

A photograph of three young children, likely of South Asian descent, leaning against a textured, light-colored wall. The child at the top is wearing a white headscarf and a light-colored long-sleeved shirt, looking directly at the camera with a neutral expression. The middle child is wearing a light-colored, short-sleeved shirt and is smiling warmly at the camera. The child at the bottom is wearing a dark-colored, long-sleeved shirt and is also smiling. The background is a simple, outdoor setting with a green door or wall section visible on the left.

CMI2005

ANNUAL REPORT

CMI CHR.
MICHELSEN
INSTITUTE

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DIRECTOR'S INTRODUCTION



2005 represented a special opportunity for reflections on both past achievements and the way ahead for the Institute. We celebrated our 75th anniversary and we started work on a new strategy plan for the coming 5 years. On 15th March, the birthday of our founder Christian Michelsen, we brought together 250 guests, from 20 countries, in the medieval city hall – Haakonshallen – a symbol of the history and the international exposure of the city of Bergen. This building was once the political centre of 13th century Norway when the influence of Norwegian kings and traders in Northern Europe reached its all-time peak. Centuries later, however, Norway no longer portrays itself as a country of Viking warlords; to the contrary, it seeks international recognition as a humanitarian “superpower”, using its oil revenue as a means to secure high level engagement in development aid and peace building. CMI is proud to play a role in this new form of international engagement. At CMI, it all started 45 years ago when economists with experience from post-war reconstruction and international cooperation in Europe, were asked to assist development planners in newly independent Asian and African countries.

While CMI was the first development research institute in Norway, it is no longer alone in this field. Over the last twenty years, interest in development issues and countries of the South has grown substantially among scholars and students. There are today several research institutes in Norway with research groups in this field, and many university departments and centres have their eyes on development issues. In 2005 the number of applications submitted to the Research Council of Norway's programme in development research, hit a new record. This situation represents the biggest challenge for CMI in the coming years, calling for increased competitiveness, stronger partnerships and specialisation. We have to consolidate our niche and be conscious of our comparative strengths.

In concluding the previous strategy period, I recorded progress on all the main goals we set for ourselves but warned against self-satisfaction. We managed to increase the number of international academic publications and have improved in-house processes for stimulating academic writing, but more needs to be done. We achieved 25 per cent increase in project acquisition without a similar increase in research staff. This tells us that we manage well in the growing competition for commissioned work and research grants. CMI remains the main partner to the Norwegian Ministry of Foreign Affairs and Norad in development policy related studies, evaluations and background analyses, but we cannot take this position for granted. We also need to further increase our income from non-Norwegian sources. 75 per cent of our commissioned work is for Norwegian clients, and we have had few research grants outside the Norwegian Research Council. We are proud of the fact that in 2005 CMI again was able, from its own resources, to pioneer new research. Current events discrediting Norway among the Muslims of the world, confirm the relevance of our new research programme Politics of Faith.

A strategy plan for the next five years has now been formulated with active participation of all staff members. This process revealed a strong moral engagement towards a value-based purpose for CMI's activities. Working at CMI means more than pursuing academic merits and sharing a good working environment. We want to make a contribution towards a better world, and the caption “*Research for*

Global Justice” was chosen to remind ourselves and our partners of this. Such a normative foundation is not new to CMI, but needs to be played up in the current research policy environment where we will be confronted with often contradictory goals of research excellence in the North and knowledge and research capacity building in the South.

CMI will continue to be a centre for research relevant to development policy. In a world where political authorities, not least in Norway, request more knowledge and more insightful analyses as a basis for decisions, the role of CMI is to critically examine and broaden existing knowledge on human rights, poverty and conflict in the poorer parts of the world. Our trade mark is independent analysis of high quality as inputs both to decision makers and an open public discourse on development policy.

In the pursuit of this role, CMI will have to build on our strengths as a multi-disciplinary research institute, a long experience of working with national authorities and development agencies, and cooperation with researchers in the South. We shall continue building research careers where academic pursuits are combined with insights in development and peace building efforts at an operational level. The forthcoming strategy plan will outline how we shall work towards meeting this dual challenge:

In the next five-year period CMI will strive towards higher academic excellence by:

- Publishing more of our research internationally in academically accredited journals and with recognised publishers;
- Developing closer cooperation with centres of basic research, especially the University of Bergen, move CMI to the university area, and establish new partnerships in project development;
- Working towards a sharper and more visible research profile, distinct from other institutes in Norway, based on four pillars: rights and development, poverty and growth, states under stress, and public sector capacity.

We will ensure that CMI remains policy and operationally relevant by:

- Closely following international political processes and agendas, and participating in the public debate;
- Developing in-depth knowledge on particular countries and regions, with long-term research cooperation as a main vehicle;
- Building organisational and financial flexibility to be able to respond to new demands for knowledge;
- Promoting CMI as a trade mark for quality research and integrity.

It has been a great pleasure for me and an exciting experience to lead the institute in this year of transition – from celebration of the past to a new ambitious strategy for the future, and from the indefinite “when we shall move,” to a concrete time table for moving into new premises in down-town Bergen. This bodes well for exiting years ahead and the building of a CMI as a leading centre of development policy research, and the making of Bergen, jointly with the University and other institutions, the city of development research in Norway.

Alf Morten Jerve
Director (acting)



ELECTIONS IN UGANDA: CERTAINTY OF PROCESS OR OUTCOME?

In a democracy there should be certainty about the election process, but uncertainty about the results. Yet, across sub-Saharan Africa electoral processes remain weakly institutionalised. Considering the incentives for incumbents to alter the electoral rules to their own advantage, it is important to acknowledge that electoral processes begin long before elections actually take place.

UNCERTAINTY OF PROCESS

The Institutional and Legal Context of the 2006 Presidential and Parliamentary Elections in Uganda (Rakner, Gloppen, Svåsand, Tostensen) studies the institutions aimed at securing democratic accountability in Uganda focusing on the political developments in the period before, during and after the 2006 elections. Four sets of institutions charged with ensuring an impartial and fair electoral process are examined: those comprising the electoral channel, the party system, the parliament, and the judiciary.

The critical press and the opposition in Uganda have increasingly interpreted the ongoing changing of the rules as an attempt by the incumbent, Yoweri Museveni and his party, the National Resistance Movement (NRM), to control the electoral process to his own advantage.

A transition from the current system to a multiparty system started in 2003. In early 2005, the government presented a Constitutional Amendment Bill termed the “omnibus bill”, which proposed to amend 114 articles in the Constitution. The most controversial article was the amendment seeking to change the political system to a multi-party form of democracy and the repeal of the two-term limit to the presidency allowing Museveni to run for a third term. Interventions from MPs, civil society, and a court challenge led the government to withdraw the bill from Parliament and to reintroduce two separate bills.

The NRM government decided to put the question of reintroduction of multiparty politics to a popular referendum. Against the wishes of opposition parties, civil society and the international donor community, a referendum was held 28 July. The “yes” side was declared the winner with 92.5% of the votes. The low voter turnout (47%) may be attributed to general confusion as to the purpose of the referendum. Voters were faced with a situation where the executive, and parts of the NRM government together

with the opposition parties, campaigned for a return to multiparty politics, whereas other parts of the NRM system campaigned against the consequences of it: an opening of political space for political parties.

26 September the President approved the constitutional (Amendment) Bill 2005, as passed by Parliament. Article 105 (2) lifted the limit on Presidential terms of office, which meant that President Museveni was eligible for re-election in the 2006 Presidential elections after 20 successive years in power.

The status of the Movement system vis-à-vis the political parties remains uncertain. The Attorney General has declared that the Movement system will remain until after the 2006 elections. This interpretation has a huge influence on the election campaign and the playing field of the contending parties.

The referendum exercise showed the ability of the executive arm of government to exert its influence and the inability of parliament, political parties, courts, and the electoral management body (Electoral Commission of Uganda) to restrain executive power.

POLITICAL ABUSE OF THE JUSTICE SYSTEM?

In the current political landscape of Uganda, the courts are arguably the most crucial political arena. This has unleashed a fight over the judiciary. The opposition has increasingly used the justice system to fight the government. The courts have taken some bold decisions against government, allowing the political opposition to have cases heard and put on the public agenda. Yet, when the government prior to the elections set out to amend the Constitution, the political opposition went to court to stop it. They did not succeed.

The government used the justice system to try to get rid of political opponents and silence critics in the media. In April 2005, two prominent members of the opposition in Parliament were arrested and charged with murder. In November, Museveni's main challenger in the presidential election, Kizza Besigye, was arrested on charges of treason and rape. Since all these crimes carry the

possibility of death penalty, the accused would have to be in prison for six months to a year before they could be released on bail, which would have kept them locked up until after the elections.

These cases were regarded as abuse of the judicial process. The response from the High Court was to change the conditions for granting bail. The accused were released from prison in order to campaign. The government's reaction was immediate they pushed forward the court date to keep the accused busy in court. They also pressed new charges of terrorism and unlawful possession of weapons in the military courts. Military commando soldiers were deployed to re-arrest the prisoners, and the government warned the judges not to side with "terrorists". In the military courts, judges are military personnel and do not have the independence of civilian judges.

The opposition asked the court to condemn the trial of civilians in military courts, and military presence in the courts. The Constitutional Court did. Yet the government succeeded in keeping opposition politicians in court rather than on the campaign trail, even if they failed to get any convictions.

Opposition Supporters have decried the government's "warnings" to independent judges and appointments of loyal judges to the bench. For some judges the pressure has been too much, and they have withdrawn from the cases.

With electoral battles being fought both in the courts, through the courts and over the courts, this first multi-party election in Uganda has in every sense been a democracy on trial. The outcome was as expected: President Museveni won.



REFUGEE, WAR CRIMINAL OR TERRORIST?

How do you distinguish a person worthy of refugee status from a war criminal or a potential terrorist?

All persons who fear persecution in their home country are entitled to seek asylum in other states, according to vital principles outlined in the 1951 UN Convention Relating to the Status of Refugees (the 1951 Convention). In recent years, particularly after the terror attacks on the US on 11 September and subsequent terrorist attacks in Madrid and London, a new problem has presented itself with great force: How do you guarantee fair procedures and humane treatment of all asylum seekers and at the same time prevent people who have committed gross human rights violations or who have participated in terrorist activities from wrongfully being granted refugee status? How do you prevent some countries from becoming “safe havens” for criminals?

This is the focal theme for the study of the exclusion and cessation clauses of the 1951 Convention (Skaar, Einarsen, Vevstad) Focus of the study is on its application in the context of increased public and state concern with international terrorism, and an increasing demand for prosecuting persons who have been involved in genocide, war crimes, crimes against humanity and other serious international crimes.

Norway is a relative novice in these matters as there have so far been relatively few suspicious persons among asylum seekers in this country. There is thus limited case material, jurisprudence is far from set, and

there have not been sufficient efforts on behalf of the government to systematically deal with the problem. The Norwegian courts have been reluctant to take on these issues, leaving wide discretion for individual cases to be decided by the immigration administration.

By contrast, some other western countries have developed fairly advanced laws and procedures as well as specialised units and organisations to deal with these problems. What may Norway learn from these countries? Combined with a detailed analysis of international rules for the right to protection as a refugee and relevant procedures, lessons are drawn from a comparative analysis of Denmark, Canada, the Netherlands and Great Britain

The conclusion is that there is need for a more systematic principal approach to exclusion cases in Norwegian jurisprudence. It is important to balance the human rights of the individual asylum seeker against the concerns for not granting asylum to “unworthy” persons. This can best be done by developing institutions and procedures that handle these issues in a systematic and conscientious way. International collaboration with other states that receive asylum seekers, as well as with international criminal courts, is a prerequisite for guaranteeing free and fair treatment of people who flee their countries in search of protection against persecution.

HUMAN RIGHTS PROGRAMME: DISSEMINATION AND DEBATE

The emphasis of the Human Rights Programme in 2005, was on the dissemination of research and on stimulating human rights debate. To mark the 75th anniversary of CMI, an anthology was published, entitled *Writing Rights: Human Rights Research at the Chr. Michelsen Institute 1984-2004*. The anthology contains selected publications from more than two decades of human rights research at CMI. It demonstrates the quality as well as the breadth of human rights related research at CMI, and proves that the programme continues to be a vital and vibrant part of CMI activities.

In September 2005, a seminar on “Power, rights and democracy” was arranged at CMI. The theme of the seminar was an argument made in the report from a Norwegian committee on power and democracy, that the judicial system is reducing the power of elected political institutions in Norway. The seminar contained presentations from major Norwegian capacities in the field, and sparked considerable debate.





ROADS TO RECONCILIATION

The past two decades have witnessed the end of several civil wars and authoritarian regimes. In a period shaped by the ideal of democratisation, in which more countries are emerging from deep-rooted conflicts, international attention is turning to the question of how societies with a grievous past face issues of accountability and reconciliation. How do societies deal with a past characterised by gross human rights violations? What kinds of processes - judicial as well as non-judicial - are most likely to generate a sense of reconciliation? What are the roads to reconciliation in the aftermath of massive violence?

Roads to Reconciliation (Skaar, Gloppen, Suhrke), one of the major publications under the human rights programme, provides a systematic and comparative analysis of reconciliation processes in various societies that in recent years have made a transition from authoritarian to democratic rule, or from war to relative peace. Through comparative analysis, case studies from Latin America, Africa, Europe, and Asia shed new light on how different societies have dealt with their violent pasts.

In some societies, the conflicting parties agree on little more than laying down arms. In others, there is a sustained commitment to pursue contested issues in the political arena. A more comprehensive form of reconciliation is associated with forgiveness and creation of mutual trust, often expressed in the construction of a common narrative of the past and a shared vision of the future. This may be formalised as a threefold understanding of reconciliation as “simple co-existence,” “democratic reciprocity,” and a comprehensive reconstruction of social bonds between victims and perpetrators.

Healing is a central concept in reconciliation, drawing predominantly on psycho-social theories of individual healing where reconciliation is understood as a therapeutic goal. Processes where victims are recognised,

wrongs acknowledged and responsibility allocated are seen to be required to bring closure and healing. Does the same logic apply to reconciliation processes at the community level as to political reconciliation processes at the national level?

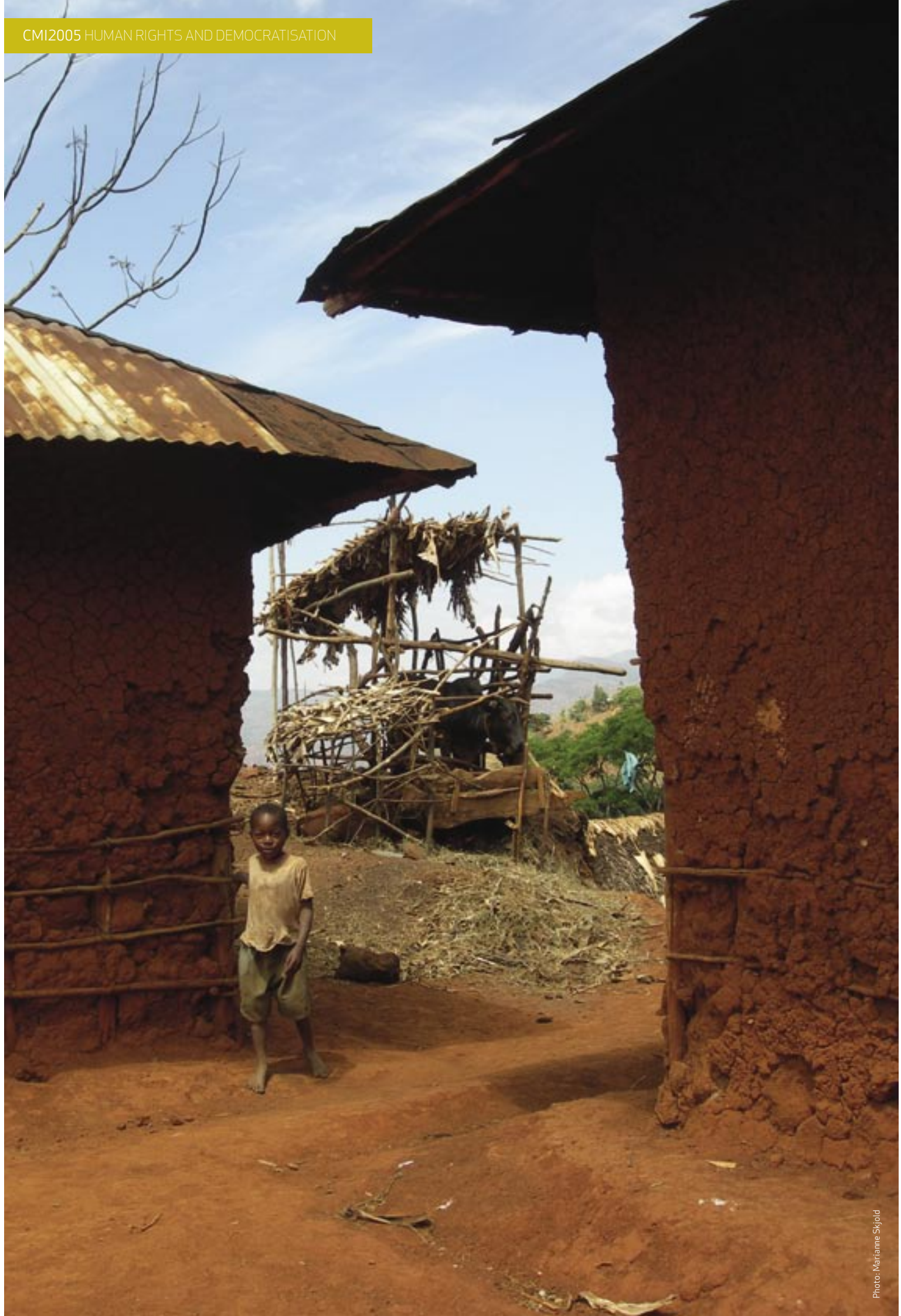
One approach to healing as a social rather than an individual process is found in anthropological studies of healing rituals. In the Timorese traditional ritual *nabe bit*, conflicting parties are invited to literally sit on the same mat in the village. Reconciliation rituals are premised on the mutual recognition of a pre-existing community, the village, that needed to be restored.

In certain contexts reconciliation is often associated with *forgiveness*. But what does it mean to “forgive”? The path away from past violence may be characterised as a “path of recollection and affirmation” that confirms a common humanity. Confirming a common humanity entails neither demonising the perpetrators nor “turning the other cheek or forgetting what happened.” In the space between forgiveness and vengeance lies a series of mechanisms of accountability that may help to provide justice and truth.

Truth-seeking has increasingly been identified as an active force in reconciliation processes. The assumption is that for reconciliation to

take place, knowledge about what happened must be brought out. Dynamics of truth commissions are held to be more conducive to reconciliation, since they may help create a collective memory of the past and a common understanding of what that past means for the present and the future. “All sorrows can be borne if you put them into a story or tell a story about them.” The story reveals the meaning of what otherwise would remain an unbearable sequence of sheer happenings. At the individual level a strong case can be made for the healing effects of story-telling.

The central aspects of reconciliation according to one of the book’s contributors, are recognition of the “truth” (which serves to redress the past, give voice to the victims in the present, and create a common memory for the future); restorative justice (holding perpetrators accountable, and establishing the principle of no impunity in the future), restitution (compensating for past losses and creating institutions for future reform to address needs), and, finally, a healing process that addresses the past and simultaneously strengthens public discourse and community action. Reconciliation must be understood fundamentally as a process, not as an end result. As the case studies indicate, there is still a long way to go in most countries before reconciliation can be said to have been reached.



POVERTY AND LAWLESSNESS: HOW TO SECURE A VOICE FOR THE POOR?

In Malawi, as in many countries, legal changes seem to transform the law radically in a pro-poor direction. Social rights are being taken into the constitution. Yet, there is little or no effect in the actual situation of the poor. Power abuse and corruption have exacerbated the famines that ravage the country and the rights of the poor are conspicuously absent in the courts.

Courts and the Poor (Gargarella, Gloppen, Ask, Knudsen, Jul-Larsen, Stokke) looks into structural and motivational barriers preventing the poor from voicing their grievances in terms of rights claims. What limits their access to the courts and their possibility to hold those in power to account? Are there shortcomings in the legal framework that render the legal institutions unresponsive to the concerns of the poor? Are there inherent biases in the dominant legal ideology that prevent the poor from benefiting from the law? Will reform efforts intended to improve the poor's access to justice, be capable of addressing these problems?

Poor people often live their lives in conditions of lawlessness as illegal squatters and in informal employment. They are not protected against crime and exhortation, and this contributes directly to their poverty and

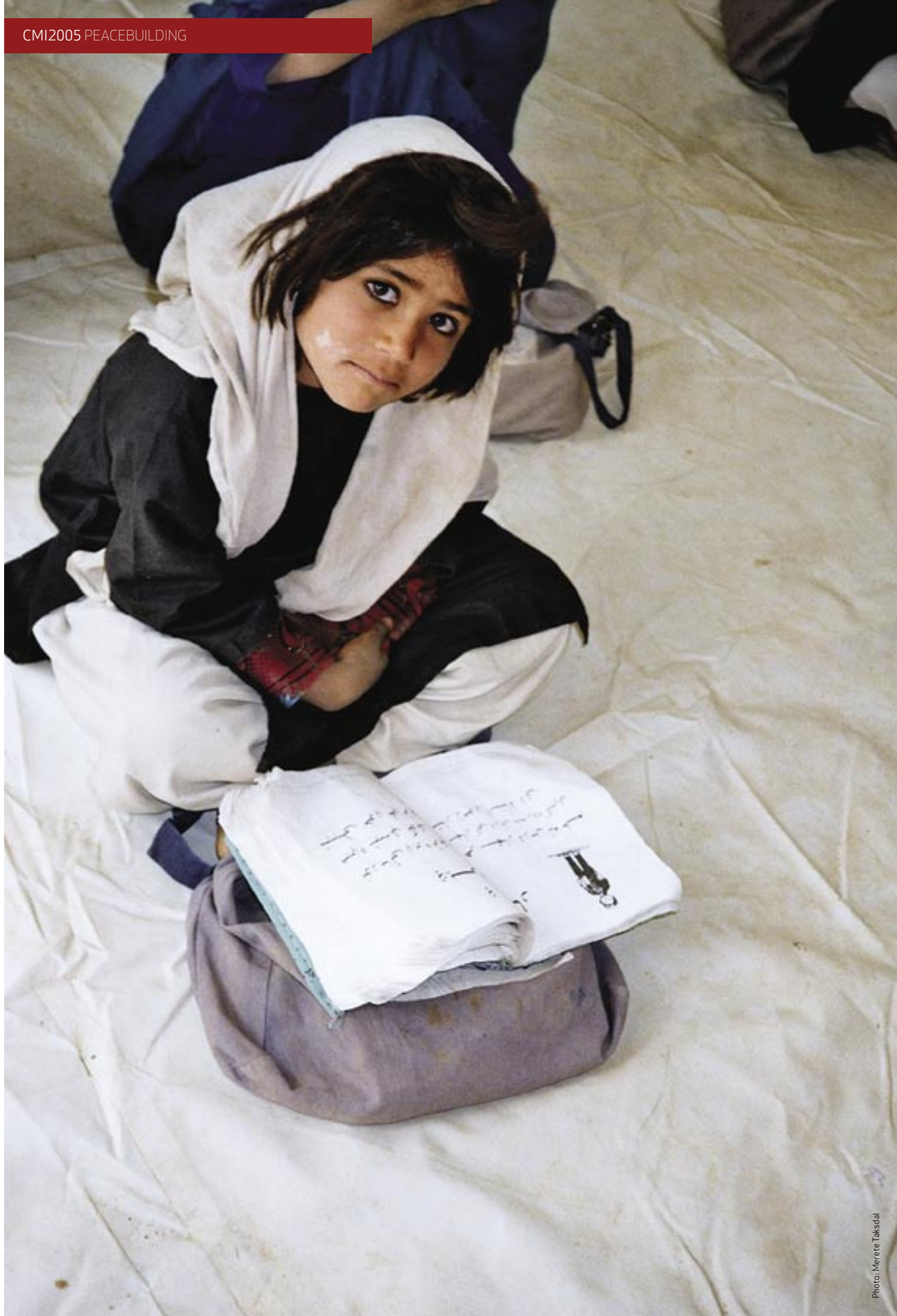
limits their ability to engage in economic activity. They are unlikely to rely on the law and the courts as a source of justice – and when they do they face severe obstacles. Constraints on legal means to secure a livelihood fuel lawlessness. Yet, in some cases the poor do succeed. Their cases are heard by the courts, which make rulings in their favour demanding the political authorities to respect and protect their rights. When do court rulings favour the poor?

CRUCIAL FACTORS

The court procedures must allow easy and cheap access to the courts, allowing people to come and state the claim in simple terms, and/or allow others than those directly affected to take cases in the public interest. Where neither of this is the case – like in Malawi – there are few chances that the courts will concern themselves with the rights of poor people.

The poor must have access to legal expertise, either provided by the court itself (as in Costa Rica and India) or by organisations and individuals in civil society who cooperate with poor people and take cases to the courts on their behalf.

The judges must be sensitive to the concerns of the poor. In most cases judges come from the elite, and even those who are not corrupt tend to share the perspective of the elite. Unless judges are recruited and trained in ways that make them sensitive to the concerns of the poor, the legal system is likely to be captured by the “haves”, and contribute to keep down the ‘have nots’, regardless of what the law says in terms of their formal rights.



AFGHANISTAN: HUMANITARIAN AND RECONSTRUCTION ASSISTANCE 2001-05

“Without a functioning justice system, rebuilding a state after a conflict will not succeed. Without the foundation of the rule of law, it is impossible to secure all other nation-building processes”, concludes Arne Strand after having completed a major multidonor evaluation of humanitarian and reconstruction assistance to Afghanistan 2001-2005.

The efforts and assistance of the five bilateral donors involved (the United Kingdom, the Netherlands, Sweden, Denmark and Ireland) have been significant and decisive for the developments and achievements in Afghanistan.

The Afghanistan intervention has been a high priority for these donors, and has presented important new challenges for the provision of international aid. Donors have had to respond to an urgent need for humanitarian and reconstruction assistance under conditions of continued conflict, support to the reunification of the Afghan nation and the creation of a functioning democratic state.

After the international military operation and up to mid-2004, Afghanistan received close to 3.2 billion Euro in humanitarian, reconstruction and development aid. Of this, 25 % came from the five donors.

Support to education and the return of

refugees and internally displaced persons have had the best results. Aid has been unevenly distributed between regions and communities. The Afghan state is very centralised and democracy, development and security have not reached far beyond the borders of Kabul. Thus, because the agricultural sector has not been prioritised. Opium production or labour migration to neighbouring countries remain the only alternatives for many rural Afghans.

“Women and women’s rights, allegedly an important reason for the intervention, have been forgotten. The situation for women is still quite desperate, especially outside Kabul. Hospital statistics document that more women commit suicide now than during the Taliban. This is a sign of how desperate the situation is for many women,” says Arne Strand.

The donors’ support to Afghanistan was not just another humanitarian operation. It was a multi-dimensional intervention combining the objectives of development co-operation

with broad foreign and domestic policy objectives. The donors - some of whom had taken an active part in ousting the old regime with military means - also supported Afghanistan’s efforts to put in place a new and democratically elected government and to introduce market economy.

Bosnia, Kosovo, Cambodia, East Timor and Iraq have seen similar interventions, and more are likely to follow. Evidently, such interventions have to cope with novel problems. Answers are scarce. The findings of this evaluation can serve as lessons learnt on a range of central issues in the process of developing adequate answers to the new challenges.

The evaluation was carried out by a consortium led by CMI with Copenhagen Development Consulting and German Association of Development Consultants, contracted by Danida’s Evaluation Department on behalf of the five donors.

RETHINKING THE ROLE OF FORMER COMBATANTS

An important element of the transformation from conflict to sustainable peacebuilding is how the process of demobilisation, disarmament and reintegration (DDR) is managed. The challenge is to assist former combatants to assume constructive roles in the new regime and reintegrate into their communities. How are military leaders and factions included in the political processes?

These are some of the issues studied in the CMI-PRIO collaboration project *What Kind of Peace is Possible* (Strand). The DDR process cannot be viewed in isolation from the political process. Trust in the political process is a prerequisite for giving up (all) arms. During wars, many armed groups develop a strong collective identity, and in some cases, the inspiration and willingness to transform war activities into legal and productive social and political work, may be anchored in the possibility for a continued group affiliation. There needs to be an opening for collective rather than individual solutions.

In Afghanistan, as in many other post-conflict contexts, the winning side set the political agenda. The military opposition was excluded from the political process. Allied commanders were included into the cabinet, the government structures, the police and the new army, or continued as militias for the

international forces in their war on terror. DDR gained importance as it was introduced as a disarmament mechanism to increase security in advance of the presidential election. However, only a limited number of armed groups were targeted. A tiny fraction of the weapons were collected, and many commanders held their most experienced fighters outside the whole process. As a result, DDR became less of a national process and the international community assumed responsibility for salaries and the future of disarmed combatants.

The influence and position of military groups or commander/warlords cannot be underestimated. Excluding them can easily make them spoilers of peace processes. Yet, bringing them into the government can easily delegitimise the new authority and hinder necessary reform processes.

In DDR processes there is often an imagined military-civilian dichotomy. However, civilians can be victims, combatants and beneficiaries at the same time. The degree of human rights violations can also vary greatly. Thus, it is important that the international community tailor their responses to the distinct needs of each group.



NEW RESEARCH PROGRAMME ON THE SUDAN PEACE PROCESS

“We will follow the political economy of the transition from war to peace and the role of third party engagement and issues related to the management and coordination of aid,” says Gunnar M. Sørnbø who will head the new four-year programme together with Professor Abdel Ghaffar M. Ahmed of AlAhfad University and University of Bergen.

“This is a joint project with the University of Khartoum, Al Ahfad University for Women, University of Bergen and PRIO financed by the Norwegian Ministry of Foreign Affairs. It confirms Norway’s continued commitment to peace in the Sudan,” says Sørnbø.

A characteristic feature of the situation in Sudan is that there are multiple conflicts in the country, some of them localised or of a regional nature. They have their own dynamics, yet they are interrelated in complex ways. Interventions must be sensitive to such facts. Successful peace implementation in Sudan will depend on the ability of government and international actors to address root causes of different conflicts in productive and creative ways. This will, in turn, depend on a parallel ability to identify the main drivers of change (and conflicts) in the country as well as possible entry points for intervention.

A systematic assessment of past aid to Sudan

has not been carried out. However, we know that appropriate aid can help to build peace, whereas inappropriate aid can fuel war by deepening the social fault lines of conflict and tilting power balances in favour of those inclined to resolve conflicts by violent means. Aid may also erode local capacity rather than enhance it.

Since the comprehensive peace agreement was signed between the government the government of Sudan and the Sudan People’s Liberation Movement, conflict is still endemic in the country, most famously in Darfur. In order to make the peace agreement, as well as the Sudanese state, more inclusive, there will be need for a focused and sustainable international engagement.

The research and monitoring programme will be designed in such a way that a balance is struck between bona fide research agendas, capacity building and policy oriented needs.

RWANDA: LOCAL RECONCILIATION INITIATIVES

More than a decade after the 1994 genocide, Rwandan people are still trying to come to terms with a troublesome past. The international community has helped reconstructing the justice system and supported transitional justice processes coordinated at the national level, such as the gacaca courts. But less attention has been paid to the initiatives for reconciliation that are taken by people at the local level in Rwanda.

CMI (Samset) co-conducted an evaluation of a Norwegian Church Aid project to support such reconciliation work at the local level. Project activities included house construction by released prisoners for genocide survivors, dialogues between survivors and perpetrators, income generating projects, vocational training, and training on the gacaca process.

Grassroots reconciliation projects are crucial, but their success depends on external supporters that have intimate knowledge of the prevailing situation on the ground, and on tight management according to well defined goals. The evaluated project included other components such as inter-faith dialogue and reintegration of released prisoners. A more careful consideration of how to match ambitions and resources was recommended to reduce the risk of goal overload.



EDWARD SAID

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

"ولا تحسبن الذين قتلوا في سبيل الله امواتاً بل احياء عند ربهم يرزقون"

حراً .. مقاوماً ..
لا تعرف الخضوع والاستسلام ..



تذرف كتائب الشهيد عز الدين القسام
وحركة المقاومة الإسلامية - حماس



خالداً

سن

الشهيد القسامي

سيد عبد الكريم الشيخ قاسم

الذي استشهد على أرض مدينة البيرة بتاريخ ١٢-١-٢٠٠٣ م
بعد مقاومة بطولية ضد جنود الاحتلال

المبادرة الوطنية الفلسطينية

التضحية .. اعادة

الوطن

FROM SECULARISM TO ISLAMISM

In 2005, the Middle East region continued to dominate the international scene with the Palestine conflict again taking centre stage. Research that can promote a better understanding of this region, its conflicts and prospects remain important.

With funding from Norad, CMI has collaborated with the Muwatin - the Palestinian Institute for the Study of Democracy - since 1995. The CMI-Muwatin agreement remains a cornerstone in CMI's Middle East research in general and the Palestine-conflict in particular. Since 1995, CMI and Muwatin's research agenda has closely tallied the political developments in Palestine, covering the process leading to the Oslo Accords and the establishment of the Palestinian Authority, followed by studies of good governance and later, corruption. In 2002, CMI and Muwatin began studies of Palestinian Islamism ("political Islam") that was gradually gaining strength at the expense of the beleaguered Palestinian Authority (PA).

In 1994, the Oslo Accords led to the establishment of the Palestinian Authority (PA), the most visible success of the PLO and the highpoint of Yasser Arafat's secular nationalism. The same year, Hamas carried out its first suicide attack, killing several Israeli civilians. A decade later, the Palestinian Authority was in ruins and the PLO was losing ground. During the same period Hamas had grown from a fringe Gaza-based group to a mainstream Islamist movement and mouthpiece for dispossessed Palestinians.

In 2004, both Hamas and PLO lost their long-time leaders and founders: Sheikh Yasin and Yasser Arafat. While Hamas quickly recovered, the PLO began disintegrating.

The first real proof that a major political change was underway was the local elections in Gaza in January 2005. There Hamas trumped PLO and won 75 out of 118 seats. In 2005, research done by CMI in collaboration with Muwatin, argued that Hamas had broken the PLO's political hegemony and that there was now an emerging two-party system in Palestine (Lunden and Hilal). Trying to analyse the reasons for Hamas' popularity, another study argued that Hamas' social outreach and its dual identity as "worshippers" and "warmongers" had made the organisation popular among dispossessed Palestinians and a mounting political challenge to the secular nationalism of the PLO (Knudsen).

This tendency was not only evident in the Occupied Territories (Gaza and the West Bank) but also among the Palestinian refugees. A study of camp-based refugees in Lebanon argued that there was a steady growth of Islamist sentiments among the population (Knudsen). The Islamist groups cater to narrowly defined segments of the refugee population and have been unable to attract

wider support. Instead, they attract for minor, camp-based constituencies which compete with secular groups for internal control of the camps and, by implication, of the Palestinian nationalist cause itself.

The studies summarised above point to a definitive shift in popular sentiments towards Islamist movements, in particular Hamas. The local elections in Gaza had shown that Hamas could beat the PLO in open elections. In mid-2005, Hamas announced that they would participate in the upcoming parliamentary elections slated for January 2006, the first since 1996 where Hamas did not to participate. The January 2006 elections proved a watershed in Palestinian politics: Hamas won a majority of the seats in the new parliament, ending the PLOs political hegemony. The big question is now how the new Hamas government will handle the political challenges ahead, especially the international pressure to complete the transition to a political party, abandon violence and accept the Israeli state.



COMBATING CORRUPTION THROUGH INFORMATION, ANALYSIS AND COORDINATION



Founded in 2001, the U4 Anti-Corruption Resource Centre (www.u4.no) has emerged as a leading anti-corruption resource for development practitioners and interested members of the public. With an expanding array of research products and an improved website, the U4 enjoyed a dynamic start to its second project phase (2005-2007). U4 now provides a broad spectre of specialised services – including training and expert answers – to development agency personnel from Utstein Group countries (the United Kingdom, Norway, Germany, the Netherlands, Sweden, and Canada).

CORRUPTION IN EMERGENCY SITUATIONS

In the wake of the Tsunami tragedy, a number of initiatives have emerged to address the particular dangers of corruption in the context of war and natural disasters. To map existing efforts and identify gaps in the field, CMI hosted a 2-day workshop in November with aid practitioners, donor agencies, and policy researchers. From this meeting evolved a research agenda for 2006.

It features lessons learned, case studies and in-depth analysis of corruption risks within different types of emergencies. The ultimate goal is to improve the efficiency and quality of humanitarian assistance for affected populations, and lay the groundwork for a more sustainable rehabilitation process.

TRAINING: IMPROVED AND TARGETED SERVICES

U4 offers a range of quality training options to donor practitioners – both online and in-country. These give busy development workers the space and skills to better analyse the corruption challenges in their country of focus. Furthermore, the in-country workshops provide an opportunity for Utstein agencies and their partners to develop a common approach to the problem. Over the course of 2005, U4 revised and refined its 6-week online “Essentials of Anti-Corruption” course, which was held on four occasions with a total of 105 participants. In addition, U4 staff travelled extensively for in-country workshops, meeting donors and partners in Lilongwe (Malawi), Maputo (Mozambique),

Managua (Nicaragua), Abuja (Nigeria), and Nairobi (Kenya).

In collaboration with the International Institute of Education Planning (UNESCO), U4 piloted a new Specialised Training programme focusing on Ethics and Corruption in the Education sector. The first workshop, held in Pretoria, South Africa, was enthusiastically received by both donors and participants from national education ministries. U4 has also developed Theme Pages on health and education to contribute to better-informed programming by analysing the way corruption occurs in those sectors and providing tools and strategies for curbing it.

PUBLIC FINANCIAL MANAGEMENT AND CORRUPTION

In the interest of making aid more effective, donors are increasingly scrutinising the public financial management (PFM) systems in partner countries. PFM implicates all budget-related authority – from tax administration to procurement and auditing. What should donors do when these systems are corrupt? What reform strategies are most likely to succeed in what contexts? Should direct budget support be considered in highly corrupt countries? Following an expert workshop at CMI, a team of researchers led by Fjeldstad produced a series of papers that unpack these complicated issues.

DIRECT BUDGET SUPPORT (DBS)

Kolstad's review of DBS and corruption challenges the assumptions behind current donor policies that favour DBS. The main arguments in support of DBS – that it increases democratic accountability, facilitates donor-partner dialogue, and lowers administrative costs – do not hold in highly corrupt countries. Instead, where the systems to control and sanction misuse of funds are weak, DBS provides additional opportunities for officials to abuse their discretionary powers. Recent evaluations from Tanzania and Mozambique confirm that the links between DBS and democratic accountability are tenuous at best.

Kolstad argues that in countries with systemic corruption, project support is still preferable – despite the increased costs – if it means that more funds ultimately reach their target beneficiaries.

REVENUE ADMINISTRATION

In Fjeldstad's paper on reducing corruption in revenue administration, he addresses some of the special challenges inherent in this sector. The lack of a "tax paying culture", the influence of kin-based networks, poor leadership, missing policy support from the Ministry of Finance, and skewed incentives on the front lines all promote a corruption-prone system that has a devastating impact on development.

Fjeldstad claims that tax reforms cannot work without strong leadership willing to challenge powerful stakeholders. Expatriate senior advisors and managers can help break the influence of kin-based networks that decrease professionalism and integrity. Human resources policies should include transparent recruitment procedures, adequate remuneration and pension schemes.

Wide dissemination of information, so that citizens can monitor revenue collection and expenditure, can improve the attitudes and behaviour of tax payers and collectors alike.

THE BUDGET PROCESS

Budgetary corruption leads to misallocation of scarce resources, ineffective government planning, and erosion of government legitimacy and the public's confidence in the rule of law – all of which have a detrimental effect on development efforts. Isaksen gives an overview of where in the budget process corruption tends to occur (with a risk analysis of the different stages), and what drives this corruption. Some of the key anti-corruption measures relating to legislation and the judiciary include formal, enforceable laws criminalising corrupt practices, and obliging perpetrators to disclose such dealings. Measures preventing corruption in the legislature range from specific investigative and disciplinary committees, to legal requirements controlling party and campaign financing. Donors may support developing countries in eliminating budget corruption by two main means: assisting in the description and detection of the problem, and supporting reform processes by building institutional capacities.



BUSINESS CORRUPTION: SPEAK OUT OR TAKE PART?

Corruption in business and industry in developing countries is a common problem. This problem has triggered debates about the responsibility of multinational companies to refrain from corruption-related temptations in their interaction with local markets and governments. Several measures have also been taken to strengthen international anti-bribery regulations, such as the OECD anti-bribery convention. What do firms do to be successful in such challenging business climates?

The presence of corruption implies that firms lose contracts because competitors offer bribes. An interesting aspect of business corruption relates to the responses of the victimized firms: How do they react when a contract is lost because of bribes? Multinationals may have a greater responsibility for combating corruption than simply adopting a passive “we-do-not-pay-bribes-ourselves” stance.

A business survey conducted in Norway in 2004 by CMI, reveals that firms rarely react against corruption, even when they have lost important contracts as a result. The survey is part of the project *Business Corruption: Incidents, Mechanisms and Consequences* (Søreide) that studies how various factors may deter a company from reacting against corruption. Factors such as industry structure, business efficiency, institutional quality and political corruption must be seen in relation to each other in order to understand why so few businesses speak out against corruption.

Firms with similar ethical codes and compliance systems can respond to corruption-related challenges in very different ways. For obvious reasons it is difficult to identify those who offer secret bribes to procure contracts or other business benefits, from the group of firms that operate honestly and consistently with their codes of conduct. However, research into the dynamics of business corruption is critical to improve current counter-measures. One interesting factor to examine in this respect is firms’ attitude towards risk.

UNCERTAINTY AND RISK

Firms differ significantly in their ability to take financial risk, depending on market position or variations in their productivity. The decision to offer a bribe carries several kinds of risk. The punishment if caught is now higher than ever, at least in the USA. Customer reaction to a firm involved in corruption can be severe. The benefits to be gained from bribery are often uncertain as bribery is an essentially illegal agreement that generally cannot be enforced in a court. The offer of one bribe may be followed by a demand for others, initiating an open-ended process of extortion. Attitude towards risk is thus an important element in any attempt to understand a firm’s propensity to offer bribes.

Intuitively, the hazards of bribery suggest an incompatibility between risk aversion and bribery. However, the connection between attitude towards risk and bribery is not obvious since the strategy of operating honestly also involves uncertainty and risk. When corruption is perceived to be widespread, it is more probable that a firm will have competitors who offer bribes. A firm that adopts an honest approach is more likely to fail in its attempt to procure contracts. The distribution of unfair benefits and contracts among firms according to their different attitudes towards risk is therefore difficult to predict.

A NEED FOR EFFICIENT PENALTIES

The study finds that risk-averse firms are more inclined to take part in business corruption than firms with higher tolerance for risk, when the level of corruption is perceived to be high. The result is perhaps surprising, given the many hazards of bribery. However, it can be explained by a “self-protection” argument, i.e. the more afraid a firm is of economic failure, the more efforts are put into avoiding it.

The same analysis describes the impact of various factors on firms’ propensity to offer bribes. For instance, when the size of a given contract increases, the propensity to offer bribes in markets where corruption is common will also increase, unless the cost if caught increases as well. The study thus demonstrates the importance of “efficient penalties”: control mechanisms and sanctions that increase with the size of the benefits that firms can obtain through bribery.

UNDERSTANDING PATTERNS OF ACCOUNTABILITY IN TANZANIA

There are clear limits to narrow technical approaches to bringing about sustainable policy change and institutional reform. On this basis, the Governance Working Group of the Development Partners to Tanzania commissioned a comprehensive study of patterns of accountability in Tanzania to gain a better understanding of accountability processes between government officials, state institutions and local citizens. The overall objective was to assist the donor group in understanding the formal and informal political processes that guide policymaking and priority setting in Tanzania. The study was carried out by a research consortium of Oxford Policy Management (OPM), the CMI (Rakner, Lange, Selbervik, Wang) and REPOA (Tanzania).

THE BOTTOM-UP PERSPECTIVE ON ACCOUNTABILITY

The relations between formal and informal accountability channels and between elected and appointed officials, were analysed on the basis of a microsurvey conducted in Dar es Salaam, Magu and Kilwa, and an ethnographic survey of Arumeru district. It was found that both governmental and societal institutions are important locally. However, there is a gap between their presumed importance and their perceived performance. Religious organisations are regarded as important in all the observed field sites. Overall, the study of accountability relations at the local level found that there is considerable overlap, conflict and cooperation between governmental and societal institutions. As a result, the analytical distinction between vertical and horizontal accountability, and formal and informal institutions, become quite blurred in practice.

The study reveals that a lot of local governance and service provision in Tanzania is poor. However, it is not all bad: Some government officials are trying to serve citizens, and with some success. Faced with unsatisfactory service, local people often complain through official channels, either in meetings, by writing letters, or by visiting relevant officials. In some instances elections lead to increased responsiveness on the part of elected officials. Yet, sometimes rules and procedures are followed, and sometimes rules are bent, broken or flouted. Because of problems with the justice system, it appears difficult to hold people to account through

the law. Furthermore, societal institutions fail to have a big impact in holding government institutions to account. The ethnographic study shows that local school committees are unable to withstand interference from the village chairman and hold him to account for misuse of school funds.

On the basis of ethnographic observations in Arumeru district at least, our impression is that government does function. Thus, it seems reasonable to expect a positive impact from increasing resource transfers to the local levels. The biggest weakness in relation to local accountability is lack of transparency. The study concludes that consistent measures to improve accessibility of information to increase public understandings of rights and entitlements will strengthen accountability at the local level.

THE TOP-DOWN PERSPECTIVE ON ACCOUNTABILITY

The third component of the study examined the accountability relations between political and administrative power holders and the citizens they serve. It sought to provide a top-down perspective on how accountability is perceived within the Tanzanian state structure by asking the question: What do Tanzanian elected leaders believe they are accountable for and to whom? The empirical focus was on the budget process. 26 Members of Parliament were interviewed about their perceptions of the underlying power relations and institutional controls that nationally elected leaders deal with on a daily basis through the lens of the budget process.

The study revealed that the understanding of the budget process among parliamentarians in Tanzania is limited. This is worsened by weak research support and limited resources and information. There is also inadequate transparency over how decisions are made, especially with regard to budget allocations. We also found limited evidence of answerability, whereby decision-makers are obliged to justify their decisions. There are mechanisms in the Tanzanian system to sanction actions and decisions that run counter to given mandates and procedures, they are just not adequately used. As a result, the Parliament's role in holding the executive accountable is currently not very effective. The formal mechanisms to enforce accountability may be in place, but often the spirit of their intent is lost to the mechanistic approach with which they are applied.

Overall, the study found that the prevailing patterns of accountability add up to a weak structure of checks and balances and a structure of power dominated by the Presidency, the Executive and the CCM Party. This is almost certainly helpful in facilitating coherent and resolute policy-making, without the need for continuous compromise and lengthy consultation. On the other hand, it means that Tanzania has an inherently weak democratic fabric. Addressing this issue, whilst simultaneously deepening the framework of local level accountability, should be a priority when seeking to strengthen accountability relations in Tanzania.

JUST HOW DISTINCTIVE IS NORDIC DEVELOPMENT ASSISTANCE?

Nordic countries often both say and do “the right things”. The Millennium Development Goals constitute the point of departure of their aid policies. At the policy level Nordic donors embrace coherence, harmonisation, and the new aid modalities. They channel most of their aid to the poorest countries in Africa and have fewer strings attached to their assistance than most other donors, and they are strong supporters of multilateral organisations.

Aid Policies and the Major Donors: Nordic exceptionalism in development assistance? (Selbervik) commissioned by the Japan Bank for International Cooperation (JBIC), investigates the Nordic countries’ aid policies and practices. The study focuses particularly on how the Nordic countries have adjusted to the new aid discourse and new aid modalities.

Broadly speaking, Nordic donors can be divided into two groups; Norway and Sweden on the one hand and Finland and Denmark on the other. The aid policies of Norway and Sweden are similar. Their aid interventions seem to be more steered by altruistic motives than Finland and Denmark where commercial interests have been more decisive. On the issue of aid tying, which relates to procurement of goods and services in the donor countries, Denmark’s approach has changed completely in the course of the last two years.

The Danish government has committed itself to fully untie Danish aid. Over the last ten years the share of tied Finnish aid has also been dramatically reduced.

RESPONDING TO CHANGING AID MODALITIES

In the implementation of the new aid modalities, the Nordic countries have shown vigour and have been active forces. Norway and Sweden have been the most active countries among the Nordic donors.

Different and somewhat contradictory currents can be discerned under the present aid regime. The trend towards increased donor harmonisation with more sector programmes and budget support is challenged by policymakers and the public’s requirements for results and real achievements. The donors lower their flag on some arenas, but raise it on others.

In Denmark and Finland there is a far stronger urge to control aid funds and less political will to give up “donorship” than in Norway and Sweden. In Norway and Sweden, despite some skepticism within the bureaucracies and among politicians, the political climate is still more conducive to the new aid architecture.

EXCEPTIONAL DONORS?

Nordic donors are less exceptional today than they used to be. An extended group of so-called like-minded donors are adopting more or less the same policies. On some issues other donors such as the UK and the Netherlands go further than the Nordic donors. The British and the Dutch have for example taken a radical stance on general budget support. Today, the donor community at large is characterised by a growing consensus.

GLOBAL HEALTH AND DEVELOPMENT

- What can be done to deal with Africa's acute shortage of health workers?
- What are the relationships between health and economic development?
- Which factors determine the formation and implementation of national health policies?

These are some of the questions asked in CMI's new research programme on *Global Health and Development*. (Mæstad, Hatlebakk, Selbervik)

Millions of people are suffering and dying from easily preventable diseases in developing countries, and malfunctioning health systems are at the heart of the problem. The main goal of the research programme will be to increase our knowledge of how health systems in developing countries can be supported to deliver the health services that are so badly needed.

A cornerstone among the planned activities in the programme, will be a five year project on the availability and performance of health workers in Tanzania, sponsored by the Research Council of Norway.

The programme involves three senior researchers at CMI and two PhD students, working in close collaboration with the University of Bergen (Centre for International Health and Health Economics Bergen) as well as partner institutions in Tanzania.

MALAYSIA: ETHNIC DISCRIMINATION CREATES INCOME INEQUALITIES

Approximately 1/3 of the income differences between ethnic Chinese and ethnic Malaysian stems from ethnic discrimination. Ethnic Malaysian accounts for 66 % of the population (Chinese 25%, Indian 8%) and have a much lower average income. Reducing ethnic discrimination would not only improve the income distribution between ethnic groups, but also reduce the inequality within the population as a whole.

Growth with Distribution: Strategies for Improved Income Distribution in Malaysia (Villanger, Kolstad) was commissioned by the Malaysian Planning Unit (EPU). One of the objectives of the project was to suggest strategies for improving income distribution in Malaysia, on an ethnic and a regional basis, and between rich and poor in general.

Incomes for ethnic Malaysians are 32% lower than for the ethnic Chinese, after controlling for differences in education, experience, industry and occupation. In line with previous studies, the CMI study finds evidence of labour market discrimination. To reduce labour market discrimination, one policy option is to increase companies' requirements for ethnic composition and equal wages in their work force at all levels. Reporting requirements, forcing companies to make information on ethnic composition publicly available, could in itself serve to discipline corporations from continuing discriminatory practices. A second option is to introduce a system of anti-discrimination

institutions or legislation. That would give those discriminated against an opportunity to redress unfair treatment. Future studies need to be conducted to explore how such policies could be used in Malaysia. Studies of this kind should also address the lessons learned from affirmative action policies in Malaysia, and discuss the role and design of such policies in reducing inter-ethnic income disparities.

The study uses the 2004 Household Income Survey data set to estimate effects of policies in the areas of education, agriculture, transfers, taxes, and employment. A promising option for immediate reduction of income inequalities is to introduce child benefits in Malaysia. Child benefits would have a substantial favourable impact on both the disparities between ethnic groups, regions and between rich and poor. Ethnic Malaysian families have more children than the Chinese and the Indian ethnic groups. Families in poor regions have more children than families in prosperous regions. Finally, poor families have more children than rich families.



NEW RESEARCH PROGRAMME: POLITICS OF FAITH



Photo: John Gagne

What is the impact of religion on democratisation, development and conflict in the South?

In celebration of CMI's 75-year anniversary, CMI launched a new research programme that will study how religion and politics interrelate in the South. The research programme will study the impact of religion on three particular aspects of this development process: (1) law, (2) political institutionalisation, and (3) armed conflict. Key questions to be addressed include, how does religion influence the development of

laws, legal systems, and legal pluralism in the developing world? How do religious sentiments affect political mobilisation and the development of political institutions – in a democratic or an authoritarian direction? And how does religion contribute to spark or prolong violent conflicts, on the one hand, and to prevent, manage, and resolve them, on the other?

CMI's expertise in development studies and institutional networks in the South are particularly strong assets in this regard.

Dr. Anne Sofie Roald is the new programme director who will lead and develop the new research programme. Roald is an historian of religion specialised in Islamic studies in the Middle East and North Africa.



CMI 75 YEARS

1930 - 2005



15 March 2005 marked CMI's 75th anniversary. CMI celebrated with seminar, peace symposium, dinner and a new research programme.

North-South cooperation has been a main feature of CMI as a development research institution since the early 1960s. 14 March participants from partner institutions in the South were invited to a seminar on "Partnership and ownership: What does it mean in North-South research collaboration?"

15 March the Norwegian Minister of International Development Hilde Frafjord Johnson, held the Chr. Michelsen Lecture on "Prospects for Peace in Sudan." The lecture was followed by a panel debate with national and international scholars.

In the evening there was a dinner in the Haakon's Hall in Bergen. His Royal Highness Crown Prince Haakon came to the dinner together with 234 distinguished national and international guests.

Top left: CMI Director Gunnar M. Sørbø welcomes the guests to the dinner.

Top right: Dr. Abdel Ghaffar M. Ahmed, Professor of Social Anthropology, University of Khartoum; Dr. Iqbal Jhazbhay, Senior Research Fellow, Institute for Global Dialogue; and Hilde Frafjord Johnson, Minister of International Development.

Bottom left: From left: Herman Friele, Mayor of the City of Bergen; Svein Alsaker, County Governor in Hordaland; Hilde Frafjord Johnson, Minister of International Development; H.R.H. Crown Prince Haakon; Ingvild Gilhus, Chair of the CMI Board; Gunnar M. Sørbø, CMI Director; Sissel Hodne Steen, Head of Department of Human Development and Service Delivery, Norad; and Thorvald Stoltenberg, President of the Norwegian Red Cross.

Upper bottom right: From the performance by "Fargespill".

Bottom right: Emeritus and former CMI director, Just Faaland, and his wife, Judith, talking to Thorvald Stoltenberg.

All photos: Helge Hansen





CMIPROJECTS 2005

PEACEBUILDING:

- Afghanistan: A Model for Peace Building? A Norwegian-German Conference
- Civil Society and the Prevention of Violent Conflict
- Dutch Humanitarian Afghanistan Assistance (2001-2005)
- Evaluation of Afghanistan's National Solidarity Program
- Evaluation of the Released Prisoners' Project in Rwanda
- Peacebuilding in Sudan: Micro Macro Issues
- The Limits of State-Building in Afghanistan
- Web Pages on Afghanistan
- What Kind of Peace is Possible?
- Why Civil Wars End
- Formative Process Research on Regional Integration in Southern Africa (FOPRISA)
- Global Moments in the Levant
- Precarious Peacebuilding: Post-war Lebanon, 1990-2005

PUBLIC SECTOR REFORM:

- U4: Anti-Corruption Utstein Anti-Corruption Resource Centre
- Local Government Reform in Tanzania
- Health Worker Crisis in Africa - a Case for Exceptionality?
- Human Resources for Health in Tanzania
- Priority Setting in Global Health
- Review of Scandinavian Assistance to the Statistical Bureau in Mozambique (INE)
- Study on Integrated Sub-National Administration in Mozambique
- Tax Evasion and Fiscal Corruption in Tanzania
- Taxation and Poverty (Tanzania)
- Public Expenditure Tracking (Tanzania)
- PRSP and Parliaments in Asia, Africa and Eastern Europe
- Bureau Indépendant Anti-Corruption (BIANCO) Madagascar

HUMAN RIGHTS AND DEMOCRATISATION:

- Comparative Study of Kenyan Constitutions
- Corruption in Bosnia and Herzegovina
- Courts in Transition
- Courts and the Poor
- Fast-tracking East African Integration
- Human Rights Programme
- Reconstructing Traditional Authority - for whom? Political Parties, State Administration and Traditional Authorities in Angola and Mozambique
- Review of Danish Institute for Human Rights Partnership Programmes
- Understanding Patterns of Accountability in Tanzania
- Human Rights Seminar on Indonesia
- The Accountability Function of Supreme Audit Institutions in Malawi, Uganda and Tanzania
- Human Rights in Asia
- Referendum Observation in Kenya

POVERTY AND SOCIAL TRANSFORMATION:

- Baseline Study for Rural Electrification in Three Locations in Mozambique
- Poverty Analysis in Mozambique
- Poverty Monitoring Ethiopia
- Analysis of the Biodiversity Sector Programme for Siwaliks and Terai in Nepal
- Growth and Distribution in Malaysia

AID POLICY AND IMPACT:

- Bridging Research and Development Co-operation
- Regional Dimensions of Norwegian Country Programmes
- Bergen Seminar 2005: Unleashing Capacities to Achieve the MDGs
- Corruption, Lack of Political Will and the Role of Donors in Uganda
- Evaluation of Norwegian Support to Bunda College of Agriculture, Malawi
- Mid-term Review of the Programme of Norwegian People's Aid in Angola
- Restructuring SADC - Assessing Emerging Priorities and Policies and Identification of Options for External Support
- Review of the Norwegian Development Fund Portfolio in Ethiopia
- Political Conditions in EU Foreign Aid
- Aid Policies and Major Donors: The Nordic Countries
- Forging Partnerships? A comparative Study of Institutional Responses to Nordic and Japanese Aid in Asia.

GLOBAL ECONOMY AND DEVELOPMENT:

- Business Ethics for Multinational Corporations in Developing Countries
- Trade Policy and Poverty: A Review
- Corruption as an Obstacle to Business in Russia
- World Bank Infrastructure Trust Fund
- Business Corruption: Incidents, Mechanisms and Consequences

NATURAL RESOURCES:

- Well-being Among Fisherfolks in Africa Research (WELFARE)

REPORT OF THE BOARD OF DIRECTORS

(Edited version)

Chr. Michelsen Institute (CMI) is a social science research institute with a focus on development and rights in the South. CMI is one of the leading Nordic research institutes in applied development research, and advises executive development agencies on policy issues. The geographical focus is on Sub-Saharan Africa, South and South-East Asia, and the Middle East, with some activity also in South America.

CMI employs 40 social scientists, primarily anthropologists, economists and political scientists.

CMI's main research areas are:

- Human Rights and Democratisation
- Peacebuilding
- Global Economy and Development
- Public Sector Reform
- Aid Policy and Impact
- Poverty and Social Transformation
- Natural Resources

The Institute's main goal is to conduct high quality research and to contribute to political decision making and the public discourse on international development.

The Institute receives core funding from the Research Council of Norway (NFR) (11 million NOK in 2005). In 2005 8,2 million were basic grants and 2,8 million were funding for the four strategic institute programmes: *Political Institutions in Africa, Courts in Transition, Peacebuilding, and Business Ethics for Multinational Corporations in Developing Countries*. In addition, CMI receives support from the Ministry of Education and Research for the Human Rights Programme (1,22 million NOK in 2005).

The Institute's total income increased by 11,2 % in 2005 compared to 2004. The net project income increased by 11,9 %. An equivalent increase in project income is expected in 2006.

The Board of Directors believes that the financial statement represent a true picture of the Institute's possessions and liabilities, and the financial position and results.

FUTURE DEVELOPMENTS

Professional challenges

2005 was the final year of the strategy plan *Growth and Quality* from 2000. The Institute has had a very positive professional development in this period. There was an increase in the number of articles in international journals with referee, although the goal of one international article per researcher per year is not yet achieved. In 2000, the number of articles or equivalent texts (which includes chapters in books, monographs, and edited books) was 39, of which 11 were articles in international journals with referee. In 2005, the number was 55 articles or equivalent texts of which 13 were articles in international journals with referee. The number of man-labour years was the same in 2000 and 2005.

The Institute fulfilled its ambition in terms of career developments. 5 researchers qualified themselves to Senior Research Fellows (Research 1). The Institute now employs 19 researchers with PhD, compared to 14 in 2000. Thematic clusters and strategic institute programmes have become a driving force in research focus and developments at

the Institute during this period. The Institute currently runs 5 institute programmes. The programmes generate substantial activity through additional funding from other sources.

Finances and the market

The financial goals emphasised a steady growth and an increased diversification of the income sources. Most key figures convey a positive trend. The Institute saw an average 25 % increase in turnover in this period. Project fees increased from 14,7 million in 2000 to 23,1 million in 2005 (a near 60 % growth). The results also reflect a marked increase in income per man-labour years.

Diversification of income sources and internationalisation of activities have been, and still remain a goal. The Institute's income from international sources nearly doubled from 18 % in 2000 to 32 % in 2005. CMI still aspires to expand the Institute's share of this market segment, especially the Nordic market where the Institute has had a certain breakthrough in recent years.

CMI aims to maintain, or even increase, the amount of commissioned work from Norwegian development actors. In 2000, work commissioned by the Ministry of Foreign Affairs and Norad constituted 53 % of the total project revenue. In 2005, this number was 43 %. In absolute numbers, the value of the work commissioned by Norad/MFA increased from 14,8 million in 2000 to 21,2 million in 2005. Mainly, this covers comprehensive institutional agreements with partners in the South, and work commissioned through the framework agreement between CMI and Norad. In 2005, there was a particular growth in work through this agreement. In addition to the economic importance, the framework agreement also provides CMI with a direct channel to Norwegian policy-making and administration.

Funding from NFR has remained constant in terms of actual sums, and has therefore decreased in relation to other sources; from 27 % in 2000 to 14 % in 2005. This development reflects increased competition over increasingly fewer resources allocated to development research in general.

The relationship between self-initiated and externally initiated research is an important challenge for CMI both professionally and economically. In the years to come, it will be important to apply for research funding from other sources than NFR, but at the same time it is important to stress that partners such as Norad/MFA also offer opportunities for attractive long-term, self-initiated research.

Research for Global Justice

In 2005, CMI has worked on a new general strategy, *Research for Global Justice*. This reflects a desire to emphasise what has always been a fundamental aspect of CMI's work: to contribute through research and advice to policies which reduce poverty, strengthen human rights, and promote peace. CMI shall aspire towards this overarching goal by strengthening the academic quality and by ensuring that the activities have relevance for policy-making and development operations.

The Institute has experienced a positive development in recent years, and is well prepared to meet the new challenges of Norwegian research policy: funding according to performance. At the same time, the Institute will be able to defend its position and role as Norway's leading research environment for development studies. The sale of the shares in CMR in 2005, and the expected sale of the property at

Fantoft in the first half of 2006, provides CMI and the Chr. Michelsen Fund with a financial base which enables the Institute to embark on new initiatives. An example of this is the decision in 2005 to establish a new programme on the *Politics of Faith*.

CONTINUED OPERATION

In accordance with the Accounting Act's § 3-3a, it is confirmed that the requirements for continued operation are fulfilled. Estimates of costs and agreed projects in 2006, as well as an evaluation of the Institute's earning potential in the coming years, is the basis for this assumption. The position of the institute is both economically and financially sound.

WORKING ENVIRONMENT AND STAFF

Absence due to sickness is low among the Institute's employees: totalling 285 days in 2005 (247 in 2004), equalling 1,68 % (1,45 % in 2004) of total working hours. The Institute will work to maintain the low level of absence due to sickness, and will continue to offer sports/training activities, physiotherapy etc. There were no reported injuries or accidents in 2005.

There are annual inspections of the working environment. The surveys are carried out by the company health service provider. The feedback from the employees of the Institute shows that the working environment is good. Collaboration with the employee's labour unions has been constructive and contributed positively to the running of the Institute.

EQUAL OPPORTUNITIES

The Institute aims to be a workplace with equal opportunities for women and men. The Institute has established welfare initiatives and arrangements for leaves of absence to allow employees equal opportunities of pay and career developments. Traditionally, the Institute has recruited staff from environments with an equal distribution of women and men, and therefore has not made use of a gender quota system to achieve equality.

29 out of 60 employees at the Institute are women. One third of the Board of Directors is women. Female employees are also well represented in leading positions, and the Institute's pay system gives little room for discrimination between women and men. The average annual salary for women is 385.000 NOK, while the figure is somewhat higher for men: 455.000 NOK. The difference is caused by an overweight of women in administrative positions, where the average pay is lower than in research positions at the Institute. Among the permanently employed researchers at the Institute, the average pay for women is 473.000 NOK. The corresponding figure for men in permanent research positions is 452.000 NOK.

Working time arrangements at the institute are determined by the different positions, and are not affected by gender. The share of employees occupying part-time positions is nevertheless somewhat higher among women.

ENVIRONMENTAL REPORTING

The Institute's operations are not regulated by concessions or impositions. The activities of the Institute do not affect the external environment directly, but it is noted that the extensive travelling by its staff contributes to greenhouse gas emissions.

INCOME, CASH FLOW, INVESTMENTS, FINANCING, AND LIQUIDITY

The turnover of the Institute increased from 49,08 million in 2004 to 54,56 million in 2005. The annual results in 2005 were 3,15 million

compared to a negative 0,37 million in 2004. This improvement is mainly due to an improvement of 1,6 million in the results of financial items, and a reduction 1,6 million in the operating costs caused by VAT compensations for previous years.

The total cash flow from operational activities at the Institute amounted to 4, 426 million NOK. The annual result was 3,151 million. The difference is mainly caused by an increase in accounts payable and accounts receivable as per 31.12.2005.

The cash reserve of the institute was 45,14 million NOK at 31.12.2005.

The Institute's short-term liabilities amounted to 41,1 % of total liabilities on 31.12.2005, compared to 36,8 % on 31.12.2004. The change is primarily due to an increase in prepayment of projects compared to 2004. The financial position is sound, and the Institute can clear short term liabilities with its liquid assets.

The total end of year capital was 69,88 million, compared to 64,35 million one year ago. The equity-to-asset ratio at 31.12.2005 was 18,7 %, compared to 15,7 % on 31.12.2004.

FINANCIAL RISK

Market risk

The Institute is somewhat exposed to exchange rate fluctuations, especially with regard to US Dollars and GBP. Approximately 20 % of the Institute's income is paid in foreign currencies. The Institute has so far not entered into forward contracts or other agreements to reduce the currency risk and thereby also the market risk tied to operations.

The Institute is also exposed to changes in interest rates, because floating rates apply to the Institute's liabilities.

Credit risk

The risk of opposite parties failing to meet their financial obligations is regarded as minimal. The vast majority of the Institute's income comes from Norwegian and overseas development aid authorities, as well as from multilateral donors. There are also very few previous examples of losses from outstanding claims. The gross credit risk on the accounting day amounts to a total of 7,217 million in accounts receivable.

Liquidity risk

The Institute considers its liquidity level as sound, and no measures to affect the liquidity risk have been decided. The dates of payments of accounts receivable are met, and obligations and other long-term receivables have not been considered for renegotiation or redemption.

The Research Council of Norway and Norad who commission the largest number of projects from the Institute, are invoiced quarterly. The Institute's basic grant from the Research Council of Norway is paid in advance three times a year. The Institute is not in a position to renegotiate these payment terms.

ANNUAL RESULT AND DISPOSALS

The Board recommends the following disposal of the annual result at the Chr. Michelsen Institute:

Equity earnings	NOK 3 151 612
Total disposals	NOK 3 151 612

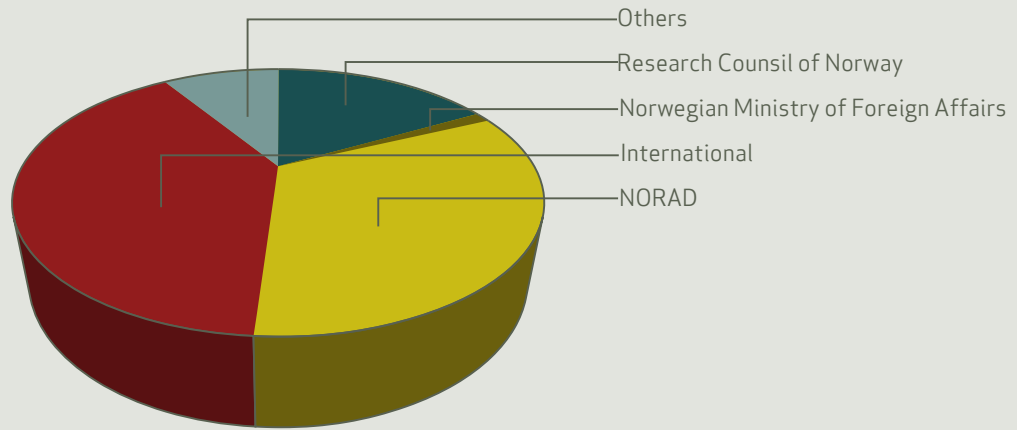
INCOME STATEMENT AND BALANCE SHEET 2005

(in NOK 1000)

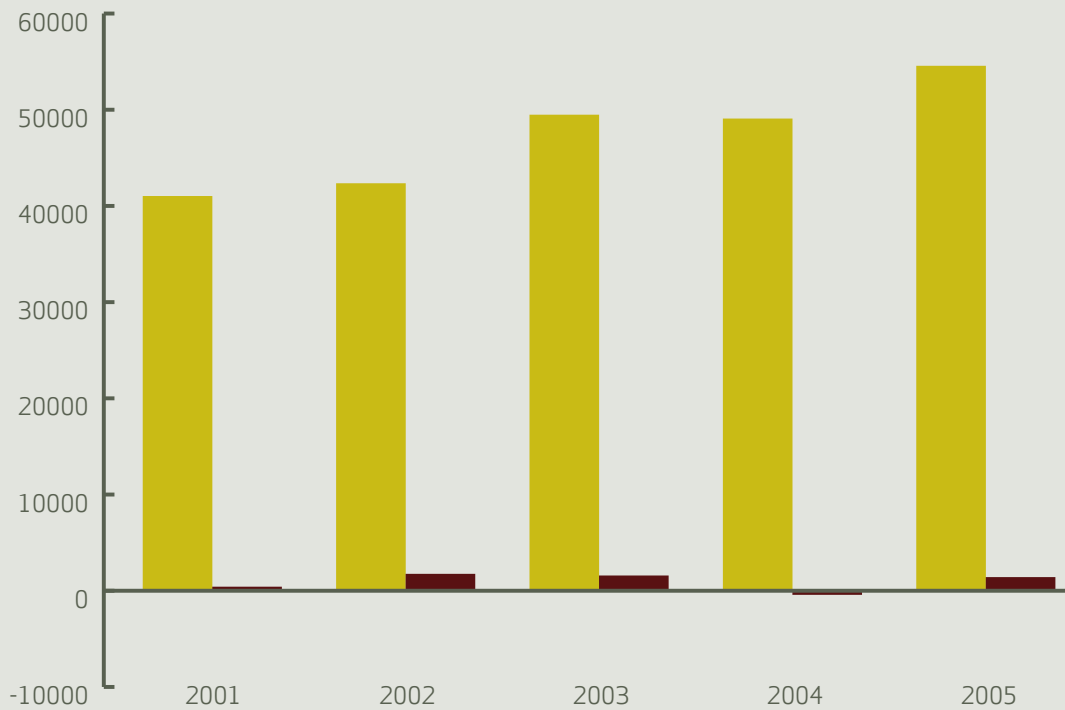
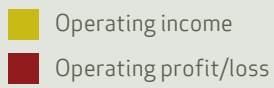
INCOME STATEMENT	2005	2004
Operating income	54,568	49,084
Operating expenses	53,149	49,510
Operating result	1,418	(426)
Financial income	1,733	59
Net result for the year	3,152	(367)
BALANCE SHEET AS OF 31 DEC. 2005	2005	2004
Tangible fixed assets	21,860	21,945
Financial fixed assets	2,877	2,546
Total fixed assets	24,737	24,491
Debtors	8,123	6,021
Investments	30,729	8,558
Cash and bank deposits	6,294	25,284
Total current assets	45,146	39,863
TOTAL ASSETS	69,883	64,354
Paid-in capital	15,300	15,300
Retained earnings	(1,997)	(5,148)
Total equity	13,303	10,152
Provisions	5,451	5,886
Long term liabilities	37,113	38,063
Current liabilities	14,016	10,253
Total liabilities	56,580	54,202
TOTAL EQUITY AND LIABILITIES	69,883	64,354

For a full financial statement see our homepage www.cmi.no

PROJECT REVENUES 2005



OPERATING INCOME/RESULT 2001-2005



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(AS OF 31. 12. 05)

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Kari Herland (Librarian)
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Jessica L. Schultz (Project Coordinator, U4)
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Robert Sjursen (IT Consultant/
Web Developer)

RESEARCH ASSISTANTS

Vibeke Wang (on leave)
Torunn Wimpelmann

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Unn Jenny Utne Kvam
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AND THE CHR. MICHELSEN FUND

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Editor:

Ingvild Hestad

Design:

Marianne Skjold

Photo on front page:

Merete Takstad

CMI

Fantoftvegen 38, Bergen

PO Box 6033

5892 Bergen, Norway

Tel: +47 55 57 40 00

Fax: +47 55 57 41 66

cmi@cmi.no

www.cmi.no

Chr. Michelsen Institute (CMI) is an independent, non-profit research institution and a major international centre in policy-oriented and applied development research. Focus is on development and human rights issues and on international conditions that affect such issues. The geographical focus is Sub-Saharan Africa, Southern and Central Asia, the Middle East, and South America.

CMI combines applied and theoretical research. CMI research intends to assist policy formulation, improve the basis for decision-making and promote public debate on international development issues.