	3924	5715	5509	6163
NMI, invested capital	0	300	300	300	300	300	300
Leveraged capital	0	300	300	300	300	300	300
Summary							
Committed capital	3186	4999	5643	5867	8355	8348	9550
Leveraged capital	24216	34219	41063	46476	60975	79384	83712
Leverage ratio	7.6	6.8	7.3	7.9	7.3	9.5	8.8
Committed capital (excluding SN Power)	1544	2658	3063	3251	4544	4676	5441
Leveraged capital (excluding SN Power)	21753	30708	37193	42552	55259	73875	77548
Leverage ratio (excluding SN Power)	14.1	11.6	12.1	13.1	12.2	15.8	14.3

Key assumptions:

- The calculations include all leveraged funding regardless of whether it was public or private. In the calculations, Norfund's leverage effect is limited to the funding leveraged for the investees.
- SNPI and NMI are considered as any other investment. This means that the leverage related to investments made by SNPI or NMI are excluded from the analysis.
- The leverage of Norfund's equity commitments to funds and companies is calculated as the amount of capital required from other investors to meet the equity requirement of the projects. For example, Norfund's 20% ownership in a project means that Norfund has leveraged 80% of the total investment. However, investments below 5% have been assumed to be non-leveraging as it is very unlikely that Norfund would have had a catalytic role in such investments.
- Both, the invested and leveraged equity are assumed to leverage debt. Debt-to-equity ratios for example in power projects in developing countries tend to be in the order of 20:80 to 30:70, while other projects with higher market risks may not exceed 60‑65% (The World Bank 2014b). Against this background, 1:2 is a reasonable estimate for the leverage of equity investments.
- Loans also leverage additional funding. The United Nations' High-Level Advisory Group on Finance[161] reports that the leverage factor is typically from 1:2 to 1:5 for non-

[161] Brown Jessica, Buchner Barbara, Wagner Gernot and Sierra Katherine (2011) Improving the Effectiveness of Climate Finance: A Survey of Leveraging Methodologies, Climate Policy Initiative

concessional or partly concessional debt. For developing countries the leverage ratios are generally somewhat lower. Therefore 1:3 seems a reasonable estimate.

As noted in the main report, a systematic framework for assessing, tracking or reporting on additionality, was not discernible in the context of this evaluation (together with other EDFI institutions Norfund is working to develop tools for such an assessment). While no direct quantitative way to measure the additionality of Norfund's investment portfolio was available, a number of indirect indicators were collected and used, as presented in table A9.2 (see also Figure 9 in main report). These indicators are considered to inform of potential additionality taking note that i) equity is commonly considered the most additional instrument , ii) PDF funding is provided to renewable energy projects in a very early phase before alternative funding would be available and is therefore typically additional, iii) case studies suggest that Norfund is often an anchor investor in the greenfield projects, with greenfield projects also being one of the KPIs (Table 1 in main report). Greenfield projects in developing countries are generally considered high risk and therefore not attractive for e.g. private investors and present good potential for Norfund being additional; and similarly, iv) first generation funds involve higher risks and require often more involvement than other funds. This is especially true with funds investing in developing countries.

Table A9.2. Indicators related to Norfund's additionality in its investments committed in 2007–2013.

Indicator	% of number of investments	Number of investments
Equity investments in companies	31%	36
Has received PDF funding	4%	4
A Greenfield project	29%	33
First generation fund	15%	17
Greenfield project or first generation fund	41%	47

One way to evaluate Norfund's additionality is to assess its portfolio against international country credit ratings and scores, which have an important impact in determining developing countries' cost of funding and access to capital. This is a relevant approach particularly as Norfund claims that its geographical focus is an important contributor to additionality. The detailed analysis results are presented in Annex 8.

Productivity indicators

The figures used in the calculation of productivity indicators as well as assumptions and calculation methods are presented in the following tables A9.3 and A9.4

Table A9.3. The figures used in the calculation of productivity indicators. All figures in "Income, expenses and profits" are from the profit and loss account in the annual reports 2007-2013. The figures in "portfolio description" are from the balance sheets of the annual reports except new investments, which can be found from the annual reports on operations. Other figures including the number of employees are taken from the annual reports on operations. The development effects are collected from the original development effect data provided by Norfund. The titles of the financial items are drawn directly from the annual reports and reports on operations in 2013.

Income, expenses and profits (tNOK)	Abbreviations	2007	2008	2009	2010	2011	2012	2013
Total operating expenses	A	65 010	74 061	78 572	77 957	113 503	106 475	126 633
Interest income loans - invested portfolio	B	11 448	37 051	34 146	48 522	66 225	100 538	97 577
Realised gain on shares	C	9 378	31 989	0	9 473	570	15 220	0
Dividends received	D	36 707	26 202	24 982	24 924	27 896	83 394	63 591
Interest and instalments paid, Norad loan portfolio	E	27 086	20 259	18 135	11 557	1 506	422	0
Other operating income	F	570	81 084	4 128	1 290	2 538	2 599	3 754
Share of profit/loss and realised gains on shares from associated company	G	110 377	119 900	225 110	124 848	45 143	225 261	270 332
Total operating income	H	195 566	316 486	306 502	220 614	143 879	427 433	435 254
Reversal of write-down(-)/write-down of investment projects	I	-14 259	25 048	-65 581	-27 287	-48 692	-191 122	-110 984
Adjustment for gain/loss on FX, project loans	J	-20 418	74 312	-63 701	26 440	4 547	-92 612	77 448
Operating profit/loss excl. income from share of profit/loss associated company	K	-14 499	221 884	-126 463	16 963	-58 913	-188 036	4 753
Operating profit/loss	L	95 878	341 784	98 648	141 810	-13 770	37 225	275 085
Profit/loss for the year	M	**201 552**	**421 983**	**129 537**	**182 067**	**26 879**	**42 374**	**328 320**

Portfolio description (MNOK)		2007	2008	2009	2010	2011	2012	2013
Equity investments & Loans to investment projects & Investments in associated companies	N	2 818	4 121	4 245	4 793	6 755	6 808	8 086
Equity investments & Loans to investment projects	O	773	1 280	1 593	1 951	2 881	2 939	3 581
Equity investments	P	567	879	1 050	1 306	1 672	1 830	2 247
Loans to investment projects	Q	206	401	543	645	1 210	1 109	1 334
Investments in associated companies	R	2 045	2 841	2 651	2 841	3 874	3 869	4 505
New investments	S	1 177	1 376	944	844	2 198	1 234	1 872
Other figures		**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Number of employees	T	35	40	41	45	49	50	54
Development effects		**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**
Total Gov. Contr. (MNOK) excl. SNP	U	N/A	2 974	3 067	2 585	4 044	3 788	4 455
Direct jobs excl. SNP	V	N/A	50 525	51 880	53 070	93 419	97 597	126 901
Total jobs including indirect jobs excl. SNP	W	N/A	152 833	141 372	159 350	260 253	288 082	312 750
Total Gov. Contr. (MNOK)	X	N/A	3 239	3 415	2 692	4 207	4 290	5 885
Direct jobs	Y	N/A	51 732	52 982	53 927	94 468	98 534	126 990
Total jobs including indirect jobs	Z	N/A	158 145	148 146	165 321	266 452	293 899	313 814

The calculation methods of the productivity indicators using the abbreviations in the table A9.3 are presented in table A9.4.

Table A9.4. The calculation methods of productivity indicators. The abbreviations used in the calculations are presented in the previous table.

Productivity indicator	Calculation method
Table 14	
Size of new committed investments (MNOK) / number of employees (end of year)	S/T
Size of disbursed commitments (MNOK) / number of employees (end of year)	O/T
Total operating expenses / size of new committed investments	A/S
Total operating expenses / size of disbursed commitments (excl. SNPI)	A/O
Table 15	
Return on loans to investment projects	B/Q
Return on equity investments (excl. SNPI)	(C+D)/P
Return on SNPI investment	G/R
Return on disbursed commitments	(H-F-E)/N
Write-downs and reversal of write-downs (excl. SNPI) / disbursed commitments (excl. SNPI)	I/O
Operating profit (excl. SNPI) / size of disbursed commitments (excl. SNPI)	(K-E)/O
Operating profit / size of disbursed commitments	(L-E)/N
Taxes and other fees to government (excl. SNPI) / size of disbursed commitments (excl. SNPI)	U/O
Taxes and other fees to government / size of disbursed commitments (MNOK)	X/N
Direct jobs (excl. SNPI) / size of disbursed commitments (excl. SNPI) (MNOK)	V/O
Direct jobs / size of disbursed commitments (MNOK)	Y/N
Total jobs (excl. SNPI) / size of disbursed commitments (excl. SNPI) (MNOK)	W/O
Total jobs / size of disbursed commitments (MNOK)	Z/N

Calculation of IRR

The IRRs are calculated as *pooled internal rate of returns (IRR).* Pooled IRR is a common method to calculate the overall IRR of a portfolio of several projects. Therefore, it is a well suitable tool to calculate IRR for Norfund. Pooled IRR is calculated by aggregating cash flows of individual projects to create a portfolio cash flow and subsequently calculating IRR on this portfolio cash flow. Pooled IRR is superior to either the average IRR, which is often skewed by large returns on relatively small investments, or the capital weighted IRR, which weights each IRR by capital committed but can be accurate only if all investments were made at once at the beginning of the funds life.[1]

In Norfund's case, the pooled IRR is calculated for the investments made during 2007–2013 and SNPI. The calculations are based on the aggregated cash flows from the projects and the final valuations in 31.12.2013. As SNPI investment was made already well before the assessment period the calculation also includes the initial valuation of SNPI in 31.12.2006. The valuations that Norfund itself sets on its current outstanding portfolio are based on International Private Equity and Venture Capital Valuations Guidelines[162] and should adequately reflect the risk-return relationship and therefore the portfolio's total value.

The separate calculation of e.g. different geographical sectors are simply including only the projects that belong to the relevant division. The real IRR considers inflation by using the cash flows in real terms according to Norwegian inflation rates from 2007-2013. The calculations are made on a daily basis. The IRRs have been calculated with Microsoft Excel and with OpenOffice Calc to validate and amend some of the calculations. The calculation method is in line with for example IPEV Capital Investor Reporting Guidelines which represent current best practices and is in line with the requirements and implications of global financial reporting standards and in particular IFRS and US GAAP.

[1] Thomson Venture Economics & evca (2004) 2003 performance figures reveal a year of few exits but returning confidence, Preliminary European Private Equity and Venture Capital Performance 2003

[162] The International Private Equity and Venture Capital Valuation (IPEV) Guidelines ('ValuationGuidelines') set out recommendations, intended to represent current best practice, on the valuation of private equity investments.

Annex 10 Stakeholder comments and consultant's response

As per OECD DAC evaluation standards, stakeholders are given an opportunity to comment on findings, conclusions and recommendations and lessons learned. The evaluation report reflects these comments and acknowledges any substantive disagreements. In disputes about facts that can be verified, the evaluators should investigate and change the draft where necessary. In case of opinion or interpretation, stakeholder's comments should be reproduced verbatim, such as in annex, to the extent this does not conflict with the rights of the participants.

Norfund has requested the Evaluation Department to include their factual comments to the final draft of the report that the evaluation team - Gaia Consulting Ltd - has not addressed, in an appendix to the report. The Evaluation Department has also chosen to include Gaia Consulting Ltd.'s responses to these comments. In addition, the Evaluation Department has chosen to include their disagreement concerning Norfund's and Gaia's interpretation of the geographic mandate for Norfund's investments.

Comment by Norfund:

Page vi (and p. 12): "Norfund's country focus is not fully aligned with the Norfund Act. In 2007-2012 on average 19% (yearly variation from 15% to 24%) of total commitments were to non-eligible countries (on average 6%, if Statkraft Norfund Power Invest SA is excluded). In 2013 all Official Development Assistance recipient countries were considered eligible for Private Sector Development support."

- This is ***incorrect***. Norfund has invested fully aligned with the Norfund Act, as the act, in contrary to the partial citation from the act in the report, also states as eligible "other countries as the Storting has decided" every year. According to the Norfund Act: "Only countries classified by the OECD as lower middle income countries and countries having a lower income per inhabitant than these countries, and such **other countries as the Storting has decided** may receive assistance through business aid schemes, will qualify as recipients." All investments have been fully aligned to this criteria. Also the eligibility of the countries where investments through SN Power have been made, has explicitly been welcomed by the Storting and the annual allocation letters to Norfund. Thus the wordings "not fully aligned" and "non-eligible" countries are wrong. Reference is particularly made to St.prp. nr. 1 (2008-2009) (UD) where the following was stated: «SN Power, som Norfund eier sammen med Statkraft, har hovedtyngden av sine investeringer i land som har en BNI per innbygger som er innenfor den øvre grensen som er satt for bruk av bevilgningene på kap. 161 Næringsutvikling. SN Power har imidlertid også investeringer i noen utviklingsland som nå har passert denne grensen, som Chile. Det er likevel ønskelig at Norfund beholder en eierandel i SN Power og bruke denne til fordel for et samarbeid om en særskilt satsing på utvikling av ren energi i Afrika.»

Response by Gaia Consulting Ltd:

- Gaia has amended the final report taking note of the National Budget texts for 2008-2009 (as referred to by Norfund above) and also 2011-2012
  - *St.prp. nr. 1 (2008-2009) (UD): SN Power, som Norfund eier sammen med Statkraft, har hovedtyngden av sine investeringer i land som har en BNI per innbygger som er innenfor den øvre grensen som er satt for bruk av bevilgningene på kap. 161 Næringsutvikling. SN Power har imidlertid også investeringer i noen utviklingsland som nå har passert denne grensen, som Chile.*

Det er likevel ønskelig at Norfund beholder en eierandel i SN Power og bruke denne til fordel for et samarbeid om en særskilt satsing på utvikling av ren energi i Afrika.

- *St.prp. nr. 1 (2011-2012) (UD): SN Power Invest har hovedtyngden av sine investeringer i land som har en BNI per innbygger som er innenfor den øvre grensen som er satt for bruk av bevilgningene på kap. 161 Næringsutvikling, men selskapet har også investeringer i noen utviklingsland som nå har passert denne grensen, som Chile. Det er likevel ønskelig at Norfund beholder en eierandel i SN Power Invest. Omstruktureringen av SN Power Invest og eta-bleringen av datterselskapet Agua Imara med fokus på Afrika og Mellom-Amerika har gjort fondets energiinvester-inger mer målrettede og mer i tråd med prioriteringene i utviklingspolitikken.*

- as well as the instructions given by the MFA (UD) in their Tilldelingsbrev (Tilledelningsbrev 2009 (27.2.2009), Tilledelningsbrev 2010 (13.2.2010), Tilledelningsbrev 2011 (12.4.2011), Tilledelningsbrev 2012 (1.3.2012) which from 2009 onwards state that investments through SN Power
    - *"omfattas ikke av denne begrensningen, men av OECD/DACs liste over ODA-godkjente land".*
- The difference in the analysis in the final version (compared to final draft dated 26.1.2015) is due to final and amended analysis taking note of the statements in the Tilldelningsbrev related to SNPI investments (ref. the exception to the *begrensingen*)
- Gaia still states in the report that country focus is not fully aligned with the Norfund Act during the entire evaluation period, which based on the analysis presented in the report, Gaia evaluation team considers valid.

Comment by the Evaluation Department:
The Evaluation Department respects the independence of the Gaia Consulting Ltd and Norfund, however it does not agree with their interpretation of Norfunds mandate in this matter. Norfund Act together with the annual budgets propositions of the Stortinget (St. Prp 1.) clearly specify the country criteria for Norfund. Text in a particular proposition and allocations letters from the Ministry should be interpreted keeping in view the intention and the stated criteria in the Act and the particular proposition and the legal hierarchy of the concerned instruction. The earlier draft of the report presented following estimates investments in non-eligible countries, which in our opinion meets Evaluation Department's interpretation of Norfunds mandate. The estimates of investments in non-eligible countries in the table below are higher than the estimates reported in table 4 in the main text of the current report. The estimates for 2013 are a consequence of a policy change whereby Norfund can now invest in all ODA eligible countries.

	2007	2008	2009	2010	2011	2012	2013
Total commitments in non-eligible countries	15.9 %	17.9 %	15.0 %	18.8 %	23.9 %	23.7 %	0 %
SNPI's share of commitments in non-eligible countries	12.0 %	14.2 %	9.8 %	12.3 %	15.4 %	15.7 %	0 %
Total portfolio commitments in non-eligible countries excluding SNPI	3.9 %	3.7 %	5.3 %	6.5 %	8.6 %	8.0 %	0 %

Comment by Norfund:
Page viii: "In practice, Norfund can be estimated to have a catalytic role in roughly 30-40% of its investments, suggesting a leverage ratio closer to 1:3."

- We commented on this previously – there is no evidence or data to support this claim in the report. This is based on vague, subjective assumptions and we strongly suggest removing it. Norfund, in our reporting on DE have a policy not to report subjective outcome of this nature.

Response by Gaia Consulting Ltd:
Gaia has been requested (in TOR) to provide an assessment on leverage. The assumptions behind various estimates are presented transparently in the final report, also clearly indicating the challenges in such calculations (and that few, if any DFIs report publicly and transparently on such calculations). See also Gaia reply to Norfund comments to draft report 16.10.2014.

Comment by Norfund:
Page xii: "The existing flexible steering model gives Norfund significant freedom to act and should not be changed, *although more detailed goal setting on the part of the owner is recommended*, primarily to help in balancing between central trade-offs."

- There are no arguments or data in the report to support the recommendation of a more detailed goal setting from the owner, nor any guidance to what such detailed goals should be concerned with or why. Rather, the analysis supports today's model; for example: "The Board and Management of Norfund has been given plenty of space to define goals and react to trade-offs. The way in which they have chosen to do this is supported and/or accepted by most of the interviewed stakeholders." (pp. 23) We strongly suggest removing the part on more detailed goal setting.

Response by Gaia Consulting Ltd:
More detailed specifications to that recommendation is available in the full version of recommendations in chapter 5 (the Executive Summary summarises shortly all key findings, conclusion and recommendations). We believe the analysis in chapters 3 and 4 provide a solid basis for this recommendation. This recommendation has been given already in the draft version submitted to Norfund 16.10.2014, with no comments at that time received to the recommendation.

Comment by Norfund:
Page vi: The consultants refer to Norfund's approach to development impacts and effects as "simple compared with many other Development Finance Institutions".

- Norfund's ex-ante assessment of development effects is straightforward and twofold: on sector level and individual projects. The comments relates only to project level.
- Norfund has over years spent enormous efforts explaining why energy, basic financial services and agriculture are particularly developmental. This is ingrained in our strategy exactly for the reason that we deliver more DE, a strategy which has received broad support and recognition for this reason.
- On project level, our approach is unbureaucratic - not "simple". Norfund is in fact one of few DFI (if not the only one) that, during the evaluation period, systematically collected actual DE data from *all* investments *every* year. This is also recognized, in the analysis on pp. 79: "The way Norfund views, measures and uses DE of its investments matches its approach to the selection of investments and programme theory more broadly."

Response by Gaia Consulting Ltd:
Noted, with wording amended.

Comment by Norfund:
Page ix: "The nominal and real Internal Rate of Return (IRR) of Norfund's portfolio is 8.8% and 6.9% (respectively 3.7% and 1.9% excluding Statkraft Norfund Power Invest SA). These are fair returns…"

- Comparing an existing and well established portfolio with a portfolio of largely greenfield investments plus new fund investments, makes no sense to us. That is what happens when numbers for SN Power is compared with other new investments over this period. In the end, the factual number could easily turn the argument upside down, and investments outside SN Power turn out to deliver a higher return. We strongly suggest deleting the bracket.
- This also applies to the point about "The Internal Rate of Return of Norfund's investment excluding Statkraft Norfund Power Invest SA is fairly low and reflects strategic choices made by Norfund during the evaluation period" (pp. xi)

Response by Gaia Consulting Ltd:
No changes made as Gaia evaluation team considers the existing analysis and wording valid.

Comment by Norfund:
Page xiii: The consultants suggest that Norfund should strengthen reporting on areas such as DE, active ownership, leverage, additionality, ESG and develop more integrated financial risk management practices.

- Norfund is already today spending significant resources on documenting and reporting. In our mind, we have already passed the point where more of these resources would be better spent on project that could benefit poor people. The reasoning behind these recommendations in the summary is unclear, as is the type of reporting (internal/external, project level/aggregate), and the intended target group (staff, owner, general public etc). We are reluctant to introduce more bureaucracy and reporting unless one is able to argue that there is a likely benefit-cost ratio to justify more resources. Private sector actors should not be asked to be a part of that as a condition to work with the DFIs.

Response by Gaia Consulting Ltd:

The reasoning is explained in the analysis of the report with chapters 3 and 4 providing the evidence for the respective recommendations.

Additional comments from Norfund
Following comments were received form Norfund after the closing of the comments round to the final draft. Gaia has not had the opportunity to respond to these comments.
OFC (fig 10 and related text)

5 investments (CASEIF, CASEIF II, CIFI, LAAD and Solidus Investment Fund) in Panama is included as OFC investments. For all these investments, Panama is an investment eligible country. Panama is one of Norfund's target countries and we maintain our position that as Panama is not to be recorded as an OFC. Please also take note that Solidus and Caseif I are both closed and exited. CIFI, Laad, and Caseif II all have investments in Panama. The MFA has guided Norfund to preferably domicile investments in the country where investments take place, or, in the case of a fund covering many countries, in one of the target countries. The number of investments via OFC's should therefore be reduced by 5.
Non-eligible countries (table 4 and related text)

Regarding the notion "non-eligible countries": We do not understand which investments/countries the figures in table 4 refers to. Our suspicion is that Gaia has used WB statistics in retrospect for the year the investments were made. At the point of investment, e.g. 2008, the most recent available WB statistics was figures from 2006 or even older. In addition. the GNI/capita figures have been revised several times, sometimes heavily. Norfund has carefully assured that we never have invested in non-eligible countries, always using the most updated statistics as guidance at the point of investment. However it is impossible to safeguard against unrecorded and unpublished statistics, and future revisions thereof.

EVALUATION REPORTS

2001
3.01 Evaluation of the Public Support to the Norwegian NGOs Working in Nicaragua 1994–1999
3A.01 Evaluación del Apoyo Público a las ONGs Noruegas que Trabajanen Nicaragua 1994–1999
4.01 The International Monetary Fund and the World Bank Cooperation on Poverty Reduction
5.01 Evaluation of Development Co-operation between Bangladesh and Norway, 1995–2000
6.01 Can democratisation prevent conflicts? Lessons from sub-Saharan Africa
7.01 Reconciliation Among Young People in the Balkans An Evaluation of the Post Pessimist Network
2002
1.02 Evaluation of the Norwegian Resource Bank for Democracy and Human Rights (NORDEM)
2.02 Evaluation of the International Humanitarian Assistance of the Norwegian Red Cross
3.02 Evaluation of ACOPAMAn ILO program for "Cooperative and Organizational Support to Grassroots Initiatives" in Western Africa 1978 – 1999
3A.02 Évaluation du programme ACOPAMUn programme du BIT sur l'« Appui associatif et coopératif auxInitiatives de Développement à la Base » en Afrique del'Ouest de 1978 à 1999
4.02 Legal Aid Against the Odds Evaluation of the Civil Rights Project (CRP) of the Norwegian Refugee Council in former Yugoslavia
2003
1.03 Evaluation of the Norwegian Investment Fund for Developing Countries (Norfund)
2.03 Evaluation of the Norwegian Education Trust Fund for Africain the World Bank
3.03 Evaluering av Bistandstorgets Evalueringsnettverk
2004
1.04 Towards Strategic Framework for Peace-building: Getting Their Act Togheter.Overview Report of the Joint Utstein Study of the Peacebuilding.
2.04 Norwegian Peace-building policies: Lessons Learnt and Challenges Ahead
3.04 Evaluation of CESAR´s activities in the Middle East Funded by Norway
4.04 Evaluering av ordningen med støtte gjennom paraplyorganiasajoner. Eksemplifisert ved støtte til Norsk Misjons Bistandsnemda og Atlas-alliansen
5.04 Study of the impact of the work of FORUT in Sri Lanka: Building Civil Society
6.04 Study of the impact of the work of Save the Children Norway in Ethiopia: Building Civil Society
2005
1.05 –Study: Study of the impact of the work of FORUT in Sri Lanka and Save the Children Norway in Ethiopia: Building Civil Society
1.05 –Evaluation: Evaluation of the Norad Fellowship Programme
2.05 –Evaluation: Women Can Do It – an evaluation of the WCDI programme in the Western Balkans
3.05 Gender and Development – a review of evaluation report 1997–2004
4.05 Evaluation of the Framework Agreement between the Government of Norway and the United Nations Environment Programme (UNEP)
5.05 Evaluation of the "Strategy for Women and Gender Equality in Development Cooperation (1997–2005)
2006
1.06 Inter-Ministerial Cooperation. An Effective Model for Capacity Development?
2.06 Evaluation of Fredskorpset
1.06 – Synthesis Report: Lessons from Evaluations of Women and Gender Equality in Development Cooperation
2007
1.07 Evaluation of the Norwegian Petroleum-Related Assistance
1.07 – Synteserapport: Humanitær innsats ved naturkatastrofer:En syntese av evalueringsfunn
1.07 – Study: The Norwegian International Effort against Female Genital Mutilation
2.07 Evaluation of Norwegian Power-related Assistance
2.07 – Study Development Cooperation through Norwegian NGOs in South America
3.07 Evaluation of the Effects of the using M-621 Cargo Trucks in Humanitarian Transport Operations
4.07 Evaluation of Norwegian Development Support to Zambia (1991- 2005)
5.07 Evaluation of the Development Cooperation to Norwegion NGOs in Guatemala
2008
1.08 Evaluation: Evaluation of the Norwegian Emergency Preparedness System (NOREPS)
1.08 Study: The challenge of Assessing Aid Impact: A review of Norwegian Evaluation Practise
1.08 Synthesis Study: On Best Practise and Innovative Approaches to Capasity Development in Low Income African Countries
2.08 Evaluation: Joint Evaluation of the Trust Fund for Enviromentally and Socially Sustainable Development (TFESSD)
2.08 Synthesis Study: Cash Transfers Contributing to Social Protection: A Synthesis of Evaluation Findings
2.08 Study: Anti- Corruption Approaches. A Literature Review
3.08 Evaluation: Mid-term Evaluation the EEA Grants
4.08 Evaluation: Evaluation of Norwegian HIV/AIDS Responses
5.08 Evaluation: Evaluation of the Norwegian Reasearch and Development Activities in Conflict Prevention and Peace-building
6.08 Evaluation: Evaluation of Norwegian Development Cooperation in the Fisheries Sector
2009
1.09 Evaluation: Joint Evaluation of Nepal´s Education for All 2004-2009 Sector Programme
1.09 Study Report: Global Aid Architecture and the Health Millenium Development Goals
2.09 Evaluation: Mid-Term Evaluation of the Joint Donor Team in Juba, Sudan
2.09 Study Report: A synthesis of Evaluations of Environment Assistance by Multilateral Organisations
3.09 Evaluation: Evaluation of Norwegian Development Coopertation through Norwegian Non-Governmental Organisations in Northern Uganda (2003-2007)
3.09 Study Report: Evaluation of Norwegian Business-related Assistance Sri Lanka Case Study
4.09 Study Report: Norwegian Environmental Action Plan
5.09 Evaluation: Evaluation of Norwegian Support to Peacebuilding in Haiti 1998–2008
6.09 Evaluation: Evaluation of the Humanitarian Mine Action Activities of Norwegian People's Aid
7.09 Evaluation: Evaluation of the Norwegian Programme for Development, Research and Education (NUFU) and of Norad's Programme for Master Studies (NOMA)
2010
1.10 Evaluation: Evaluation of the Norwegian Centre for Democracy Support 2002–2009
2.10 Synthesis Study: Support to Legislatures
3.10 Synthesis Main Report: Evaluation of Norwegian Business-related Assistance
4.10 Study: Evaluation of Norwegian Business-related Assistance South Africa Case Study
5.10 Study: Evaluation of Norwegian Business-related Assistance Bangladesh Case Study
6.10 Study: Evaluation of Norwegian Business-related Assistance Uganda Case Study
7.10 Evaluation: Evaluation of Norwegian Development Cooperation with the Western Balkans
8.10 Evaluation: Evaluation of Transparency International
9.10 Study: Evaluability Study of Partnership Initiatives
10.10 Evaluation: Democracy Support through the United Nations
11.10 Evaluation: Evaluation of the International Organization for Migration and its Efforts to Combat Human Trafficking
12.10 Evaluation: Real-Time Evaluation of Norway's International Climate and Forest Initiative (NICFI)
13.10 Evaluation: Real-Time Evaluation of Norway's International Climate and Forest Initiative. Country Report: Brasil
14.10 Evaluation: Real-Time Evaluation of Norway's International Climate and Forest Initiative. Country Report: Democratic Republic of Congo
15.10 Evaluation: Real-Time Evaluation of Norway's International Climate and Forest Initiative. Country Report: Guyana
16.10 Evaluation: Real-Time Evaluation of Norway's International Climate and Forest Initiative. Country Report: Indonesia
17.1 Evaluation: Real-Time Evaluation of Norway's International Climate and Forest Initiative. Country Report: Tanzania
18.10 Evaluation: Real-Time Evaluation of Norway's International Climate and Forest Initiative
2011
1.11 Evaluation: Results of Development Cooperation through Norwegian NGO's in East Africa
2.11 Evaluation: Evaluation of Research on Norwegian Development Assistance
3.11 Evaluation: Evaluation of the Strategy for Norway's Culture and Sports Cooperation with Countries in the South
4.11 Study: Contextual Choices in Fighting Corruption: Lessons Learned
5.11 Pawns of Peace. Evaluation of Norwegian peace efforts in Sri Lanka, 1997-2009
6.11 Joint Evaluation of Support to Anti-Corruption Efforts, 2002-2009
7.11 Evaluation: Evaluation of Norwegian Development Cooperation to Promote Human Rights
8.11 Norway's Trade Related Assistance through Multilateral Organizations: A Synthesis Study
9.11 Activity-Based Financial Flows in UN System: A study of Select UN Organisations Volume 1 Synthesis Volume 2 Case Studies
10.11 Evaluation of Norwegian Health Sector Support to Botswana
2012
1.12 Mainstreaming disability in the new development paradigm. Evaluation of Norwegian support to promote the rights of persons with disabilities.
2.12 Hunting for Per Diem. The uses and Abuses of Travel Compensation in Three Developing Countries
3.12 Evaluation of Norwegian Development Cooperation with Afghanistan 2001-2011
4.12 Evaluation of the Health Results Innovation Trust Fund
5.12 Real-Time Evaluation of Norway's International Climate and Forest Initiative. Lessons Learned from Support to Civil Society Organisations.
6.12 Facing the Resource Curse: Norway's Oil for Development Program
7.12 A Study of Monitoring and Evaluation in Six Norwegian Civil Society Organisations
8.12 Use of Evaluations in the Norwegian Development Cooperation System
9.12 Evaluation of Norway´s Bilateral Agricultural Support to Food Security
2013
1.13 A Framework for Analysing Participation in Development
2.13 Local Perceptions, Participation and Accountability in Malawi's Health Sector
3.13 Evalution of the Norwegian India Partnership Initiative
4.13 Evalution of Five Humanitarian Programmes of the Norwegian Refugee Council (NRC) and of the Standby Roster NORCAP
5.13 Real-Time Evaluation of Norway's International Climate and Forest Initiative Contribution to Measurement, Reporting and Verification
2014
1.14 Can We Demonstrate the Difference that Norwegian Aid Makes? Evaluation of results measurement and how this can be improved
2.14 Unintended Effects in Evaluations of Norwegian Aid
3.14 Real-Time Evaluation of Norway's International Climate and Forest Initiative
4.14 Evaluation Series of NORHED Higher Education and Research for Development. Theory of Change and Evaluation Methods
5.14 Evaluation of Norwegian support through and to umbrella and network organisations in civil society
6.14 Building Blocks for Peace. An Evaluation of the Training for Peace in Africa Programme
7.14 Baseline. Impact Evaluation of the Norway India Partnership Initiative Phase II for Maternal and Child Health

Norad
Norwegian Agency for
Development Cooperation

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