The implementation of "value-for-money" as a strategic financing criteria in Danish development aid

- A study of the implementation of accounting tools in non-government-organizations

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Abstract

The subject of interest for this thesis is the implementation of the 'Value-for-money'-standard as a criteria of evaluation for the Danish frame-organizations engaged in development aid. The purpose of this standard is to incentivize that "The organisation has established transparency around goal achievements vs. resources spent". The frame-organizations are not exactly clear on what this actually implies, as the standard is very novel and vaguely defined, and the ministry has not yet developed an approach on the concept themselves.

The purpose of the thesis is to analyze the process of implementing the standard in the Danish frame-organizations through an elaborate analysis of the developments surrounding its implementation. It is the intention that the analysis can provide some clarity on what the standard imply, identify how the frame-organizations can comply with the standard and finally come with a hypothesis for the future of the standard.

In analyzing the subject, the thesis draws on Actor-Network-theory as a means of identifying the translations in the network around the standard. More specifically, the thesis applies Michael Callons analytical framework of 'four moments of translation' in order to identify the given actors and their identities.

The results of the study is that the national auditors of Denmark is the problematizing actor. They problematize the evaluation of the frame-organizations based on an underlying paradigm of new public management. This underlying paradigm becomes even more evident in the result of the problematization, which is a new model that will guide the evaluation of the organizations. Part of this model is the value-for-money standard, which some of the frame-organizations complies with, while others ignore it.

The organizations that do comply with the standard, does so by introducing specific and numerical measures related to the 3 E's of performance auditing. In essence, they start transforming their accounting systems from financial accounting to management accounting though these transformations are small at this point in the network. In general, most actors in the network interprets the standard as a program of performance auditing. The frame organizations raises some concerns with respect to ethics and whether it is actually possible to comply with the standard within the specific context that they work.

In conclusion, it is hypothesized that the value-for-money standard is likely to be a part of the future for the Danish frame-organizations, and that more of them will start complying with the 'performance-auditing-program' of the standard. This will gradually transform the organizations, as the organizations will introduce more elaborate accounting systems to comply with the standard.

Table of Contents

List of acronyms

ADRA Adventist Development and Relief Agency

ANT Actor-network-theory

DCA Danish Church Aid

DPOD Disabled People’s Organisations Denmark

DRC Danish Red Cross

MFA Danish Ministry of Foreign affairs

NAOD National auditors of Denmark

NGO Non-government organization

NPM New-public management

OPP Obligatory passage point

RAM Resource allocation model for the Danish framework organizations

SCD Save the Children Denmark

VFM Value-for-money, an evaluation standard in the RAM

1.1 Introduction

The starting point for this research project was a suggestion from a non-governmental organization (NGO) to explore what the 'value-for-money' (VFM) standard of the Resource Allocation Model (RAM) for Framework Organization's implied. The VFM standard is an evaluation criterion in the RAM evaluation, one of 24, and as such a small part of the total evaluation. However this particular standard is very unusual, and outside any territory the NGO's have been evaluated on before. As one employee at an NGO explains:

"*The first area of it (Ed: the RAM) is something related to strategy and such, which we have worked with in a long time, whereas value-for-money is new to almost everyone (of the NGOs)…. So we are in terra incognita on this standard, and it is sort of there that the RAM pushes us out of our comfort zone. Everything else in the RAM, we already knew, sort of, now it's just systematized into numbers and systems*"(Programme coordinator at NGO)

In 2014 the new evaluation regime of the RAM was introduced for the part of the Danish development aid being channeled through NGOs, the so called 'Frame Organizations'. The purpose of this new evaluation regime is to increase transparency on allocation of funding, improve documentation of results and reward high performance amongst the NGOs receiving funding from the Danish Ministry of Foreign affairs (MFA).

The formulation of the VFM-standard states that it seeks to incentivize 'Reflections on, efforts to illustrate and transparency around value for money, i.e. transparency around goal achievements and resources spent' (Danida, n.da) which might seems a bit vague, yet the standard needs to be broad enough to cover all the frame-organizations, who are involved in all kinds of activities relating to development assistance, from preservation of rain forests to improving life for vulnerable minority groups in unstable societies.

This need to be broad in the description of the standard, combined with its novelty means the NGOs feels it's troublesome to perform on the evaluation standard. How to prove that an organization, or more specifically a programme, is value-for-money? What elements does the ministry look at when evaluating what is value-for-money and what is not?

The thesis at hand seeks to enlighten the subject of what the Value-for-money standard implies and how it is being implemented as a strategic financing parameter for the NGOs. To investigate this, the thesis will draw on methodology from sociology, more specifically the Actor-Network-Theory (ANT), and apply this theoretical framework in a study on an economic field of inquiry.

1.2 Problem statement

Based on the considerations in the introduction, the following problem statement will be the foundation for the research conducted in this thesis. The focus of the problem statement is on the *process* of implementing the VFM standard, a more broad focus, in contrast to a more explicit focus on for example the causes of the RAM, where it was adopted from, whether it has succeeded in its purpose, or whether it has changed behavior in the frame-organizations. Instead all of these elements will be assessed to the extent that they are part of the *process*, and hopefully this will produce a contextualized and nuanced description of the implementation and what is meant with the evaluation standard 'value-for-money'.

Problem statement:

- **Given the uncertainty and novelty with respect to the Value-for-money evaluation standard, how can we understand the processes surrounding its implementation**?

The VFM standard is part of the RAM tool and the implementation of VFM cannot be understood in isolation to the RAM. The occurrence of the RAM is the occurrence of the VFM standard, and it makes no sense to investigate one without considering the other. Therefore even though the main focus of the thesis is on the particular standard of VFM, a lot of the research conducted in this project is with respect to the RAM as a whole. As the two elements are an integrated part of each other, the research questions will consider both.

Research questions:

- What is the RAM, from where did it occur and does it have links to new-public-management (NPM)?
- Which actors and events can be identified in the process of implementing the RAM?
- Which interests and identities can be attributed to the identified actors?
- How do the actors in the network translate the VFM standard?

No process can be investigated without a beginning. The purpose of the first research question is to clarify what events lead to the creation of the RAM. Before the research process was initiated (and during), it was hinted that the RAM and especially the VFM standard had links to NPM. Later it will be argued that it was necessary to make a delimitation with respect to the time period investigated, but a compromise is made by investigating the link between RAM and NPM.

The identification of actors and events will be done by applying Michael Callons 'Four moments' framework (Callon, 1986). The identities of the actors will be done by exploring the relations that the actors hold with other actors in the network. Thereby the interests and identities of the actors, i.e. how do they relate to other actors and to the events, will be revealed. The identification of the actors and the exploration of their relations through the four moment's framework will hopefully provide some clarification on how the VFM standard is translated by the actors in the network.

1.3 Choice of theory

The theoretical framework chosen to investigate the problem statement, and which has formed the basis for the formulation of the research questions, is the actor-network-theory (ANT).

It might seem odd to choose ANT, a theoretical framework from sociology, originally developed to describe science and technology, in a science such as accounting which is often, at least in the American tradition, "founded on images of economic rationality and 'scientific method'" (Chua 2007, p. 487). The European tradition of accounting research has been more focused on investigating "accounting as a 'situated craft' from a more diverse set of social sciences – sociology, anthropology, philosophy, linguistics, etc." (Chua 2007, p. 487), but even here "accounting research has been slow to grapple with the diverse activities associated with the creation, circulation, transformation, and destruction of accounts" (Chua 2007, p.487). Chua argues that "… recent developments in the social sciences has also encouraged us to look at how machines and other 'actants' may play an active role in the shaping of human action." (Chua 2007, p.492).

While Chua's arguments concerns all accounting research, using ANT seems to fit particularly well to investigate the implementation of the RAM as a tool in evaluating Danish NGO-aid. ANT is originally a sociological concept used to explain how domination is achieved, and how a technical innovation emerges through a 'translation' rather than a 'transmission' (Latour 1990). It does so by not exclusively looking at social relations, but also expanding the network of actors to include non-human *actants* as well (Latour, 1990).

An important concept in ANT is that of program. An actor achieves domination when the actors *program* is the dominating one in the network. The program of one actor can be countered by *anti-programs* from the other actors. The example that Latour (1990) is with respect to hotel keys at European hotels. The program of the hotel manager is to have guests leave the key at the reception, a program which most of the guests doesn't adhere to even though they are asked politely to do so and reminded to do so by a sign at the reception. First when the program is literally loaded with a weight, a non-human actor, does most guests adhere to the program of the hotel manager. But in assigning the key with a weight, the statement of the instigating actor has been *translated* into something new (Latour, 1990). The key point here is that the non-human actants such as the sign and especially the weight(s) assigned to the key(s) is as, if not more, involved in reaching the 'domination' of the hotel managers program in the network than the human actors.

When an innovation seems fixed and predictable, it is called a "black-box" (Latour, 1990, p. 123). These black-box situations are situations in which the innovation has a long and stable story with the actors in the network and the innovation and the social code of conduct surrounding it is being taken for granted. (Latour, 1990). In essence, there is no controversy surrounding the innovations in these situations and black-box situations can be argued to be when things become "second-nature" (Callon & Latour, 1981, p. 285)

Michael Callon (1998) further argues how ANT can contribute to the economic sciences in 'hot' situations where the black-box is opened and the way of doing things must be re-defined at new "In this 'hot' world which is becoming increasingly difficult to cool down, the work of economists is becoming ever more arduous because the actors they are tracking are faced by non-calculable decisions. This is the point at which it would make sense to draw up a new contract between sociology and economics. The anthropology of science and technology (AS) has acquired some useful tools for describing the dynamics of these confused situations or 'hybrid forums'' (Callon, 1998, p. 263).

The theory of ANT is applicable for the study performed here as the implementation of VFM resembles a black-box that is opened. VFM is a concept new to the network that it is being implemented in, and nothing about it is second-nature for the NGOs as the quote in the introduction indicates. It is hoped that by applying ANT some clarification on this process can be provided as the translations with respect to the program of VFM is investigated.

Finally, using ANT and especially the four moment's analytical framework of Callon to describe the process of implementing an accounting tool in a sector of the economy funded by the Danish government has been done before (Skærbæk & Thorbjørnsen 2007) and as such this thesis serves to further explore and complement this strain of research of implementing accounting tools in the public sector of the Danish economy.

An alternative theory that could have been is institutional theory. Institutional theory describes how an institution is dependent on its environment and seeks to legitimize itself in its surroundings (Meyer & Rowan 1991). These surroundings often have specific ideas of what constitutes rational behavior and efficiency, and the organization adopts these ideas in order to legitimize itself in its surroundings. A specific application of this, is the 'institutional isomorphism' framework developed by DiMaggio and Powell (Dimaggio & Powell 1983). According to this framework, isomorphic organizational change occurs through three mechanisms, coercive, mimetic, and normative isomorphism. From the pressures each of these mechanisms represents, organizational change happens. This framework contains a set of hypotheses that can be used to predict organizational change. It serves as a good theoretical framework to explain *why* institutional isomorphism, and thereby organizational change, occurs.

The framework was considered for this thesis, especially as it was revealed that the VFM-term was adopted from a similar foreign institution, however the focus of this thesis is not so much as to 'why' VFM was adopted but rather on the process of 'how' it is being implemented.

The sub-question of whether the RAM contains elements of NPM is inspired by institutional theory though. As NPM is a theory of organizational conduct in the public sector it could be argued that from a viewpoint of institutional theory the implementation of the RAM, if it contains NPM elements, can be seen as a way of obtaining legitimacy from the surrounding environment. The purpose of the sub-question is somewhat different though, as will be elaborated in section 2.2

2.0 Research method

2.1 Methodological principles

Three methodological principles, all relating to the analytical framework of ‘four moments’ (Callon, 1986), will be underlying the research conducted in this thesis. These are generalized agnosticism, generalized symmetry and free association.

The principle of generalized agnosticism means that no actor will be censored and that no actor will be considered more of an authority than another actor. All actors must be treated equally and given the freedom to communicate their version of the controversy, “No point of view is privileged and no interpretation is censored. The observer does not fix the identity of the implicated actors if this identity is still being negotiated.”(Callon, 1986, p. 200). It also implies that the researcher should bring no opinion or ‘clarification’ to the actor when conducting the research. I.e. the researcher should not, when interacting with the actor, assume a position of ‘expert’ on the subject, thus influencing the actor’s opinion on the controversy (Callon, 1986).

The principle of generalized symmetry is somewhat related to the first principle of generalized agnosticism. As the researcher is not to treat any position as privileged, including the researchers own position, the researcher must also abstain from inflicting his or her own terms and concepts upon the actors being researched. This means that the actors must be allowed to freely express themselves in the terms that they want to use. It is then later the responsibility of the researcher to align the different concepts and terms used by the actors to explain the same phenomena by introducing a symmetrical term (Callon, 1986). In order to make sense of the subject the researcher must introduce a generalized symmetry of common concepts and terms, but it should not be done while studying the actors to uncover the translations in the network.

The third principle, the one of free association, means that no distinction should be made between the different actors in terms of whether they are a human or a non-human. I.e. a document, an accounting tool or, in the example provided by Callon (1986) scallops, are just as much actors in the network as humans are actors. This also means that not only social relations between human actors should be followed, but that all relations in the network between human and non-human actors should be explored. “Instead of imposing a pre-established grid of analysis upon these, the observer follows the actors in order to identify the manner in which these define and associate the different elements by which they build and explain their world, whether it be social or natural." (Callon, 1986, p. 200).

2.2 Delimitations

In the process of the research project it became clear that focusing on only VFM was too narrow, as the VFM standard is part of a greater whole, namely the RAM. Therefore the scope was expanded to also include the RAM, especially when investigating the occurrence of the standard. The VFM standard is in many ways representative of the novel elements of the RAM however, as exemplified in the quote in the introduction, and the two concepts are so closely interlinked that they have often seemed interchangeable when conducting the research. Adhering to the first and second methodological principle for this thesis of generalized agnosticism and generalized symmetry, no actor was censored at any point, or was 'corrected' if they said RAM but meant VFM or vice versa. This interchangeable use of the concepts does not cause a problem as such, and at times when what is meant is both the RAM and the VFM, the abbreviation used will be RAM/VFM, meaning the RAM is also considered, but that it is with a specific focus on the VFM standard. At other times, when only one of the concepts are considered the specific abbreviation for this concept with be used, i.e. either RAM or VFM. A delimitation is made that no other evaluation standard in the RAM is considered specifically as the VFM is the program of interest here.

As the network in ANT is built on relations, and everything and everyone can be an actor, the network of interest can quickly become too extensive, especially for a project that is a master thesis. The methodological approach of ANT is to follow the relations, meaning the most important actors are revealed throughout the process, making it hard (and in essence counterproductive) to assign identities to the actors *prior* to the investigation of the network. However, some delimitations must be made for this project because there is a danger of following relations that are too resource consuming to explore. Such a relation could be if a relation to a foreign entity is revealed by one or more actors in the network. This relation might be important, but the prospect of setting up an interview with such an entity would be too resource consuming for a student. If such relations are revealed, they will only be explored to the extent that documents and other written information sources can be found. To sum up, the project is delimitated to the country of Denmark, and relations going abroad will only be explored to the extent that this can be done resource efficiently and when the relation is considered important.

Another necessary delimitation to be made is with respect to restriction of the time period covered in the research project. Latour (1990) states that when assessing how an innovation has been translated, the researcher must start with the innovation as it is now, and then trace back the translations in the actor-network. This means the chronological starting point of the research is the spring/summer of 2015 when the research project was initiated, and the translation of the VFM standard are then traced back. The delimitation made is to March 2007 where the National auditors of Denmark (NAOD) published a report to the state auditors on the administration of the Civil Society support (Rigsrevisionen, 2007). This report covered the period 2001-2006. Relations extending further back probably exist, but it is considered the best use of the resources for the project to not cover them extensively. Instead it is investigated whether the NAOD report and the RAM/VFM that results from it, has basis in a broader NPM paradigm that guides the actions of the NAOD and possibly other actors. This is the subject of section 3.2

A delimitation is also made on the amount of actors represented in the thesis. Where the above mentioned delimitations are made *ex-ante*, i.e. it is decided before the research is actually conducted that the project will not include travels to exotic foreign places nor involve interviewing employees that worked with the evaluation of the results of foreign aid 20 years ago, this delimitation is made *ex-post* the research meaning it is made when the research has actually been conducted. ANT states that everything and everyone can be an actor. How 'important' the actor depends on the amount and strength of relations to other actors. An actor that position themselves as the OPP is considered very important, whereas an actor only influencing (or trying to influence) one actor, and only having limited results with this, is considered much less important. Therefore it is necessary to make a trade-off between including all the actors involved in the network, and representing the information in an informative manner. If 50 actors where included it would disrupt the information trying to be transferred from the writer of this thesis to the reader of the thesis. This compromise resulted in the following actors being represented in the thesis:

NAOD
MFA
NGOs
Minister of development
Population of Denmark / Parliament
RAM task force

Among the actors there were some that was unable to get in contact with. Interviews where only conducted with representatives of the MFA entity and the entity of the NGOs. The identities of the NAOD, the minister and the parliament entities are instead deduced through reading of written material published as reports and newspaper articles etc. Some of the interviewees in the project had peripherally been attending meetings with the RAM task force, a task force consisting of members of the NGOs and the MFA, but none had followed the entire process of creating the RAM. Most importantly, no one could direct the researcher to where the VFM standard originated which prohibited an interview with this person(s). As the analysis will reveal, most of the interactions are between the MFA and the NGOs at this point of the network, whereas other actors were more active in earlier phases. Nonetheless it would have been very beneficial to interview the person(s) creating the VFM standard.

A final delimitation is with regards to the means of obtaining the data. This project is based on information gathered either in the form of documents, or on information obtained through interviews. Gathering data through observation would have been a very interesting way of obtaining information for the present thesis, but such observation was 1) not possible for the larger part (much of the events forming the network had already happened when the research was started) and 2) at the events that where actually observed, such as meetings in the ministry between a NGO and the employees of the ministry or a workshop where the NGOs traded experiences on the subject of the VFM-standard, the researcher was unable to obtain consent on recording and later transcribing the meetings from everyone present. As such, information actually used in the project from these events is very sparse, but they gave a good foundation on which relations to explore. Where information from these events has been included in the research project, the information has been confirmed with third parties to serve as a form of triangulation (i.e. the researcher has obtained confirmation from other persons present at the events that this is what happened/was said).

2.3 Collection of data

As mentioned above in section 2.2, the preferred method for a study like this would have been a longitudinal field study, where the researcher could have been present over a longer period, and had been able to observe important events during the process (Skærbæk and Thorbjørnsen, 2007). This form of study was beyond the scope of this project, and instead the data this project is based on have been obtained through interviewing of actors and through the collection and reading of written material. This section will elaborate on how data was obtained for the project.

2.3.1 Research position

The researcher occupies the position as a student-employee in one of the NGO's affected by the RAM, namely Care Denmark. This poses a danger in terms of the researcher both being biased towards a certain actor in the network (the NGO(s)), and also that, especially the NGO the researcher is affiliated with, might be able to influence the researcher towards their point of view, i.e. favor their interpretation of the situation thus violating the principle generalized agnosticism.

This issue is tried to be subdued by triangulating the answers to the same subject from a whole range of actors/interviewees, meaning similar questions is to a large extent asked to the interviewees. The intention is then to compare the answers, and see what the interviewees' answers most frequently. If somewhat similar questions are not phrased, it will be harder for the researcher to compare the answers, and thus harder to cope with the bias the researcher might have for one of the actors in the network being studied.

Another danger was that most of the NGOs at the time the research where quite uncertain on what the VFM standard in the RAM implied. The researcher's background as an accountant student and as a researcher on this specific subject, was seen as a source of counseling on the subject which gave rise to a new issue. Information was sought from the researcher on the exact subject that the researcher intended to research, which again would violate the principle of generalized agnosticism. To cope with this the researcher at the start of each interview briefly explained the methodology forming the basis for the research project (ANT) and how this theoretical framework is interested in the subjective interpretations from the actors on the subject/innovation, and that the researcher could therefore not provide them with any guidance on the subject ex-post the interview. The specifics of the interview conduct is elaborated on in the next section.

2.3.2. Interview conduct

A large part of the data for the thesis has been gathered through interviews. An important concept in ANT is to follow the relations, meaning that reality is formed out of the relations between actors and actants in the network, As Latour (1990, p. 128) states "This point is not relativist: all statements are not equal. It is relationist: showing the relationships between the points of view held by mobilized and by mobilizing actors gives judgements as fine a degree of precision as one could wish for."

Therefore, the method applied during the interviews has been to try and guide the interviews as little as possible. The ideal interview for the proposed research design would be an interview taking the form of a casual conversation about the research subject, e.g. How did the RAM emerge, how do you interpret the VFM standard, what purposes does the VFM standard serve etc. These are very open questions allowing the interviewees to express their opinion on the matter, and thus allowing the interviewer to follow the relations that are revealed through the interview. Thus, a question such as ‘How did the RAM emerge’ might be answered by an interviewee in a much unexpected manner, maybe presenting an actor in the network which neither other actors nor any written material has indicated could be the source of the RAM. This relation is then further explored by asking the interviewee to elaborate on this point. Because of this, the interviews have in essence has been semi-structured. There have been common elements to all interviews, which were necessary for reasons of triangulating explained in section 2.3.1, but often the conversation has been allowed to flow as long as the subject of the conversation was relevant for understanding the implementation of ‘value-for-money’. An interview guide that where send to all participants ex-ante of the interviews is presented in appendix 1.

To further enhance that the interviewee actually did express their subjective opinion, which could be critical of other actors in the network surrounding the RAM, all interviewees where anonymized, and the use of all quotes have been confirmed by each interviewee in order for them to remove things that they did not want in the study or correct any misunderstandings or elaborate on points.

When using the interview method retrospectively, it is important to note that the interviewees have a tendency to re-think past events which could cause biases. This re-thinking of past events could mean that the actions of the actors appear to have been more rational and deliberate than was actually the case. To cope with this bias, the actors have been asked about the same events, and often when the actions of another actor has been mentioned in an interview, this relation has been further explored to try and triangulate the possible different recollection of the events.

There is also a possibility that the interviewee might have forgotten about past events, or that the memory of the interviewee is flawed and misrepresentative of what actually happened. On the other hand, interviewing on past events has the benefit that the informant might have a more reflected opinions on the events, and could be able to give a ‘deeper’, contextualized and more holistic account of the events, as the informant has had the time to reflect on what happened.

A broad selection of respondents were chosen for the research project, as inputs from different functions within the NGO-aid where sought. This means that both evaluation and monitoring, program coordinators and CFO's and controllers where interviewed to give a broad representation of the functions affected. In In table 1 is presented an overview of the interviewees.

Interview	Interviewees
1	Program-coordinator at NGO
2	CFO at NGO
3	Monitoring and evaluation coordinator at NGO
4	International adviser at NGO & CFO at NGO
5	Monitoring and evaluation coordinator at NGO
6	Team leader at the ministry of foreign affairs
7	Controller at the ministry of foreign affairs

Table 1: Overview of interviews

2.3.3 Written material

The documents included as empirical data in this thesis have served a double purpose. First of all they served as groundwork for understanding how the Danish development aid works in general, how the development aid being conducted by the NGOs work in particular, and what policies the aid is based on. This served as a basic understanding of how the NGOs work with the funding they receive from the MFA and made the interviews with the NGOs more productive as the interviewer with this information had a common understanding of how the environment the NGOs work in actually works.

The second purpose these documents served was as primary sources on the events being researched in the thesis. In section 2.3.3 on interviews, some issues on extracting information retrospectively where noted, for example that the interviewees might have a tendency to rationalize the events and actions. The benefit of using written material as another primary source of information is that the written material is often produced much closer to the events, and can be used to triangulate the information provided in the interviews to see if any rationalization of the events and the interviewees' own actions has happened.

It could be argued, that the fact that the written material is produced with another purpose than informing the researcher is a problem and that the written material has the form of a contribution seeking to influence other actors. This is not a problem when using ANT however, as the actor's relations and subjective impressions of the network and the other actors is exactly what constructs the network. Therefore such contributions that might have a heavy bias, e.g. blog entries or posts in debate sections in newspapers, are a very important source of information for the project.

In general only publically and somewhat readily available documents where used. Minor exceptions occurred where the actors provided some written material to substantiate or elaborate on something they said orally. These 'hidden' documents are not part of the thesis, and therefore cannot be found in the references or appendix, but served to increase depth and provide context to the interviews.

Finally the documents that the frame-organizations issue to the ministry as part of the RAM evaluation was used as material to investigate whether the organizations had implemented interessement devices related to VFM. This is further elaborated in section 4.3.

Most of the written material was found using the internet and its many databases. An overview of the types of material is provided below:

- Reports and notes issued by the NAOD
- Documents on strategic framework and guidelines from Danida directed to the frame-organizations
- Result reports and strategy documents from the frame-organizations
- Blogs, newspaper articles and other forms of public expression by the actors

3.0 Theory

The following section will elaborate on the specific framework applied in this thesis, that of Callons (1986) four moments of translation. In this thesis the framework is applied to study the implementation of the VFM standard in the Danish NGO-aid.

The framework will be applied to analyze how the VFM standard is translated during the different moments and hopefully the analysis can hopefully help to clarify what the standard implicates.

After the section on the theoretical framework of the thesis, a minor section on New-Public-Management theory will follow. The purpose of this section is to set up certain criteria for what can be considered elements of new-public-management. These criteria will then be used to assess whether the implementation of RAM/VFM has elements of new-public-management to it.

3.1 Theoretical framework: Actor-network-theory and Callons four moments

The four moments of translation are moments in which entities (researchers in Callons case) seek to impose themselves and their definition of the situation on others (Callon, 1986 p. 196). Callon argues that 'this analytical framework is particularly well adapted to the study of the role played by science and technology in structuring power relationships*'* (Callon 1986 p. 196). For the purposes of this thesis the power relationships of interest is the relationships between the actors in the network surrounding the RAM/VFM.

The four moments are:

1. Problematization
2. Interessement
3. Enrolment
4. Mobilisation

The moments should be viewed as a process in which some of the moments surely overlap, but where there is also an element of chronology. Callon (1986) uses the analogy of a fluid passing through successive states. Mobilisation for example cannot happen before problematization, as the causality of mobilization requires something to mobilize around. Each moment will be expanded upon in the following section.

1. Problematization

Problematization is the moment in which the alliances and associations between the different actors in the network evolves. These alliances and associations define the identity of the entities in the network, i.e. they define what the entities want (Callon, 1986). Once the entities identities and their 'wants' are defined an *obligatory passage point* (OPP) can emerge. An obligatory passage point is a proposition in the network that fulfills the interests of the actors in the network. In the case described by Callon (1986) the OPP was the proposition of researching whether a particular scallop would attach itself.

The researchers who intended to conduct research on whether the scallops would anchor did not just identify the other actors, which where the scallops (Pecten Maximus), the fishermen of the bay area where they intended to conduct the research, and their scientific colleagues, they also identified the needs and wants of the other actors. They used this identification of needs and wants to define an obligatory passage point in which they rendered themselves indispensable in the network (Callon, 1986). In this case the OPP was whether Pecten Maximus could be proven to anchor. The obstacle problem for the entity identified as "fishermen" where defined to be "short-term profit" which was an obstacle to their goal of "assuring a long term profit". They had an incentive to overfish the scallops to obtain short-term profit, but if it could be proven that Pecten Maximus would attach itself in collectors the scallops could be cultivated instead of being fished to extinction which had happened in other areas of France (Callon, 1986).

Similar obstacle problems where identified for the other actors in the network, and thus the researchers, by proposing the OPP, made themselves indispensable in the network. The achievement of the goals of the other entities now depended on the success of the OPP.

2. Interessement

In the moment of problematization the entities and their relations are described. Yet the hypothesized entities and their relations have not yet been tested. In the moment of Interessement "The scene is set for a series of trials of strength whose outcome will determine the solidity of our researchers problematization." (Callon, 1986, p. 207). This is done through actions by which it is attempted to consolidate the network and make sure the OPP is the "only way to go" for the actors in the network. As all actors are also part of other networks, with other entities problematizing and trying to establish OPP themselves, there is a need to establish and 'lock' the network by creating 'interessement'. Such 'interest' can be created by building "devices which can be placed between them and all other entities who want to define their identities otherwise" (Callon, 1986, p. 208). In the words of Callon (1986, p.208) “This link disassociates B from all the C, D, and E’s (if they exist) that attempt to give it another definition. We call this elementary relationship which begins to shape and consolidate the social link the triangle of interessement.”

In his example, a device of interessement is a ‘collector’ in which the larvae that becomes scallops are physically detached from their predators, and thus disassociated from an actor that poses as a threat to the proposed OPP (Callon, 1986).

If the interessement is successful this confirms the validation of the problematization and the alliances the problematization implies (Callon, 1986). As the interessement is based on the problematization, the devices of interessement tries to create a favorable balance of power for the given OPP which is again based on the interpretation of one actor in the network of what the other actors want. The devices are thereby tools in which the allies are locked into place (Callon, 1986).

Enrolment

In the moment of interessement success is not achieved, meaning it does not necessarily lead to enrollment. Enrollment is the stage at which the roles attributed to the actors is accepted, and interessement becomes successful. As such this stage describes “the group of multilateral negotiations, trials of strength and tricks that accompany the interessements and enable them to succeed” (Callon, 1986, p. 211).

The example Callon (1986) uses is with regards to the collectors, the interessement device. The collectors are the device by which the scallops are detached from predators, thus trying to enroll them into the researchers proposed OPP for the network. Yet the scallops are not readily accepting this enrollment with just the use of the collector. Currents and turbulences caused by the tide, visitors, parasites etc. also threatens capturing the scallops. Enrolment for the other actors is obtained through either transactions, which the three researchers engages in with the rest of their scientific colleagues. The colleagues accepted to believe in the principle of anchoring and judged the experiment to be convincing, but on the condition that the three researchers recognized that previous work had, although imperfectly, predicted the same. The fishermen are enrolled without any discussion, meaning they are not at such part of the multilateral negotiations, but instead “watch like amused spectators” (Callon, 1986, 213). Enrollment is thus the transactions conducted between the actors to test and determine the identity of them.

Mobilisation

Mobilisation is the moment at which it becomes clear whether the entities identified in the network actually speak for the masses they have been defined to represent. The issue at hand here is *representation*. Does the spokesmen that has been assigned to the actor actually represent the entity to which they have been assigned? Again this can take both a human and a non-human form. The scallops that actually attach themselves in the collector is given the representation of the larger, unseen, scallop population that lives on the ocean floor. These scallops are then counted, processed to a graph, and this graphs then ends up being 'representative' for the scallop population (Callon, 1986). The fishermen that the researchers deemed representative for the 'fishermen population', where just a few representatives who were voted as representatives by the community, which only in part actually voted. Similarly, the 'scientific colleagues' where the few colleagues who attended different conferences or seminars (Callon, 1986)

The actors are thus mobilized by being represented by their 'chosen' representatives, in a place where the major part of the population is actually not present. ”A handful of researchers discuss a few diagrams and a few tables with numbers in a closed room. But these discussions commit uncountable populations of silent actors: scallops, fishermen, and specialists who are all represented at Brest by a few spokesmen. These diverse populations have been mobilized. That is, they have been displaced from their homes to a conference room.” (Callon, 1986, p. 218).

At this moment the network has been built, the OPP assigned, and whether it becomes a black box depends on the actors and the success of the OPP and the moments of interessement, enrolment and mobilisation in the network. “The social and natural 'reality' is a result of the generalized negotiation about the representativity of the spokesmen” (Callon, 1986, p. 218). But the network is still fragile, at any time the consensus may break “Now at the end of the four moments described, a constraining network of relationships has been built. But this consensus and the alliances which it implies can be contested at any moment. Translation becomes treason.” (Callon, 1986 p. 218)

The question then becomes, do the actors in the network accept the OPP proposed, and as such do the innovation (or standard in the case of this study) become a black-box, or is the OPP repeatedly contested. The stability of the network depends on the costs of opening the black box, so the network is never stable as such, it merely abstains from opening the black box if the costs associated with doing so are too high, which is then the particular situation in which the network is considered 'stable' and as an black box. In Callons (1986) example, the network is not stabilized, and as such a ‘black-box’ of conduct does not occur. Even though the first experiments succeeded, and sort of established a fact, this ‘scientific fact’ was later contested when repeating the experiment resulted in catastrophe. The larvae did no longer attach themselves, and the OPP was rejected by one of the actors (the larvae/scallops) (Callon, 1986). Later, the fishermen also mutinied and fished in the area where experiments where conducted, and the whole network established by the researchers around their proposed OPP collapsed.

In the at hand, it does not come to this. The ‘freshness’ of the network surrounding the RAM means that the moments of enrollment and mobilizations are still ‘happening’ which can also be argued for the moment of interessement. The moment of problematization seems somewhat over, even though this doesn’t mean elements of problematization cannot happen again, but at the time of the study the problematizing actor have withdrawn themselves from the network. This does not mean that elements of problematization cannot happen again, but at the time this moment seems over. The next section will provide some theory on the paradigm that seemed to guide this actor when they problematized the NGO-aid.

3.2 New-public-management theory

A delimitation was made in section 2.2 that the “starting-point” of the controversy would be the report issued in 2007 by the NAOD, but that it would be investigated whether the NAOD report and the resulting RAM/VFM had links of NPM to it. This section will establish which criteria that can be considered elements of NPM, criteria that will later be applied when investigating both the NAOD report and the RAM/VFM-standard to determine whether these can be considered products of the NPM paradigm.

During the 1980’s a number of OECD countries were afflicted by a new paradigm in public administration termed New Public Management (NPM). The term and the doctrines of public accountability and organizational best practice associated with it marked a move towards ‘Accountingization’ (Hood, 1995, p. 93), a term describing the introduction of cost-categorization where costs were beforehand aggregated.

New-public-management as a paradigm has replaced the progressive administration paradigm (PPA), a paradigm based on the assumptions that politicians are by nature corruptible and that they will use their political power to benefit themselves and their kin and friends. Therefore all interaction with the private sector should be kept at a minimum as such interaction would lead to minimal utility for society as a whole due to the maximization of utility for the politicians, i.e. the corrupt nature of the politicians would lead them to interact with the private sector to the extent it benefited themselves, and not to the extent it benefited the public (Hood, 1995). Because of this, the PPA paradigm based itself on a strict separation of the public sector from the private sector, and emphasized procedural rules to prevent favoritism and to keep arms-length relation between the politicians and the public servants (Hood, 1995).

NPM as a paradigm reverses these two doctrines of PPA and works with a different conception of trust and distrust. Where PPA seeks to separate the public sector and the private sector, NPM seeks to lessen or remove the differences between the two. Where PPA focuses on procedural accountability, meaning that the process should be guided by a fixed ruleset to prevent favoritism and corruption in the public sector, NPM instead emphasizes accountability in terms of results (Hood, 1995).

In general accounting is an important element in the new notion of accountability for the public sector that NPM represents. Where PPA placed distrust in the market and private businesses based on the assumption that politicians would enrich themselves if relations with these entities where initiated, NPM instead equates the private sector with cost-consciousness and efficiency, whereas public sector professionals are viewed with distrust and as budget-maximizing bureaucrats. This trust in the tools of the private sector, and skepticism of the public sector, encourages application of accounting tools from the private sector to more closely monitor and evaluate the activities of the public sector (Hood, 1995).

Hood (1995) summarizes different commentator’s description of NPM into seven doctrines or themes, and uses these to investigate variations in the implementation of NPM between OECD countries. These doctrines will serve as the theoretical basis for assessing whether the RAM/VFM has links to the New-Public-Management paradigm. The seven themes should be considered as continuums, where NPM is considered a move towards the here specified end of the continuum (Hood, 1995, p.96):

1) NPM is associated with greater disaggregation of the public sector. This means the public sector is sought to be ‘corporatized’ into smaller units for each ‘product’ that the public sector provides. Ideally, each smaller unit then becomes a separate cost center with its own identity.
2) Greater competition in-between public sector organizations and between the public sector and the private sector is emphasized. Competition is an inherent element in the private sector and since a high trust in the private sector is one of the basic principles of NPM it seems natural to try and implement this critical element of the private sector in the provision of public sector goods.

3) An encouragement to apply management practices from the private corporate sector in the public sector. This means less focus on traditional public sector practices such as unmonetized rewards and fixed pay, and more focus on applying management tools from the private sector.
4) Greater emphasis on cost-consciousness and frugality in the use of resources. This implies searching for lower cost alternatives for providing the same services. The emphasis on lower-cost alternatives is in contrast to the emphasis on institutional continuity which PPA emphasizes.
5) More “hands-on-management” by visible top managers actively controlling the public organizations, in contrast to the more invisible “hands-off” management that PPA emphasizes. The more visible “hands-on-management” is necessary to provide a more clear accountability instead of blurring responsibility through the diffusion of power that the “hands-off” management of PPA implies.
6) Introduction of more explicit measurable standards of performance for public sector organizations. You cannot account for what you cannot measure which means more explicit hard stated goals are needed if greater accountability are to be introduced in the public sector.
7) Larger emphasis on output controls in contrast to procedure control. I.e. instead of controlling *how* things are done by specifying bureaucratic guidelines for an activity, the emphasis is instead directed towards whether the planned/needed output was achieved.

These seven elements of new-public management are what will be applied to assess whether the problematization of the Danish NGO-aid and the resulting RAM/VFM has links to New-Public-management theory. The criteria stated are to some extent oversimplified and does not account for some interesting counter-trends (Hood, 1995) but for broadly determining whether such a link exists they will suffice.

3.3 Summary of the research design and theoretical framework

- The study is done to provide some clarity on the subject of VFM. This will be investigated by looking at the processes surrounding its implementation.
- The theoretical basis for investigating these processes is ANT, with its concepts of translation, black-box and programs.
- The data collected for the study has been done so through interviews and collection of written materials. In all data collection, and in the following analysis of the data, the methodological principles of generalized agnosticism, generalized symmetry and free association has been adhered to.
- The specific framework for the analysis conducted is Callons (1986) four moments of translation. The moment of problematization is where the identities of the actors is defined along with their wants and goals. An OPP that satisfy the actors goals are then determined. The moment of interessement is where the actors are locked into the program of the OPP, this means the actors are detached from other networks through the use of devices. In enrollment the actors seeks to negotiate the OPP, i.e. the program that the instigating actor is seeking to impose. And finally in the moment of mobilization it is determined whether the representatives of the populations (the actors) in the network actually speaks in the name of the many, i.e. is there a degree of unity within the actor-populations of either accepting the OPP or rejecting it.
- A framework of seven elements of NPM will be used to determine whether the problematization and the resulting OPP has links to NPM.

4.0 The moments of translations

This part of the thesis will cover the analysis of the process of implementing the VFM standard. First a prologue will set up the context that the NGOs work in, and then each of the four analytical moments will be covered,

As much of the development aid is done through ‘programs’ the British word for such activities will be used. This means that whenever the word ‘programme’ is used, the implied meaning is that it is a program being implemented by an NGO in a developing country. And whenever the word ‘program’ is used the implied meaning is a program in the sense of an actor seeking to impose a program on other actors. This distinction becomes very important when analyzing whether the NGOs has implemented any devices to lock them in with the program of the OPP, i.e. the program of the VFM standard.

4.1. Prologue

The following section is done to provide context to the events forming the study of the controversy of the RAM and VFM implementation. First a brief section describing the history of the Danish development aid is provided, followed by a section describing the context within which the Danish NGO’s work, e.g. the strategy they work within and the “Theory of Change” framework they use. Lastly a table of the most important events with regard to the analysis presented in this study is presented.

The history of Danish development aid starts in the early years after the second world war, and was almost entirely conducted through the newly established UN-system (Danida, 2011) until 1962 where the ‘Act on cooperation with the developing countries’ (Lov om samarbejde med udviklingslandene) decided that the Danish government should manage its own development aid, primarily through programmes and projects that exemplified the ‘danish way of doing things’, such as cooperative associations (andelsforeninger) in agricultural production etc. (Danida, 2012)

Generally, the projects weren’t outright successes, and as the development aid increases dramatically through the 60’s the foreign aid was put in an organizational framework with the ‘Act on international development cooperation (Lov om international udviklingssamarbejde) of 1971 (Danida, 2011). The name “Danida” originated as an abbreviation of the name ’Danish International Development Agency’ in 1971 and later ‘Danish

International Development Assistance'. Today "Danida" is no longer an abbreviation but just the name given to the department under the MFA that administrate the Danish government's development aid.

A minor part of this aid is today canalized through different NGOs working within the context of the *civil society*. Part of this aid goes through project pools such as 'Civil society in development'[1] (Civilsamfund I udvikling) and 'The Danish Youth Council'[2] (Dansk ungdoms fællesråd), pools from which the NGO's can apply for funding for individual projects.

At some point, an organization may have so many projects from these project pools that they have proved the professionally and administrative capacity to implement and administer programs and grants. An NGO that have proved this are then applicable for what has been termed 'frame funding'. A frame organization (an organization receiving frame funding) has a greater flexibility for planning and executing their long-term programming (Udenrigsministeriet, 2014), i.e. they are given more discretion in how to apply the funding rather than when the organizations just handled individual projects.

The purpose of the frame-system is to enable the frame organizations through the greater to flexibility to identify, plan, initiate, implement, monitor and evaluate their development activities within the given framework (Danida, 2015). It has been a quite common evolution for some of the NGO's now provided with frame funding that they have started out with applying for funding to small projects from project pools and then "worked themselves up" by showing they could administer more ambitious projects over time. It is not the intention though, that all NGO's over time should end up being frame organizations (Rigsrevisionen, 2007a, p. 21).

The given framework for the frame-organizations is the 'Policy for Danish support to civil society' (Politik for dansk støtte til civilsamfundet) (Danida, 2014). This is the latest policy framework from June 2014, the same year the RAM for the Danish Framework Organizations was also completed. In this policy the civil society is defined as:

'*the arena between the state, the market and the family/household in which people can debate and take individual and collective action to promote change or issues of shared interest. This includes civil society in all its forms – civil society organisations (CSOs), community based organisations, community groups, trade unions, business associations, cooperatives, faith-based organisations, informal groups (without boards and formal*

[1] www.cisu.dk
[2] http://duf.dk/english/

constitutions), social movements, including online activists, academia, think tanks, international non-governmental organisations (INGOs) and media. Civil society is fluid and dynamic; people come together physically and virtually to promote change on a wide range of issues and people move from one issue or topic to another and then back again.' (Danida, 2014, p. 6)

This rather broad definition of what constitute civil society is important for the research subject at hand, as it shows how diverse and fluid a context the NGOs work within. This provides the NGO with great flexibility on exactly *how* to achieve their chosen objective, but it also makes it difficult to standardize and compare programmes.

The stated overarching objective of Danida's Civil Society policy is to:

"Ensure that civil society in the global South[3] has the space and capacity to gain influence to combat poverty and inequality, promote human rights as well as sustainable development in an accountable, inclusive and transparent manner, in particular in favour of poor and excluded groups" (Danida, 2014, p. 7)

The way to attain this objective is through what has been termed 'the theory of change' for Danida's Civil Society policy (Danida, 2014, p. 7). This is the basic hypothesis on how change will happen within civil society and how the Danish civil society organizations can help or influence this change. The hypothesis change with the circumstances and depends on a specific assessment of the context and stakeholders that form each initiative, and as such for each initiative its own Theory of Change is needed.

The basic assumption for the civil society policy and the Civil Society Support from Danida is that when civil society actors, who represents or works towards goals similar to the objectives stated in the civil society policy, are strengthened ,and the space in which they participate are enhanced, right-holders and communities are able to claim their rights. This is mostly true when they work in a society where the government is sensibly responsive. Sometimes this is not the case, and the Theory of Change must then be adjusted to these situations.

However, the ruling principle is the same. The Danish NGO should analyze the situation, assess what preferred change is likely to happen, and then aim to support the civil society organizations and partners that will work towards this change, or if the preferred change is not likely to happen they should try to influence the civil

[3] The global South is the designation for all countries where Danish development cooperation is implemented, either directly or through Danish representations or through partners, including in the middle east and eastern Europe (page 8)

society organizations that can influence the direction of change to be more aligned with the stated objectives in Danida's Civil society policy. Figure 1 illustrates how the Danish government perceives civil society influence towards broader societal change. It could be viewed as the basic template for a theory of change to be adapted for each specific situation. For each initiative, it must be attuned to fit the specific circumstances.

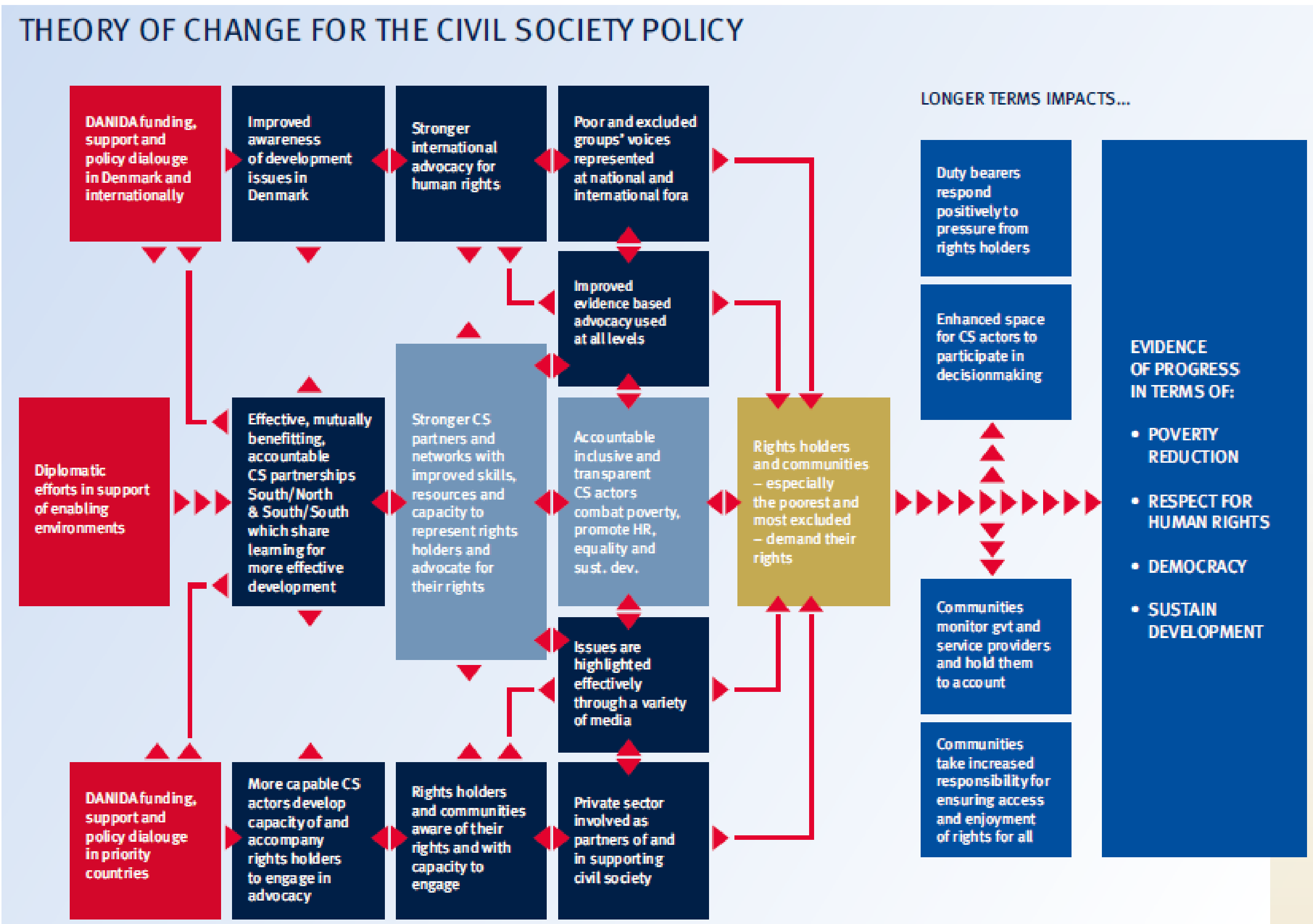


Figure 1. Source: Depiction from Danida (2014, p.16)

This specific context that the NGOs work in is necessary to understand in order to make sense of some of the arguments they make with respect to the VFM-standard in the RAM. As will later be revealed, some in the NGOs believe their work cannot be accounted for to the extent that they believe the VFM-standard requires.

Though the policy that they work within is as recent 2014, the policy is largely based on the Strategy for Danish Support to Civil Society (Strategi for Dansk støtte til civilsamfundet I udviklingslandene) from 2008 (Danida, 2014, p. 3). This means that though the new policy is rather recent, and to some extent a product of the same problematization that spawned the RAM-evaluation and its VFM-standard, there is no existing controversy with regards to the basic premise of working with the Civil Society policy.

In table 2 is given a historical overview of recent events with respect to the Civil Society support. The events are the most important with respect to this particular study and the time-frame starts with the argued starting point in section, the NAODs report of March 2007 (Rigsrevisionen, 2007a) 'Report to the Public Accounts Committee on the Ministry of Foreign Affairs administration of the NGO-aid' (Beretning til statsrevisorerne om Udenrigsministeriets administration af NGO-bistanden).

Date	**Event**
March 2007	The NAOD issue their report on the MFA's administration of the Danish Goverments NGO-aid
June 2007	The Minister of Foreign Affairs, Ulla Tørnæs issue her comment to the NAOD report which contains a series of initiatives to address the issues presented in the NAOD report
June 2007	The NAOD issue a note stating that they will follow the initiatives presented by the minister, and summarizes the initiatives to five individual points.
August 2011	The NAOD issue their second note, stating that
October 2011	Christian Friis Bach new minister of Development aid (Minister for udviklingsbistand).
2013	RAM in development
November 2014	Third and final note from NAOD, stating that they consider the case as closed (i.e the RAM has satisfied their final issues)
Late 2014	First RAM evaluation conducted, results represented to the NGO's

Table 2: Historical overview of the events covered in the study

The events noted in the above table are the most important with regards to the study here presented. The table is provided to give a broad overview on the events that will be elaborated on in the next sections.

4.2 Problematization: The National auditors of Denmark's report on the NGO-aid

4.2.1 The NAOD report of 2007

Despite having been problematized to some extent earlier (Rigsrevisionen, 2007a, p. 5), for the purpose of this study, the moment of problematizing the Danish NGO-aid starts with the NAOD report of March 2007 given the reasons for delimitations provided in section 2.2. This is the problematization that results in the RAM/VFM.

The process of the report was initiated in March 2006 where the NAOD started an examination of the MFA's administration of the Civil Society support. The Civil Society support is the aid sought implemented through the Danish NGOs, through decentralized grant authority to the Danish embassies in the relevant countries, and through the normal bilateral aid of the Danish government (Rigsrevisionen, 2007a, p. 5). The part of the Danish development aid going through the NGOs amounted to about 8% of the total development aid in 2006, of which 57% where in the form of frame agreements and 38% through different project pools (Rigsrevisionen, 2007a, p.6). These two aid-schemes where the main focus of the report. The civil society support was investigated through the following sub-questions (Rigsrevisionen 2007a, p. 6):

- Has the MFA operationalized the policy for Danish support to civil society?
- Has the MFA satisfyingly organized the supervision with the frame organizations?
- Has the MFA established a satisfying administration of individual projects?
- Has the MFA worked concentrated through the embassies to support the civil society in the program countries

The examination conducted by the NAOD covered the period 2001-2006. For each sub-question the NAOD came with a recommendation. The two latter sub-questions are less relevant for the purpose of investigating the RAM/VFM and will therefore not be considered. The criticism on the first two sub-questions will be covered quite extensively in the below to assess whether the criticism shows elements of NPM.

On the first sub-question of whether the MFA has operationalized the Danish support to civil society, the NAOD noted that such an operationalization of the strategy was not planned and that no goals for the implementation of the strategy was made (Rigsrevisionen, 2007a, p. 16). The NAOD argued that such an operationalization with specific goals would help the MFA account for the effects of the NGO-aid in relation to the overarching goals of the Danish development aid (Rigsrevisionen, 2007a, p.14). The MFA counter-argued that the set-up of specific goals was never the intention of Danida's Civil Society Policy which should instead be understood as general principles to adhere to by the NGOs.

The MFA evaluated the individual projects, frame agreements, etc., by applying different monitoring tools to the specific context (Rigsrevisionen, 2007a, p.16). The NAOD recommended that instead of evaluating through tools adapted to the specific project or frame-agreement, the ministry should instead systematize the evaluation of the results and incorporate the results of the NGO-aid into the broader context of the entire development aid by the Danish Government to demonstrate how the NGO-aid attributes to the overall goals of the Danish development aid (Rigsrevisionen, 2007a, p. 17) The NAOD also recommended that the MFA should, in their operationalization of the Civil Society policy, seek to compare the different schemes such as the frame-agreements with each other (Rigsrevisionen, 2007a, p. 22).

On the second sub-question, at the point of the NAOD's investigation each NGO's frame grant was allocated by the Finance act, an allocation that based itself on yearly status meetings between the MFA and the individual frame organization – The so called 'frame consultations' (Rigsrevisionen, 2007a, p. 23). The MFA's interpretation of the frame-concept was that in these dialogues with the individual organization, it was mainly the overall strategic level that should be considered. The more detailed part of the NGO-aid was left up to the organizations themselves (Rigsrevisionen, 2007a, p.23). At the frame consultations the MFA assessed whether there had been a satisfying fulfillment of the frame-organization's goals for their international development-aid as well as the organization's strategic and organizational development, and a new agreement was reached on new objectives or an adjustment of current objectives (Rigsrevisonen, 2007a, p. 24-25). As such, the objectives that the MFA and the individual NGO agreed to in these frame-consultations where high-level strategic and organizational goals, rather than more tangible and specific goals. The NAOD recommended that the evaluation of the NGOs at the yearly consultations should instead be made with regards to specific results of tangible development aid activities rather than these high level strategic and organizational goals (Rigsrevisionen, 2007a, p. 23).

The above criticism of the NAOD shows clear signs of NPM thinking. The MFA states that the Civil Society policy should be understood as general principles, which is clearly in line with PPA thinking on establishing procedures for the public servants (Hood, 1995, p. 94), yet the NAOD insists that the MFA should instead operationalize the strategy into specific goals, and show how the attainment of the goals contributes to the MFA's overall goals. The NAOD's call for incorporating a mechanism into this operationalization that enables the MFA to compare the results of the different schemes, such as frame-agreements, is in clear accordance with the second element of NPM that was stated in section 3.2. Comparing the different schemes enables greater competition between the public organizations, and between the public sector and the private sector of which the NGOs can probably be considered both depending on the point-of-view.

The call for more explicit measurable standards of performance, the sixth theme of NPM according to Hood (1995) is also visible in the NAOD's recommendation on the first sub-question, but is probably even more apparent in the recommendation to the second sub-question where the NAOD argues that the MFA should in their evaluation of the NGO's incorporate more explicitly stated and 'hard-to-measure' standards instead of high-level strategic and organizational goals.

The problematization by the NAOD thus clearly indicates an underlying NPM paradigm, indications that become more visible in their follow-up notes to the MFA and its minister(s) response to the criticism in the coming years.

4.2.2 The follow-up process to the NAOD report

The problematization done by the NAOD of the NGO-aid was generally well received the minister in her response to the report (Rigsrevisionen, 2007b).

While the minister concurred with all of the recommendations made by the NAOD, she noted (Rigsrevisionen, 2007b, p. 2) that instead of issuing an investigation of whether the different support schemes could be compared to each other, the MFA would instead work with this question in the development of the revision of the Civil Society strategy (what would later be known as the Civil Society policy, see section 4.1).

The NAOD then issued a note to the minister's response, synthesizing her response into five points that the NAOD would follow the implementation of (Rigsrevisionen, 2007c, p. 2-3). Among these points, the third point is the most important for the story of RAM/VFM though the first two can also be considered relevant:

- The MFA's further work of updating and operationalizing the Civil Society strategy, hereunder the drafting of an annual rolling action plan in which objectives for the implementation of the strategy are set.
- The MFA's effort to include the aid canalized through the NGO's into the ministry's target and performance management system.

- The development of more result oriented ratings of the frame organizations
- The MFA's initiatives on improving the administration of the individual projects
- The MFA's initiatives concerning the embassies continued focus on, and support of, the civil societies in the countries that receive support from Denmark.

In 2011 the NAOD issued their second follow up note (Rigsrevisionen, 2011). While they were satisfied with the MFA's actions on the first, fourth and fifth points, they noted that the transverse reporting the MFA had done with respect to the NGOs did not as such give an assessment of whether the NGO-aid complemented to the overall goals of Danish development aid (Rigsrevisionen, 2011, p.3).

With respect to the development of more result oriented ratings of the frame-organizations, the ministry argued (Rigsrevisionen, 2011, p. 4) that the future evaluations of the NGOs would be more focused on the results of the aid in the consultations with the frame organizations. The MFA also informed that they expected the transverse monitoring of the organizations would make the dialogue with the frame-organizations more results oriented. The NAOD was not satisfied by these explanations, and considered point two and three of improvement, as points that they intended to follow (Rigsrevisionen, 2011, p. 8).

In 2011, Christian Friis Bach entered as minister of development aid (Folketinget, 2015) and stated that "The task of the NGOs is to 'make some noise'" (Altinget, 2015a), which he later retracted and instead stated that the NGO's should "be kept on a tight leash" and show some results and what value-added effect they provided (Altinget, 2015a). Whether this was because some civil servant presented him with the NAOD report is unclear, but it does not seem that Christian Friis Bach in general was non-responsive to the ideas that the NAOD represented. As monitoring and evaluation coordinator at an NGO states:

"I*t is my impression that this was an agenda that Christian Friis Bach had, that the performance measurement of the aid should be strengthened…. And it is also my impression that it is closely related to his fundamental approach to these types of things. So as such it fits quite well with my impression of him, that he had this as an agenda."* (Monitoring and evaluation coordinator at NGO)

This indicates that the RAM/VFM and the problematization that leads up to it also had a broader political aim in addition to the intention of just the NAOD. As such, two actors in the network around the RAM/VFM are starting to reveal themselves. The NAOD with their intention, or goal, of modernizing the NGO-aid to make it more similar to other parts of the public sector in Denmark and make sure the tax-payers money are probably accounted for, arguments they make based on a NPM paradigm, and the changing minister(s) of the MFA, working from the same NPM paradigm and with the goal of proving that the ministry they are running are efficient and make good use of the tax-payers money. The ministers are explicitly not just meant as one, but several different ministers from different ruling parties at different times, as the problematization of the NGO-aid from the different ministers from different ruling parties where similar. They wanted more results, and more accountability, in line with NPM thinking.

At this point of the story, the RAM/VFM was not yet proposed as a solution of any problems in the network, and in 2010 a transverse external evaluation of the results of the NGOs where conducted to see if this could solve the issues still presented by the NAOD. This evaluation concluded that the level of reporting by the NGOs where non satisfying (Danida, 2013, p. 2). New guidelines for reporting on results were created by the ministry, and the reporting based on these guidelines where then evaluated by an external consultant in the autumn of 2012 (Danida, 2013, p.2). This evaluation where conducted based on four themes, of which none where a financial theme (Danida, 2013, p.2). The evaluation had some methodological weaknesses, and though the distribution of a 30 million kr. grant where based on this evaluation (Danida, 2013, p.2), the development of the RAM was issued shortly after in the spring of 2013 (Folketinget, 2013, p.1). The distribution of the 30 million kr. grant sparked some controversy among the NGO's who demanded transparency in the allocation of the funding (Lind, 2013)

The demand for transparency in the allocation of the funding reveals an interesting part of the identity of the NGOs, namely that they were quite positive on the prospect of the RAM which can seem odd given that the thesis is about the troubles they have implementing a specific part this tool. Yet the RAM first of all implied transparency for the NGOs into which criteria that the MFA used when they evaluated the NGOs and thus allocated the funding (Lind, 2013). This transparency, apart from enabling the NGOs to identify rooms for improvement and identification of best-practices among their colleagues that could be used to improve their own work, would also have the benefit of 'protecting' the NGOs against any political bad will or vice versa. As one employee of an NGO states, the non-transparency of the allocation sometimes gave rise to rumors that might, or might not, had been justified:

"*Save the Children, for example, grew in the years that Mimi Jacobsen were their Secretary General. She had very good political connections, that is at least the rumors. And then there were some who lost their funding, such as Ulandssekretariatet when the Fogh-government (Ed: The right-wing government) came to power, which seemed like a purely political decision*" (Programme coordinator at NGO)

As such, the transparency provided by the RAM could help make the NGOs less vulnerable to political interference as a political act to limit funding to a high-performing NGO would seem like an improper management of the tax-payers money.

A transparent model that accounts for results also had the ability for the NGOs to 'prove their worth' so to say. One General Director of a major NGO puts it like this (Jansen, 2015)

"It is perfectly fair that the Danish NGOs that receive public funding needs to document their relevance and results. The RAM-model has transparent criteria for the evaluation and is fairly predictable in the allocation of funding on the medium-long perspective – and that is indeed reasonable" (Jansen, 2015)

And also states

"If now it is revealed that the many of the Danish NGOs creates outstanding results proven in evaluation of the RAM-model, then surely the frame-funding for the NGO-aid should be expanded" (Jansen, 2015).

A caveat to the quotation here used from Jansen (2015) is that it is made ex-post the RAM-model, i.e. after the first evaluation, but the argument still holds firm. The RAM is a way to prove for the Danish NGOs that they are worth their money.

The identity of the NGOs being constructed at this point in the network is thus an entity that has goals of 1) identifying best practices through transparent measurements, 2) protect themselves against purely political decisions from the ruling parties and 3) being able to account for their good results which could, or maybe *should*, at least from their point-of-view, lead to increased funding.

The development of RAM/VFM thus began and was conducted by an internal task force in the MFA (NGO forum, 2013, p. 8) in consultation with a strategic and technical reference group appointed by the NGOs (through the organization NGO Forum) and with external consultancy assistance by networking consultants (Danida, n.da).

An important element for the MFA was that the model should be a robust, cost-effective model that the ministry could implement and maintain without much resource usage (NGO forum, p.8). An international adviser at one of the NGO's further elaborates on this:

"*It occurred in a period where in order to save on the administrative costs in Danida, it was decided to increase the number of framework-organisations. This means that the administrative responsibility is completely transferred from the ministry to the organisations. The question was then; How should the ministry, except through a capacity assessment, determine the framework allocation of each organisation? Who actually decided that one organisation should receive 150 million kr. a year and another organisation another amount*?" (International adviser at NGO)

A CFO at an NGO further substantiates this, and adds an argument of trying to protect the ministry (and the Danish aid in general) from bad publicity:

"There can be a multitude of reasons. It can both be because the MFA wants to be able to be shielded against criticism from the public, from the regular Danish taxpayer, about the usage of development aid funding. Occasionally these cases of inconsistencies and misuse of funding occur, so if you can sort of get this agenda in, that the funding is spent on the intended purposes, that the usage is done in an economically responsible manner, that the spenders of the aid are thrifty etc., then maybe in the long term some of the less positive coverage would go away. I also think that another agenda could be that if cuts need to be made, then some tool is needed to determine who is cut and who is not should be established. And then having some existent documentation on which organizations do well and which do less well will be very nice to have. Because it's a question of limited resources" (CFO at NGO)

The argument the CFO presents is two-fold. It implies that the ministry is also interested in the RAM/VFM-evaluation to offer protection against accusations of poor administration of the public's money, an argument that is just as valid, if not more valid, for the minister. But it is clear that the increased transparency is something valued for the civil servants at the MFA, together with a hopefully less resource consuming evaluation.

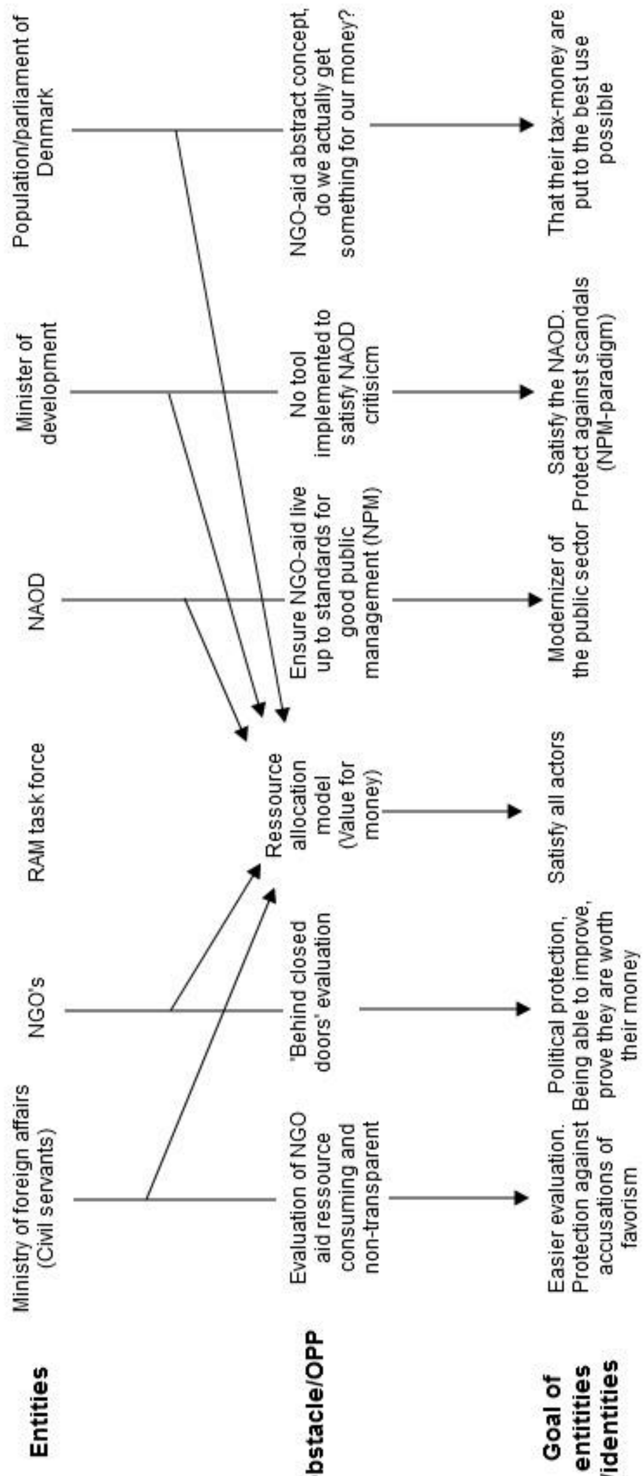
The final actor considered is the general population of Denmark. This entity has so far not been defined, even though many actors have referred to their interests. This actor is represented by the parliament in which the population each election cycle votes on their chosen representatives. So forth in the story, they have been silent, but many other actors postulates that some of their actions is done in order to fulfill this actor's hypothesized interest having their tax-money are being put to the best available use. This seems like a fair assumption, as no reasonable citizens would like to see their tax-money wasted. The caveat however is, that there exists different conceptions of how money are best being put to use.

These are the different actors and identities that emerge, and together with their identified goals some obstacles to these goals begin to materialize. With respect to the population of Denmark, it is very hard for them to assess whether their tax-money are being put to their best use in something as abstract as the NGO-aid with its many complex terms, especially when the evaluation of said aid is being done behind closed doors. For the minister of development, the NAOD should try to be satisfied in some manner, preferably by doing what they require and implement a tool with links to the NPM-paradigm that seems to guide both actors. An implementation that additionally would also offer some protection against scandals, as the minister at least would not be accused of having done nothing about the NAOD criticism. The NAOD wishes that the NGO-aid live up to what they consider good standards for public management, which is based on their underlying paradigm of NPM. The NGOs want to be offered protection against political actions, as well as know which criteria applies to their evaluation and be able to prove their worth, goals that the behind-closed-doors evaluation prohibits. And finally the civil servants at the MFA wants a less-resource consuming evaluation as well as a more transparent evaluation of the NGOs in order to protect them against accusations of favoritisms, a goal which is again obstructed by the system of bilateral consultations for each NGO behind closed doors.

To this multitude of obstacles, the RAM presents itself as a solution to in the form of an obligatory passage point. The network, the identified actors, their goals and the obstacles they have and the OPP that proposes itself as a solution to these obstacles are presented in figure 2.

In 2014 the model was ready for implementation and the first assessment based on the new model was thus performed in late 2014 (Danida, n.da). As the RAM is quite a large model, incorporating a lot of 'programs' from the different actors, the next section will elaborate on the model, and especially on the program of interest for the purpose of this thesis, the VFM-standard.

Figure 2



Source: *Authors own creation*

4.2.3 The Obligatory passage point: The Resource Allocation Model (RAM), Resource Allocation to Danish Framework Organizations and its associated program of Value-for-money

The stated expected gains of the RAM is to created transparency around allocation of financial appropriations to the frame organizations, to reward high performance, to improve documentation of results as well as enhancing predictability and long-term planning (Danida, n.da).

The RAM is not be considered a tool to create avenues for growth in the individual NGOs, but instead seeks to assess the performance of the organizations and reward the best performing NGOs. The good performance that the RAM seeks to incentivize is characterized by (Danida, n.da, p.1)

- Wise planning, management and monitoring for development results;
- Reliable reporting on achievements and weaknesses accompanied by highly professional risk management;
- Continuous learning from the past and innovative adjustment to the future

The RAM is a zero-sum game among the frame organizations. This means that what an organization gains, another one loses. The funding for each frame organization is organized into a 'performance-based' component and a 'base-funding' component (Danida, n.da). In order to be eligible for this funding there are certain criteria that an organization must fulfill, for example having existed for one year, that the organizations accounts must have undergone an audit etc. (Danida, n.da, p.2)

The base-funding constitutes 60% of the funding, and is based on an assessment of the capacity of the of the respective framework organization. This assessment evaluates whether the organization has a strategic fit with Danida's overall policies and principles, whether it has the organizational capacity to create results and lastly whether it has the financial, management and administrative systems required to handle the frame-funding. (Danida, n.da, p. 2-3). The capacity evaluation is in many ways similar to the original pre-RAM assessment of the frame organizations. The base-funding is the major part of the funding in the new RAM funding system in order to secure the organizations have the ability to fund their commitments, and to not make too abrupt changes in the activities conducted by the NGOs. (Danida, n.da, p. 6) The assessment that the base funding is grounded on makes sure that if the assessment should reveal that the capacity and performance of an organization fall below acceptable standards, the MFA can impose sanctions. So the base funding is not something that an organization would get in any case once its a framework organization, it is merely just non-affected by the other NGOs performance (Danida, n.da, p. 3)

This leads on to the performance based funding component of the RAM. This component consists of 40% of the total funding a framework organization gets, and in the future it will be dependent on prior performance, which means that continuous good performance will accumulate (Danida, n.d, p.3). As briefly touched upon already, the performance-based funding works as a zero-sum game, a form of tournament where one NGO's future funding is dependent on the performance of both the NGO itself, as well as the other NGOs performance. This means that even if a NGO improves its performance drastically, it makes no difference in terms of its funding if the other NGOs improves even more drastically (Danida, n.da, p. 6).

When evaluating the organizations for the performance-based component of the RAM, it was decided that the assessment should be conducted based on existing tools and procedures. Every fourth year the evaluation is conducted, based on documents submitted by the organizations for the purpose of the evaluation (Danida, n.da, p. 5) The documents the organizations submit are their own strategic plans and reports, so no new applications or specific formats are required. Neither is it required that the planning cycle of the organizations match the four-year RAM cycle. The documents submitted by the organizations take three different forms (Danida, n.da, p. 5-6);

- Strategic plan, which is not a special 'Danida strategy', but the organization's overall strategic plan. As it is only submitted for the RAM every fourth years, minor updates are required in the interim years. The requirements in the MFA's administrative guidelines are what the strategic plan will be judged on.
- Results report, which is an extensive report required every fourth year, where the results covering the previous three-to-four years will be covered. The NGOs are expected "to document change at outcome level for longer-term objectives and processes, supported with extensive evidence" (Danida, n.da, p. 5). In the years between the RAM assessments, smaller reports on the progress on annual targets (outputs, outcomes and processes) must be issued. It is believed that this distinction between major and minor results reporting will ease the burden of reporting compared to the former system. The NGOs may submit the results report in their own format, the only requirement is that the administrative guidelines applicable for the results report is followed

- Plans and achievements in popular foundation and development education. The documents issued that takes this form are documents that describes the organization's strategy for popular foundation and plans for development education the next 4 years, as well as documenting their resulting progress and achievement in these two areas in the past 3-4 years.

Despite the RAM assessment primarily being based on documents, and thereby assuming the form of a desk review, reviews securing field validation of the reported performance and results are also included through the four year period between the RAM assessments. These reviews will primarily be retrospective and will in addition to assessing the performance and validate the reported results of the NGOs also validate capacity and systems to perform. In essence this means that if the NGOs 'cheat' in their issued documents, the field validation will identify this cheating and sanctions will be imposed.

The assessment is done on four areas consisting of a total of 24 standards (Danida, n.da, p. 9-15). The distribution of these standards varies, from 10 standards in the evidence of change assessment area, to 3 standards in strategic financing for sustainability area. The weight assigned to each area also very greatly, with 50% of the weight assigned to the evidence of change area, and only 10% of the weight assigned to the strategic financing area.

The large amount of standards testimony is due to the fact that the RAM was a participatory process that needed to incorporate a lot of interests from a lot of NGO's. As one a programme-coordinator at one of the NGOs puts it:

" The reason there are so many demands and indicators is that all the NGOs wanted to have their own area(s) included in the RAM"(Programme-coordinator at NGO)

Another source further elaborates on this, and hints to where the specific VFM standard at least did not occur:

"*Then there was a participatory process where the NGOs contributed to defining the criteria's that should be included, and then these criteria's where turned into what we call standards. Most of the standards align quite nicely with what you in general find in the civil society strategy, such as a human rights based approach, partnerships, and learning. Then you have the new standards that sort of sneaked in, standards such as innovation and the one about Value-for-Money. I don't know who made sure they were incorporated, but it was probably not the NGO's that came up with that suggestion.* (Monitoring and evaluation coordinator at NGO)

The many standards are evidence to the whole process surrounding the RAM, a political process trying to incorporate a lot of different actor's interests, of which the broad interests are depicted in figure 2. One of the interests is the *program* of VFM. The standard states:

19.	**Value for money** The organisation has established transparency around goal achievements vs. resources spent
	Transparency as illustrated by: • *use of value for money considerations to inform financial decisions* • *critical reflections on methodology (including validity and reliability) of measurements* • *accounting on cost effectiveness, which is appropriate to strategic focus and programmes of the organisation*

Figure 3. Source: Danida (n.da, p. 13)

This definition of VFM is evidently a quite broad and general description that makes it hard for the NGOs to determine exactly what the ministry expects. As one monitoring and evaluation coordinator at an NGO puts it:

"*The problem is that it is not clearly defined by the ministry what they want with this standard. It is not visible to us what the level of ambition with regards to it is*". (Monitoring and evaluation coordinator at NGO)

The ministry defends this vagueness of the standard though, emphasizing that the standard must cover many different organizations which work in very different contexts. As a team leader at the ministry puts it:

"*Value-for-money is a good concept to include (Ed: In the RAM), because there is not an objective standard for whether something gives good value or not. It is a relative concept, and as I see it, we need to applicate a value-for-money approach instead of issuing out an absolute goal achievement approach. Because what is the alternative? Should we instead sit and issue out what is a good unit-cost pr. child in school, or what is the good unit-cost for a well etc.? You cannot do this because of the different contexts the NGOs work in. So it needs to be relative concepts that we put into these standards in the RAM*". (Team leader at the ministry)

The description of how to illustrate the required transparency of the standard could be interpreted as regular performance auditing, something that the NGOs are already being evaluated on as part of their audit reports (Danida, n.db). In the audit instructions for the NGOs receiving frame-funding, the auditor must consider the organizations “economy” (sparsommelighed), “efficiency” (produktivitet) and “effectiveness” (effektivitet) (Danida, n.db, p. 3).

Thus, interpreting the description of the standard the sentence “use of value-for-money considerations to inform financial decisions” could be considered as applying economic concerns when assessing which inputs to buy, i.e. when choosing amongst a variety of alternatives as inputs. This is the economy element of the standard.

The second sentence “critical reflections on methodology (including validity and reliability) of measurements” is more concerned with the effectiveness element of performance auditing, meaning it is concerned with whether the organization actually attains the goals it wishes to reach when engaging in a given activity. To obtain the goals, and thus be ‘effective’ the organization must make sure that the ways it measure goal attainment is correct. An example could be if the goal is less diseases in a targeted area. For this, an input is chosen, vaccines to which the economy element is applied, and the best price for the required quality of the input is acquired. Then the input is put to use, probably in combination with other inputs, in this case likely vaccines as input in combination with health personnel performing the vaccines and maybe some facilities/vehicles needed to reach the targeted recipients of the vaccines. This is then the efficiency element, given the cost of the inputs, how many recipients is reached. The more recipients’ pr. total cost of input, the better in broad terms (criticism of this strain of thought will later be revealed). However the desired outcome of engaging in the activity is not to perform vaccines, the vaccines is merely the output which hopefully leads to the desired outcome of less diseases. But what if it’s not the diseases that the vaccines protect against that are the binding constraint? It might be that a lot of people in the targeted area succumb to these diseases, but maybe the binding constraint is instead poor nutrition that makes people vulnerable to the specified diseases. If this is the case people would just get another disease than the one vaccinated against, as the binding constraint was never the vaccinations. In this case the intervention would not contribute as effective to the attainment of the goal as would an intervention improving the level of nutrition in the targeted area.

A team-leader at the ministry further elaborates on this point of encouraging critical reflections:

”*Assume we want to improve the democracy in a given country. The usual rationale would then be that we should support government institutions, the parliament, the human rights commission and the civil society. Then our traditional reasoning says that when we support these entities, the demand for good governance would increase, and the government would thus respond to this demand. This happens because we have a formal institution such as the human rights commission who says that this should be done, and we have the civil society providing public pressure, and the parliament etc. who also want to secure it. However, what if this causality does not hold. What if it is not the capacity of the civil society that is the binding constraint, but instead the government's ability to absorb inputs? Then it is not the civil society but instead the government that should receive our support.”* (Team leader at the MFA)

The argument put forward by the team leader at the MFA covers quite broadly, and affects other standards in the RAM than just the VFM standard, but this does not mean that it is not also valid with respect to this particular standard. The NGOs need to make sure to the largest extent possible that the things they actually measure are also the things they actually want to achieve, and they need to reflect on whether, or to which extent, the outputs of their interventions is the driving force for their desired outcomes, i.e. the effectiveness of their intervention.

The third element of the transparency that the standard encourages “accounting on cost effectiveness, which is appropriate to strategic focus and programmes of the organisation” is similar to the efficiency element of performance auditing. When exemplifying the problems with measuring effectiveness, efficiency was defined as the amount of defined outputs over the cost of the inputs. Maximizing this relation, i.e. maximizing the outputs in relation to the cost of the inputs, is then seen as desirable. There is one small caveat with this relation when used on NGOs engaged in development aid, and that is that most often this relation can best be maximized in safe, stable situations. Considering the example with vaccines, assume some vaccines were to be provided in a stable, urbanized region with low distance between the recipients, and other recipients of the vaccine lived in an unstable rural region, where much transport of the health personnel were needed and security is needed to protect the activities. The latter recipients would have a much higher unit-cost per vaccinated person than the former recipients, and thus from an efficiency view ‘improvement’ could be done simply by not providing the latter recipients with vaccines. This is a very troublesome conclusion, especially in the context of the development aid as the explicit aim of such aid is to help vulnerable groups (Danida, 2014, p.

9). This caveat is the reason for the formulation “appropriate to strategic focus and programmes of the organisation”, which seeks to acknowledge this problem.

Evidently, the standard can be interpreted as performance auditing, and when looking at the international links the standard has, this becomes even more evident. One CFO at an NGO stated, when speaking of VFM, that:

”*It has always seemed like an agenda that our British sister organization wanted to push (Ed: in the international network of NGOs that this NGO is a member of). They have been under a pressure to document value-for-money to their major donor, which is DFID (Ed: The British government’s department for international development). So they have driven this agenda internationally, and now I have become more interested in attaching myself to the agenda of our British sister organization as we are starting to feel the same demand here in Denmark*.” (CFO at NGO)

A monitoring and evaluation coordinator at an NGO further elaborates on this British connection:

”*There are 24 standards, so I actually think the Value-for-money standard has received a quite small weight. Especially when I relate to what we hear from our colleagues in Britain who we are in close dialogue with about these concepts and definitions and measurement methods, as many in our network is experiencing the same. So in comparison to that, and when considering what the intention has been from a new-public-management-perspective and with the pressure from the National auditors, then I think the RAM turned out quite nicely.”* (Monitoring and evaluation coordinator at NGO)

The British connection expressed by the two NGO-employees is related to DFID’s concept of Value-for-money, a concept that they seek to implement in all their programs, and in general in all aid (DFID, 2011, p.2). The British concept is similar to the Danish, yet it explicitly defines VFM as a 3’es framework (DFID, 2011, p. 4). It contains one element more than the regular performance audit that the Danish NGOs must comply with, namely a fourth E called ‘Equity’ which states that “When we make judgements on the effectiveness of an intervention we need to consider issues of equity. This includes making sure our development results are targeted at the poorest and include sufficient targeting of women and girls.” (DFID, 2011, p.3).

Given the fact that the description of the VFM-standard can so easily be interpreted as the regular performance audit with its three associated E’s and that the British government has implemented a similar concept, also based on 3 (4) E’s indicates that what the MFA of Denmark seeks with the standard is to encourage the NGOs to not only comply with performance auditing, which their auditors are already do in their audits, but also to perform on the elements of performance auditing in order to obtain a higher score on the standard.

The quote by the monitoring and evaluation coordinator illustrates another interesting fact, namely that the individual program of VFM does not weigh much in the RAM evaluation. This means that performing on the standard, or in other words complying with the program, has small immediate benefits associated with it, at least when the associated benefits of complying with the program is with respect to the score on the RAM evaluation.

Another interesting fact illustrated by the quote is that it is the interviewee’s impression that the VFM standard has links to NPM. Earlier an investigation of whether the problematizing actor worked on the basis of a NPM paradigm was performed. The problematizing documents showed indications of this, and so does the product of the problematization, the RAM/VFM. Among Hood’s (1995) themes the second theme of greater competition is evident in the RAM, it is clearly the intended purpose of the model. The fourth element of cost-consciousness and frugality in the use of resources is exactly what the VFM-standard incentivizes and the RAM as a whole can be considered as evidence of the seventh element of NPM which is shifting the emphasis from procedure control to output control.

Given that both the model and the standard of VFM shows so similar links to NPM it seems natural to expect that the NGOs that seeks to perform on the standard will do so by adhering to the same underlying paradigm, for example by implementing management practices from the private (the third element) or by reporting on explicit, ‘hard, measurable standards of performance (the sixth element). This notion will be covered in the next section on interessement devices.

As the program (the VFM standard) and a likely interpretation of the program is now provided, the question becomes whether the organizations introduce interessement devices that ‘locks’ them into this program and detach them from other actor-networks, or if they reject the program and focus their efforts in other directions.

4.2.4 Summary of the moment of problematization

- The problematization of the NGO-aid starts in 2007 with a report from the NAOD problematizing the MFA's administration of said aid.
- In 2014 the moment of problematization ends (for now), when an OPP aligning the interests of the actors in the network is implemented in the form of the RAM.
- Both the problematization and the resulting product of the RAM and its VFM standard shows clear links to NPM.
- The VFM standard can be interpreted as a program of performance auditing, meaning this is what the instigating actor (the MFA) seeks to make other actors (the NGOs) conform to.
- The VFM standard does not way much in the total evaluation, and its program is vaguely defined. This speaks against other actors following the program, as it is not clear what they must do, and the perceived benefits by complying with the program are rather small.

4.3 Interessement devices

Interessement devices are the devices that can lock actors into a specific program. While the RAM contains many programs, the one of focus here is the program of VFM. As elaborated upon in section 4.2.3, the VFM standard is quite vaguely defined, and part of the reason for the thesis is this inherit uncertainty of what the standard actually implies. Therefore, there is also an inherited uncertainty in what devices that will actually lock the actors into the program, but a possible interpretation of the standard was given in 4.2.3. This interpretation is the starting point for assessing whether the NGOs actually implement interessement devices or not.

The data material for assessing this will primarily be the documents that the different NGOs was evaluated on in the 2014 evaluation. As stated in section 4.2.3, the performance component of the RAM (the 24 standards) is based on an evaluation of documents, and consequently the information that the NGOs where evaluated on, must be visible in these documents. Naturally, it can't be guaranteed that the publically available documents are all that the NGOs where evaluated on, almost surely more documents were issued, but they can give an indication of whether the NGOs implement interessement devices that lock them into the program of the VFM standard.

As all organizations evaluated where given a scoring with respect to the standard (Altinget, 2015b), this gives an indication of at least whether the MFA thinks that the respective organizations has implemented interessement devices connected to the program, and also gives hints at what program the MFA really has in mind. The interpretation of the program as a form of performance auditing might not hold true if organizations that score high shows no traces of this interpretation. Also, when assessing the interessement devices it will be analyzed whether the implemented devices shows elements of NPM, and whether this seems to have positively affected the organizations score on the VFM standard.

The organization "Adventist Development and Relief Agency" (ADRA) has noted VFM in their 2013 performance report (ADRA, 2013) as something that is part of a process still in development (ADRA, 2013, p. 20). They also express an intention to implement 'more accurate and 'real-time' financial information to monitor the progress of activities, as well as conducting monitoring and capacity building activities with partner offices to ensure that expectations, skills and approaches are consistent. This is a continual process, and will also be prioritized in the coming years'. This indicates a willingness to incorporate into the program of VFM, but no explicit framework are given, only an intention of providing more accurate and real-time financial information. To increase the openness around their allocations, ADRA is planning on developing a 'resource allocation model' for their partners, similar to the model implemented by Danida (ADRA, p. 19). It is this process that they argue VFM is a part of. The financial information in the report is very sparse with two graphs presenting country budget allocations and the number of CBGs (Community-based-groups) in said countries (ADRA, 2013, p. 43). A disclaimer is made (ADRA, 2013, p. 44) that the two graphs cannot be used to a cost-benefit analysis, and that further information can be found in the annexed budget. The annexed budget (ADRA, 2013) only provides aggregated information on how much funding has been spent in each sector and in each countries, information the NGOs are required to give in any case as part of their frame-agreement (Danida, n.dc).

The report on ADRA's programmatic results (ADRA, 2013, p.48-84) gives information on the aggregated expenditure for each programme, but other than that the report barely provides any specific, hard figures to inform on the progress on the programme. Most of the information is with respect to very broad indicators such as whether the community-based-groups has carried out activities related to their group objectives, mission and values.

Based on this, it is hard to see how ADRA can be argued to have given into the program of VFM. There is no explicit mentioning of the 3 E's, and despite a mentioning of both VFM and transparency, no efforts on these two terms are evident. The RAM model they implement might provide transparency on who does well and who does not, but it is not evident that such a model will incorporate financial information. The plan of implementing a 'more accurate and real-time information' system is too vague to argue that this means ADRA implements an interessement device detaching them from other programs. The score of ADRA complements this analysis, as the MFA has assigned the lowest score possible (1) to them on the VFM standard (Altinget, 2015b)

Another organization that score the lowest possible is DPOD (Disabled People's Organisations Denmark). In their strategic plan for 2014 VFM is mentioned once, where they note that "DPOD is dedicated to ensuring value for money by maximizing the impact of the financial resources that are allocated to us" (DPOD, 2014, p.19). There is no mentioning of a framework or other devices, which could confirm that this dedication is not just formed in words. The dedication seems instead more focused on an ad-hoc analysis "DPOD will focus more on in-depth cost-benefit and cost-effectiveness analyses in the future and thus explore different ways to ensure optimal effect of the resources invested.' (DPOD, 2014, p. 19). The entire strategy is also devoid of any goals containing 'hard' numbers, and in general devoid of any financial information representing any of the 3

E’s. No indicator with respect to the ‘economy’ element along with a reported level and an indicated goal is presented, and it is a similar situation with respect to the ‘efficiency’ or ‘effectiveness’ dimensions (DPOD, 2014, p. 19). Based on the information in the strategic plan, it seems impossible to conclude that DPOD has implemented any interessement device in relation to the VFM standard.

Dan Church Aid (DCA) was graded a little better with a score of 2, yet their report (DCA, 2013) shows no sign of any interessement devices being implemented either. A section is dedicated to the subject of VFM (DCA, 2013, p.78 – 79), and the 3 E’s are explicitly mentioned as well as a mentioning of performance auditing being regularly performed, but no specific costs pr. unit in the form of beneficiary or specific targets or goals are presented. It is mentioned that a figure watched closely is the administration percentage (DCA, 2013, p. 78), and it is noted that a process has been initiated focusing on effectiveness and efficiency. Despite this no units of output or measures of effectiveness are presented, instead the section starts focusing on Cost-consciousness which though related to these 2 E’s, is arguably more an element of the Economy element of performance auditing. The comments on cost-effectiveness are devoid of figures, but instead contains statements such as “DCA has clear organisational values in order to live up to the multitude of challenges facing DCA including high expectations with regard to efficiency and transparency” (DCA, 2013, p. 79). The expense figures presented all relate to either thematic areas/sectors or countries (DCA, 2013, p.81-82) which is, as mentioned earlier, already a demand when the frame organizations are presenting their annual accounts. Despite the mentioning of the 3 E’s and performance auditing in general, it can hardly be argued that DCA has implemented any devices that detach them from other actors programs and involve them into the program of VFM. The sections that are presented on VFM are nearly all more statements of intent rather than specific systems, e.g. statements such as “DCA has a responsibility in making sure that our staff and partners know how to avoid corruption, and to ensure that funds are spent correctly and transparently” (DCA, 2013, p. 79)

Another organization scoring 2 and also reporting cost on country and thematic level is Save the Children Denmark (SCD, 2013). Apart from elaborating on both funding and spending, though all on a quite aggregated level (SCD, 2013, p. 27-30), the report also reveals a clear focus on cost efficiency. It is mentioned that plans are set in motion to improve the cost efficiency, and that they work systematically with interlinking programme performance and finances. A set of performance indicators are monitoring the performance of the organization, and it is stated that “These indicators provide a platform for improving cost-efficiency and will be further developed and supplemented in the coming reporting period.” (SCD, 2013, p. 30). Despite not scoring well, and not having implemented anything yet, Save the Children Denmark seems intent on producing an interessement device that lock them into the program at a later time if they attach their performance indicators with financial information which seems to be their intention.

The organization Action AID Denmark does in contrast to most other frame-organizations not mention the concept of VFM explicitly (AAD, 2014), but instead presents a distribution of expenses between their stated strategic objectives (AAD, 2014, p. 7). The stated strategic objectives are somewhat similar to the themes/sectors that the frame-organizations are already required to report on, though they also contains elements such as 'lobby, advocacy and campaign in DK'. The costs are still too aggregated to give detailed information, and no comparison is possible based on the figures, they merely show that for example 21% of the expenses related to strategic objectives are expenses on the strategic objective of 'accountability' and funded through partners.

This matrix structure gives a somewhat more detailed view of the cost structure of the organization than most other organizations scoring 2 or below on the VFM standard. Further information on the specific programmes associated with each strategic objective is presented (AAD, 2014, p. 16 – 80). Some specific outcome indicators are presented here such as "Number of people (m,f) living in poverty who experience improvements in quality and gender responsive public services" (AAD, 2014, p. 41) , and there are some explanation of variances and the total cost of the programmes associated with each strategic objective is presented.

However no explicit comparison of the cost per beneficiary of the programmes is given, which could make it possible to broadly compare the costs of the individual programmes and which we will see other organizations do. Given this, and given the non-mentioning of any of the 3 E's, and no implementation of any framework or system to present a greater amount of transparency and possible comparison with regards to the organizations costs it would be a stretch to argue that Action Aid Denmark has implemented any interessement devices associated with VFM.

Three organizations scored 4 out of 5 on the standard (Altinget, 2015b) and as such these seem more likely to have adopted interessement devices locking them into the program. One of these is the Danish Red Cross (DRC) who has adopted LEAN principles (DRC, 2014, p. 10) which though not an accounting system is still a system developed in the private sector in an effort to both maximize efficiency and effectiveness. In addition to this they have also established a procurement office in an effort drive down costs, i.e. an implementation related to the economy element of performance auditing.

They address the issue of VFM through two proxy indicators, one being cost per beneficiary, and the other being programme management vs. end-beneficiary expenses (DRC, 2014, p. 10). To start with the latter, this means monitoring how large a proportion of the budgets that actually reach the vulnerable (i.e. the end-beneficiary) and how large a proportion that is management expenses (expenses such as audit, financial management, evaluation and review costs, programme overseeing by Head of region etc.) (DRC, 2014, p. 13). The intention of dividing the costs of a programme into these two major cost categories is to strengthen cost consciousness and efficiency with regards to the resources spent on managing the programmes, i.e. lower the management costs of the programmes (DRC, 2014, p. 13). There are some inherent problems in this approach though, as another intention of the DRC is to encourage partner ownership and responsibility in budget holding. This means that the partners are encouraged to develop their own budgets, which then needs to be converted to the budget categorization that the DRC uses in order to be able compare the different programmes (DRC, 2014, p. 21). This means that the DRC ends up with two different types of budgets, the partner budget and the DRC standard budget and thus a higher financial workload as they need to integrate the two, thus driving up the programme management costs (DRC, 2014, p. 13). Nonetheless, both the division between programme management/end-beneficiary cost pools and the intention of having a standardized budget can be seen as willingness to corporate with the program of VFM.

With respect to the other proxy indicator of cost per beneficiary this is done by dividing the amount of beneficiaries of a programme over the cost of the program, i.e. a form of “unit-cost” though beneficiary is not clearly defined as an output but is probably rather an outcome. The DRC acknowledges the problems inherit in using such a generic indicator to measure the efficiency, but argues that the measure, though one-dimensional, encourages discussion about how the resources used work towards producing the desired results (DRC, 2014, p. 11-13). One obstacle in this approach is that beneficiaries are not clearly defined across the programmes, a problem they seek to overcome with a standard definition of beneficiaries from 2013 and onwards (DRC, 2014, p. 12). This crude measure of efficiency gives a broad overview of which programmes are costly, and which are not, and the explanations for the specific contextual issues that might be for the higher costs of certain programmes are then explained in the summaries of the completed programmes (DRC, 2014, p. 48 – 71). These crude measures gives a quick way of offering transparency in the allocation of funds and inform decisions for the DRC, as well as being a reminder of cost consciousness when formulating new programmes (DRC, 2014, p. 11). On the issue of VFM the DRC also comments on the British connection, and mentions that British Red

Cross has developed a comprehensive framework which they seek inspiration from in their further development on the subject (DRC, 2014 p. 13).

The DRC can hardly be said to have implemented any large systems or frameworks as an interessement device, yet their comparison of the cost pr. beneficiaries can still be argued to detach them from other programs. The comparison is likely, as it has also done, to uncover some information that is troublesome for the programs of other actors. As an example, the fact that some of the programmes are much more expensive than others and that this higher cost must be explained makes it harder for the alternative programs that exists in the infinite other networks. These more expensive programmes might serve a program in another actor-network of learning or a program of achieving the highest possible quality no matter the costs. The fact that the higher cost of some programmes are now visible and needs to be explained serve as detaching the DRC from these actor-networks. So even though the device is as simple as it is, it can be argued to serve as an interessement device for the VFM program. The implementation of LEAN principles, a procurement office, the division between management and beneficiary costs and standardized budgets further substantiates this claim.

The organization of Care Denmark argues that the inherit problems of assigning value to civil society work makes them unable to demonstrate value for money on impact level. They write "we cannot and do not expect to be able to compare and demonstrate value for money in an economic sense at the overall programme/theory of change level because this is methodologically unfeasible." (Care, 2014, p. 53). Instead the organization seeks a pragmatic approach where VFM is demonstrated on the organizational level and on the programme level with indicators based on the 4 E's, meaning the normal 3 E's and the equity dimension. Certain specific targets are apparent, such as a goal of funding through partners where the organization has a goal of 75% of the country programmes financial allocations in 2020 being channeled through local partners, and a goal of 50% in 2014 (Care, 2014, p. 56). They also intend to be able to scale up and replicate the 'services' in the programmes in order to achieve greater cost efficiency (Care, 2014, p. 54). The framework applied by Care specifically addresses each E with indicators for both the organization and for the programmes. For example with respect to efficiency on the organizational level, Care's target is to keep the administrative expenses, defined as expenses related to staff salaries, office and operating costs including provisions for depreciations, at a maximum of 12% of the total revenue (Care, 2014, p. 57). Another example is with respect to economy on the programme dimension, where Care will implement new budgets designed to compare actual costs of inputs in similar units (Care, 2014, p.57).

The framework applied contains some hard, specific measures such as showing a reduction in staff on the efficiency dimension (Care, 2014, p. 57) , as well as references to studies on the effectiveness dimension that shows rates of returns (Care, 2014, p. 58) but overall it does not contains as specific figures as Danish Red Cross.

Nonetheless the framework is newly implemented, and further reporting on specific measures is intended to come in the future. The implementation of the framework with its explicit performance indicators on all E's can be said to function as an interessement device, as Care has now committed themselves to show performance on the dimensions specified in the framework, thus detaching them from other actor-networks.

The third of the high scoring organizations, IBIS, has approached the issue of VFM in a way similar to the DRC, though they interestingly enough do not mention the concept explicitly (IBIS, 2014). IBIS reports a number of argued performance indicators such as turnover per employee, which has risen from 360.903 DKK in 2010 (the baseline) to 769.669 DKK in 2013, and argues that this is evidence of an increased productivity per employee. They have achieved this higher 'productivity' while maintaining a somewhat steadily decreasing input cost, with administration cost adjusted for inflation per employee being 43.049 DKK in 2011 (no 2010 figure given) and 40.138 DKK in 2013 (IBIS, 2014, p. 63).

IBIS explains that the rapid increase in turnover per head is due to a large increase in institutional donor funding which has been a goal of IBIS in their strategic decision to diversify their funding (IBIS, 2014, p. 62). The turnover per overhead as a measure of efficiency can argued to be a bit far stretched as an indicator of the output of the organization, as their output, at least on their programmes, would traditionally more be regarded as the output that leads directly to outcomes. In IBIS's case, as a NGO with a focus on education, this could be school attendance in an area that then leads to an intended outcome of perhaps higher mathematical proficiency or literacy rate. However on a broad organizational basis it is true that the higher turnover per employee means that IBIS, everything else held equal, are able to 'do more with less', i.e. implement more programmes and activities with less people.

This indicates a cost consciousness and willingness to improve cost-efficiency in the organization which they also elaborate on themselves (IBIS, 2014, p. 63). With regards to the cost of the programmes being implemented by IBIS they categorize their cost in 4 categories (IBIS, 2014, p. 64). Spending in categories 1 (partner) and 2 (program activity) are to some degree encouraged, as this is seen as cost going directly to the beneficiaries, just like the DRC did. The organization has a goal of 75% of all programme resources being spent on the first two cost categories, and the remaining 25% or below should be spent on cost-category 3 (program support) and 4 (administration) (IBIS, 2014, p. 64). Two implementation countries are then showcased to demonstrate decreasing costs in cost-category 3 and 4 (IBIS, 2014, p. 65).

This comparison IBIS notes (IBIS, 2014, p. 66) t revealed that they still have difficulties when comparing the programmes, i.e. when analyzing relative cost efficiency and they note that 'having a sound analytical framework for this would enable better decision-making' (IBIS, 2014, p. 66). Interestingly IBIS does not mention effectiveness as such in their report on financial performance, i.e. they do not consider whether their use of resources lead to the intended outcomes, only the first two E's are considered, with an emphasis on efficiency. The concern on effectiveness might of course be visible in other parts of their report, but no mentioning of the concept is done when they report on their finances. While no extensive framework has been developed, the reported figures on efficiency, the division of cost into categories and the turnover per employee, can still be considered to act as an interessement device.

To sum up, only the three high scoring organizations can be argued to have implemented interessement devices with respect to VFM. Two of them does so by dividing their costs into a 'good' pool of costs going to the activities, and a 'bad' pool of costs going to support the activities. The NGO DRC also calculates a proxy 'unit-cost' when they calculate the cost pr. beneficiary of each programme, and IBIS indicates their efficiency pr. employee by reporting on the turnover pr. employee which has greatly increased. Care on the other hand has implemented a specific framework where they specify performance indicators on each of the elements of performance auditing, including the NGO specific equity element. The organizations of ADRA and FKN states their intentions to implement interessement devices, but can hardly be said to have done so yet.

What characterizes the high-scoring NGOs in addition to the devices they have implemented, is that these devices all stated specific hard-measures that contained figures, an element that has earlier been argued to be aligned with NPM. A lot of the NGOs stated their intentions, but most have done so only by words, and not by figures. Most of the elaboration on VFM in the three high scoring organizations is also with words, but they still contain figures. This indicates that the assertion in section 4.2.3 that elements of NPM would lead to a higher score seems to have been confirmed. This is further substantiated by the fact that one of the high-scoring organizations have adopted LEAN principles, an implementation of a management practice from the private sector which is another element of NPM.

The above analysis revealed that not many NGOs have implemented any interessement devices locking them into the program of VFM, and the few that arguably has, has done so through either quite broad measures or frameworks. This can have its origin in 3 things, 1) because the standard weights very little, the costs of dissidence with respect to the program are low, 2) the program is very new and the NGOs need time to implement the devices that lock them into the program 3) the program is ill-defined and hence it is hard for the NGOs to implement devices to something they do not really know what is.

The next section on enrollment will cover this third point. Here the program is discussed and the actors, namely the NGOs and the MFA seeks to influence each other in order to define what the program actually implies.

4.3.1 Summary of the moment of interessement

- The organizations deemed to have implemented interessement devices are the organizations scoring high on the standard.
- These devices takes the form of:
  - explicit cost-calculations, either in the form of cost-categories which then have been assigned specific targets, or in the form of some measure of efficiency, for example cost-per beneficiary or turnover per employee.
  - Implementing a framework with specific performance standards directly related to performance auditing.
- Other of the NGOs have also stated their intention of complying with the program of VFM, but has done so only in words and not by actually revealing any actual standards or goals that proves such compliance.
- In line with the assertion made in 4.2.3 the organizations that had the highest scores on the standard, has elements compatible with the NPM-paradigm in their reports. These elements include specific numerically expressed targets and the implementation of management practices from the private sector.

4.4 Enrollment – The discussions on what the program of VFM actually implies

The moment of enrollment is the moment that “the group of multilateral negotiations, trials of strength and tricks that accompany the interessements and enable them to succeed” (Callon, 1986, p. 211) takes place. Callon (1986) used the example of the scallops that did not readily accept the interessement device of the collector, and a similar situation seems evident here. A minority of the NGOs has actually implemented what can be considered interessement devices, and even these NGOs does not necessarily accept the entire premise of the VFM-program. The evaluation of the NGOs can also be argued to be part of the moment of enrollment as the higher scores serves as an acknowledgment by the MFA of the NGOs who actually complied, yet as Callon (1986) argues, the moments should be seen as a ‘fluid’ process rather than very distinct separable points in time.

This section will mainly cover the negotiations that the MFA and the NGOs has on the subject of VFM and what it implies. As the program is not clearly defined yet, part of these negotiations are concerned with what the MFA actually means with the program.

The actor originally problematizing the NGO-aid and thereby initiating the whole process of the RAM was argued to be the NAOD with their report on the NGO-aid. In their third and final note (Rigsrevisionen, 2014) the NAOD stated that “the MFA with the development of the new resource allocation model and the new review concept has proven that they are working determined towards strengthening a results oriented evaluation of the frame organizations, and that the NAOD expects the ministry to continue this work” (Rigsrevisionen, 2014, p. 6). That the NAOD is satisfied with the development of the RAM/VFM is no surprise when considering how many of the NPM elements that the RAM/VFM contains. Due to this the NAOD takes no part in the discussions being undertaken in the enrollment moment, but this by no means implicate that they might not do so at a later time. As evidenced in section 4.2, many of the NGOs has not implemented interessement devices for the program of VFM, and depending on how much the program of this standard means for the NAOD, they might problematize the whole implementation again at a later time.

The program of VFM is quite vague and Danida themselves has not yet developed an approach to the concept, which leaves the NGOs to interpret the concept as they see fit. This has left them with some discontent to the standard as a whole, and many of them interpret the program as a demand for proving value of their programmes ‘impact’. Impact is the fourth element in the theory of change that the NGOs apply. It means that the outcomes in the long term lead to poverty reduction and/or human well-being. This causality is inherently hard to prove, as one NGO-programme coordinator explains:

”*If now you implemented a project in a district you would like to see that the entire province adopted some of the methods, it could be either by spontaneous replication or through government policy. You would prefer to see that the methods spread themselves and that they were implemented in other places. This you could then measure and gather information on. But, as said, it is not easy to measure, it demands large studies, so typically you do not investigate it. If you want to document impact you must preferably come back after several years and measure, and that is expensive and troublesome.”* (Programme coordinator at NGO).

Another NGO-employee adds to this, and further elaborates on how the value of the projects is fundamentally hard to measure:

”*The New economic foundation, who are leading on this subject and who helps DFID and the British NGOs, say that it is almost impossible to account for value-for-money on for example advocacy programmes. If you have an advocacy program where the expressed goal is to make a government accountable for its protection of human rights, so that the government does not violate the right of the pastoralists, you then try to assign this a value. I.e. what is the value of having an active civil society that provides pressure on the government if we believe that it is important in its own right to have a healthy democratic society, and that is what we believe. The civil society policy is a sort of political statement about the importance of having an active civil society, that it is important for our democracy that somebody holds governments and companies accountable, but what is it worth? How to determine the value in kroners? That question I do not see that you can answer in any reasonable way”* (Monitoring and evaluation responsible at NGO).

The NGO’s somewhat interpret the standard as a matter of proving value, and as a matter of proving it on the highest levels of the causality chain, an interpretation the ministry is not necessarily confirming. As a team-leader at the ministry puts it:

”*We know that it is innately hard to prove impact, so it is not necessarily a demand from us, but then they have to show the outcomes and outputs instead and match these with a very plausible causality chain, because you cannot just show outcomes and then say ‘well that is because we had invested’. In that case we have to investigate what kind of causality chain that the organization has invested in, and if you cannot see the causality chain, well then it doesn’t make much sense (Ed: The investment). But if the organization can show* *that they have a valid causality chain, and they can show performance on their outputs and outcomes, then we are also willing to believe that the impact is valid.”* (Team leader at the MFA)

Another employee at the ministry complements this interpretation of the standard as a mean of being able to assess costs of outputs and outcomes, rather than determining value of impacts:

”At the same time, with regards to the results, you have some M&E officers out in the implementation countries who gather the results in relation to their LFA (Ed: Logical framework Approach), typically looking at what outputs or outcomes has been realized. Then they consolidate these results in some reports and sends them to the donor countries, where some caseworkers looks at them. However, these caseworkers never see anything on the financial side, of what it has actually costed to obtain these results. They only see the overall money for the project, and how much of this funding was spent, but none of the spending is attached to the different indicators. And on the other hand, the people who receives the detailed accounts on the project maybe only gets a small explanation of the project, but does not receive any narrative on the variances there is in relation to the budget” (Controller at the MFA)

The interpretation that the MFA requires value of impact calculations and a sort of economic return of each kroner invested is thus not confirmed by the ministry. They argue that what they encourage is instead an assignment of cost to the different outputs and outcomes the NGO produces, thus at least reporting on the first 2 E’s as well as giving at least considerations to whether their causality chain is true. This aligns well with the interpretation given earlier, that the description of the standard could be interpreted as proving performance on these elements, or at least providing figures showing that the organization is recognizing that performance on these indicators of resource usage is important. Considering that the organizations that scored high on the standard has done exactly this, though on abroad and generic level, attests this point.

The focus on the E’s, especially the E of efficiency, causes some trouble for the organizations though. The issue is that performing well on efficiency might lead to organizations picking the lowest hanging fruits first. This issue was already touched upon earlier, and it is further substantiated by a monitoring and evaluation coordinator at an NGO:

“*The VFM standard and the RAM model creates an incitement to invest where you can measure an effect after five year period for example. I’m not saying it’s stupid because its taxpayers money, and of course we should do something to account for the funding we use, we already have a discussion in the development sector of whether we should continue to throw money after something where you after a five year period can’t see any* *results. Nevertheless, there is also an ethical element to this discussion of whether you invest where the need is greatest, or where the results are greatest*." (Monitoring and evaluation coordinator at NGO)

The quote is not as such directed at the efficiency relation (output/cost of input) but more related to the issue of outcome and impact, and whether to invest in areas where this is hard to account for, but nevertheless the point still remains. If an organization wants to maximize its performance indicators with respect to its cost, it is very likely that it would only initiate activities in stable settings, which gives an incitement to neglect the most troubled areas of the world. And as the aim of the civil society policy, and the aim of many working in the NGOs, is to specifically target and help the most vulnerable, who are often the residents of troubled areas, this incitement causes an ethical conflict.

The above considerations are based on an interpretation of the program as being about performance auditing, i.e. the 3 E's, but not everyone agrees that this is the program even though the employees of the ministry that was interviewed for the project confirms this. One NGO-employee states that:

"The challenge here is that this is a political agenda. It is something that the parliament and the elected wants to use to say 'What result do we get out of our tax money, can you prove that this is value-for-money' and with the pressure there is, it is just not going to be enough to show some transparency on different levels. They want proof that these investments pay off, that it prevents refugees from coming to Denmark, they want to see how effectively we reduce poverty. And when responding to that kind of questions I think that it is necessary to have studies that prove the value-for-money of our work." (Monitoring and evaluation coordinator at NGO)

While this perspective of the VFM standard might have some validity, it does not seem to reflect the program pushed by the ministry at the moment. It might be that this will be the case in the future and that the actor "Parliament" might try to influence the program to mean this particular thing, but the interpretation of the program so forth given and the explanations from the ministry on their intentions with the standard does not give this impression.

In the moment of enrollment the program of VFM are thus not influenced much by the actors as they are to a greater extent just trying to come to terms with what the program actually is. The ministry adds to the discussion by further explaining that their program is transparency in the use of resources, and preferably transparency in the form of figures on the 3'E's just like the organizations they rated the highest had implemented in one form or the other. The NGOs does not (yet) oppose this program as such, but raises certain cautions with regards to what incentives this program encourages. It is possible, as the meaning of the program of VFM becomes more clearly defined, that the NGOs will contest the premise of the program even further, but in the network as it is now the NGOs only seems to want to challenge the ethical issue.

The actors, especially the NGOs are not acting as a unified force as such though. The research revealed that internally in the NGOs there are discord with respect to the program of VFM, an issue covered in the next section on Mobilisation.

4.4.1 Summary of the moment of enrollment

- The negotiations taking place are mainly between the NGOs and the MFA.
- These negotiations are characterized by confusion, arising from the VFM standard being new and vaguely defined, and from the fact that the MFA themselves has not developed an approach yet.
- The NGOs argue that the program might incentivize them to make unethical decisions.
- The NGOs also argue that it is close to impossible to show the value of their impacts. The MFA dismisses this by stating that it is not as such calculations of the value in kroners they seek to incentive, but instead consideration of the usage of resources. However, all actors in the network are not convinced that this is the program of the standard, and believes that other actors might influence the program later.

4.5 Mobilisation

The moment of mobilisation is about whether the spokespersons assigned to the actors really represents them. The concept of representatives could also be considered an issue of unity, do the NGOs speak with a unified voice in the network, do the parliament, do the ministry etc. The research uncovered that the issue of RAM/VFM is, at least in the NGOs, still a somewhat contested program. As one CFO puts it:

"Even though some of us are on terms with this there are many who would say that there is too much new-public management in this (Ed: The RAM/VFM). Many colleagues will say that all this reporting is unnecessary and that it is not the important element, the important element is to help our partners. That is the primary motivation for most of our employees, and not the issue of how we administer our resources. And there is absolutely nothing wrong with that as these employees are very engaged and motivated, but they feel that this (Ed: The RAM/VFM) is way too bureaucratic" (CFO at NGO)

This view is expressed as well by the general secretary of ADRA (Falk, 2015) who states that "we should be here for the needs of the future, but I sometimes feel that we're here for the purpose of reporting. Part of the reason for feeling this is, that the way we report also determines the allocation of resources", further adding that "in a dialogue I had with Professor Thomas Tufte from RUC (Ed: Roskilde Universitetscenter) he mentioned that there had been a shift in personnel in Danida. He believed that there was only one or two left with educations from RUC, everyone else came from a different world with focus on results, KPI's and bottom lines" (Falk, 2015). The premise for the view presented by the professor, is that people from RUC arguably has other priorities than the mentioned results and KPI's, and that they traditionally has made up for a large part of the Danish development aid.

It is not everyone in the NGOs that view the RAM/VFM as an unwelcome element. Attention have been drawn to the high dependency many of the Danish frame-organizations have on the funding from Danida (Altinget, 2015c), and a CFO at an NGO expresses how the VFM has some qualities that might help with regards to diversifying this funding:

"*I think that if we can do this (Ed: show VFM) then we make ourselves more interesting for companies and foundations. This might have been a bit more difficult years ago, because we are these, a bit 'weird', organizations who are complex and our accounts has not been the most transparent. But with this (Ed: VFM) we draw ourselves closer to what is considered normal principles of conducting business and good accounting* *etc. And with this slightly different approach of doing things and by implementing KPI's etc., then I also think we make ourselves more understandable for companies."* (CFO at NGO)

As expressed by the CFO, being good at showing "value-for-money" gives the NGOs a possibility of attracting funding from sources that where once more foreign to them. This further shows how the implementation of interessement devices, i.e. implementing systems aligned with the program of VFM, can lock the actors into the program, as associated benefits with doing so now becomes visible. The attraction complying becomes even more stimulating, as the MFA does not seem to think this is an agenda that will weaken soon, quite the contrary:

"*I believe it is highly essential (Ed: VFM), and I think it is a dilemma that as resources becomes more sparse in any sector, the health sector or the development aid sector, then the demand for results strengthens. Partially because we need to have a more effective use of the resources, but also because fewer resources indicates that people apparently don't value the project(s) of that sector as highly as before. Then you have a responsibility to show that the fewer resources you get, are spent reasonably."* (Team leader at the MFA)

In addition to being highly essential, another employee at the ministry further adds that:

"*I think a lot can be gained by involving accounting as a management tool and not just as some administrative tool that needs to be in place for us to live up to our donors. What is being done now in the NGOs is financial controlling and not business controlling. Business controlling is a concept that seems unfamiliar"* (Controller at the MFA)

And further adding that:

"*In Denmark, we often look at how the British, i.e. DFID, does. And DFID no longer have a CFO. They now have a Value-for-Money director. I think that is quite telling on how the international trends are with respect to this."* (Controller at the MFA)

It is evident that the two sources from the MFA does not believe VFM is a concept that will diminish, quite the contrary. However just as there was division within the NGOs, the same can be expected, and has been hinted, with regards to the ministry. Therefore representation as such is not clearly defined, none of the defined actors are clear proponents of the concept, and neither the contrary. The concept is not likely to go away though, as the above statements from the government employees articulates. So the NGOs must make a choice, either they accept the program and decide whether they want to perform on the standard by introducing the necessary interessement devices and seeks to influence the program to align it better with their own interests, or they can ignore it and focus their attentions towards other standards in the RAM. Finally they also have the choice of revolting against the entire RAM system. This view is expressed as one of several possibilities, though in a polemic context (Nielsen, 2014) “We must then initiate a fight against the ‘New-public-management’ and DJØFisering (Ed: DJØF is the union for law, economic and political science employees in Denmark) that are ongoing, and recognize that maybe it is against the evaluation hysteria that the great political struggle is, if we are to regain democratic control, maintain the ability to critical reflect on what we are doing and at the same time make sure we do not all succumb to stress due to nonstop reporting.”

It must be emphasized that the above quotation is not a call for dissidence in general, but rather a thought provoking idea. The idea of abolishing the RAM is also presented by representatives from another actor, namely the public (and their elected representatives in the parliament). The ‘support’ for a revoking of the RAM model comes from a, for most NGOs unlikely side, namely the right wing Danish Peoples Party (Skibby, 2015) who argues that the RAM is too resource consuming and creates an unnecessary administrative workload. Danish Peoples party also fear that the insecurity of the economic situation for the NGOs, due to their economic foundation now depending on results, will demotivate the employees and replace the traditional unity and professional community feeling among the NGOs with a culture of non-cooperation.

So if the NGOs wishes to contest the consensus on the RAM/VFM, they can find unlikely allies. The research on the project has revealed no such tendencies though. The representation of the NGOs is divided, with some thinking it’s a good and necessary tool, and others thinking it’s a tool that disrupts the NGOs work in wrong directions, but in no way do they act as a unified force. It can also be added that low weight of the standard, and the uncertainty about what the standard actually implies, means the moment of mobilization has barely begun. All that seems certain at this point in the network, is that the concept of VFM is here to stay.

4.5.1 Summary of the moment of mobilisation

- At the time being, there is no clear representation with respect to any of the actors. Part of this might be due to the novelty of the network.
- Within the actor-populations of the NGOs, the MFA, and the parliament, there exists representatives that wants to either comply with the program or possibly reject it. But nothing is really mobilized yet.

5.0 Conclusion

This section covers the findings of the study, a discussion of these findings, some remarks on the weaknesses of the research process and finally a hypothesis for the future of the standard including some suggestions for future research on the subject.

5.1 The outcomes of the study

The goal of the study was to provide some clarification on what the VFM-standard implicates and how it has been and is translated by the different actors in the network. The VFM-standard occurred as a part of the RAM which was a product of the problematization made by the NAOD of the NGO-aid in 2007. The problematization done by the NAOD had clear links to NPM, links that where even more apparent in the RAM. It seems likely that the developers of the RAM, in order to cope with the criticism by the NAOD, intended to incorporate NPM elements to the RAM to prevent future criticism and further problematization.

The development of the RAM was a participatory process that incorporated a lot of interests in the network, specifically the interests of the employees of the ministry, the NAOD, the minister(s) of development, the NGOs and the general public. One of the programs resulting from the RAM, that of the VFM-standard, seems very similar to the concept of performance auditing, which again seems connected to the problematizing actor. Most of the NGOs also interpret the standard as this concept, and to the extent that they incorporate interessement devices related to the program, which only three NGOs can be argued to do, the devices also reflect this interpretation.

In the moment of enrollment the NGOs seek to influence the program by first and foremost stating that they do not believe value as such can be measured on the impact of their programs. The ministry to a large extent confirms this, and says that the program does not require such value calculations, but that considerations with regards to costs are encouraged and they emphasizes that systems measuring the costs of the indicators at the different level of the NGOs programmes are needed. This is also reflected in the evaluation of the organizations, where the organizations scoring high have reported figures with respect to one or more of the 3 E’s. To this point, the NGOs raises concern over whether the focus on efficiency and cost-effectiveness will influence the work of the NGOs in an unethical way. The NGOs are also concerned that the real program of the standard might not be the dominating interpretation in the network of the moment, but that other actors, silent at this point of the translation, will seek to influence the program in a direction more concerned with calculating the rate-of-return on the activities of the NGOs, rather than just being a program of cost-consciousness and an encouragement to reflect the use of resources.

Despite the fact that the program is still undefined and up for discussion in the moment of enrollment, mobilisation is starting to occur in the NGOs where several expresses that they see possibilities in the program, for example that compliance can help them diversifying their funding base and make the organizations less complex and "strange" to the outside world. Another actor, that has remained silent through most of the process, starts to show small signs of dissidence, namely the parliament where some politicians expresses concern over the RAM model. None of the actors is fully mobilized though, as none of the representatives of the actors speak with a unified voice. Quite contrary, both the NGOs and the parliament seems divided with respect to the program, and only time will tell how the translation of the concept ends out.

For now, as the study leaves the network, the most common, but not dominating, translation of the program is one of performance auditing. Whether this translation of the program is what will be stabilized and become a black-box is uncertain, but it seems hard to fathom that the NGOs might end up rejecting the program in totality. Rather, most of them will either just chose to ignore it or will enroll themselves later in the network when the translation and implication of VFM is better defined.

5.2 Discussion of the findings

Section 4.3 argued that only 3 organizations had actually implemented devices, in this case frameworks or calculations, which could be considered interessement devices. This is a low number, and is probably testimony to two facts, 1) that the network around the RAM/VFM is still very young, and 2) that the program description is broad, vague and general, i.e. the imprecise description of the VFM-standard makes it hard for the actors in the network to actually implement interessement devices or even discuss and influence the program, as no one is really sure of what the program is. The fact that performance on the standard also matters so relatively little financially, at least in the short term, does not make the case for actually complying or even dealing with the standard any better. But even though these factors talk against the any compliance with the standard, the analysis still revealed both an interest and compliance with the standard on some points. In the moment of mobilization it was even revealed how some in the network saw benefits in performing on the standard that reached beyond the immediate network.

The uncertainty of what the standard actually implicates is what spurred the interest in studying the subject, and the research conducted in this thesis suggests that the standard is a program of performance auditing, i.e. showing performance with respect to economy, efficiency and effectiveness, and that the program has its roots in a general NPM-paradigm that has guided the problematizing actor(s). This hypothesis has been somewhat confirmed by the scoring of the NGOs by the ministry, and by informants from within the ministry who explained that the way they see the program is with respect to performance on these three dimensions, and not as such performance on the 'impact' dimension with calculations of 'return on investment' on entire programmes. Instead, information on costs and consideration of these costs in decision making is what is asked by the ministry in this interpretation of the program. While this interpretation seems to be the dominating one in the network at the moment, speculations have been made by informants that the program is actually instead a more political one where the "return-on-investments" calculations will be demanded by politicians as a means of being able to prove that the NGO-aid is worth its tax-money. This view was expressed both through interviews, and through the statements from several of the NGOs who in their result reports stated that they had either completed or initiated this form of studies on the rate-of-return.

The possibility that there is this more political aim with the standard is likely to determine the future of how the program is interpreted in the network. If actors in the network confirm this interpretation, for example if the development minister commissions an investigation of the rate-of-return on development studies, or if politicians from different political parties start to confirm this interpretation by requesting hard, specific proof on the value of the civil society aid, this interpretation of the program is likely to become the dominant one.

Recently the independence of the problematizing actor, the NAOD, has been questioned (Skærbæk & Christensen, 2015) which could maybe confirm the suspicion of and underlying political aim with the standard. However the circumstances of the case does not confirm this interpretation, and neither is the questioning of the independency based on a specific political goal, rather it is the close relationship with the State Auditors that raises the question of independency.

Part of the alleged dependency is shown by the NAOD's investigations often having a more legal-critical characteristic than character of a performance audit (Skærbæk & Christensen, 2015, p. 230), and by the NAOD becoming involved in the decision making processes in the institutions and thus ending up as an agent of change (Skærbæk & Christensen, 2015, p. 235-236). Neither of these elements seems to be relevant in the particularities surrounding this study though, as the standard in question is similar to performance auditing, and nothing has indicated that the NAOD has been involved with the task-force developing the RAM.

Rather, the task force has probably included the standard in the RAM as a means of preventing future criticism with respect to elements of performance auditing in the NGO-aid.

5.3 Weaknesses of the research process

The information on the RAM and the process surrounding it is mostly based on either second hand accounts or documents. Some of the interviewees had peripherally been part of the RAM process, but none had been a permanent member of the task force. Having access to a member of the task force would have been beneficial with respect to both confirming that the process really was as described in the thesis and with respect to identifying and clarifying who made sure the VFM standard was incorporated in the RAM and why this was done. It is possible that the 'inventor' of the VFM standard had another program in mind than the translation here postulated, although this seems unlikely. Nonetheless, having access to this source would have complemented the study.

The interessement devices was rather late in the process of the study identified as the implemented systems by the different NGOs. This meant that specific questions with the premise of asking the NGOs about the interessement devices and how the system they have applied might detach them from other actor-networks was not done. Furthermore, as stated in section 4.3, the information gathered on the interessement devices was done through the available documents that the NGOs had issued. While the issue of what was done to 'prove' VFM was a large part of all the interviews it was not asked as a means of uncovering the interessement device, and neither was all organizations being evaluated interviewed. This means that even if the question had been asked with the premise of considering the systems to prove VFM as interessement devices this information would have been unable to obtain from all organizations, and thus the comparison of the NGOs and their implemented interessement devices would have become biased. In addition to this it is also unlikely that the organizations would have shared information with the researcher that they would not share with the ministry for the RAM evaluation. After all, their future income depend on the evaluation and the organizations have no reason to hide an elaborate management accounting system in their reports to the ministry. Therefore it is considered highly unlikely that the organizations would have implemented interessement devices that could not have been identified in the documents covered in this thesis.

The future of the network and prospects for future research

As the study revealed the network around the RAM/VFM is still very young, and the moments of enrollment and mobilization are likely to continue with varying force in the coming decade until the standard becomes a black-box. Whether more organizations introduce interessement devices depends on the perceived benefits and costs of doing so. In the current state of the RAM, where the VFM standard weights relatively little and only 40% of the total funding is distributed according to the performance-based measures, the relative benefits of performing well on the standard seems neglectable. This might however change if the VFM standard either gains a higher weight and/or if the performance based component of the frame-organization funding increases. It seems possible that the first RAM evaluation, and perhaps the next, serves as a form of 'introduction-phase' to give the NGOs a change to become comfortable with the system, and that later the performance based component is increased. In such a case, the perceived benefits and costs of performing/not-performing on the VFM standard will evidently be higher. Another possibility is that performing on the VFM-standard will increase the attractiveness of the NGOs for foundations and companies. It could be interesting at a later time, to compare how the organizations have performed on the standard in the RAM evaluation with how much of the organizations funding is from donors other than Danida. A higher diversification of the funding of the high-performing NGOs would validate the benefits of performing on the standard, which in turn would make more of the NGOs incorporate the necessary interessement devices.

Based on the results of the study and the above considerations, the researcher would like to propose a hypothesis with respect to the future of the VFM standard:

The VFM-standard will in the coming decade become a more clearly defined program as a practice of how to perform on the standard develops. This practice will interpret the program as performance on the elements of performance auditing, i.e. performance on economy, efficiency and effectiveness. The organizations complying will gradually issue more specific figures with respect to these elements as the organizations issuing figures scores the highest. Gradually more elaborate accounting systems with specific cost measures on individual programme indicators will be implemented in the organizations and more organizations will introduce these interessement devices as 1) when other NGOs implement the systems the barriers for doing so become gradually lower and thereby the perceived costs diminishes and 2) NGOs performing on the standard are better at obtaining funding from other donors, both governmental, foundations and from companies, thus increasing the perceived benefit of performing on the standard. The moment of enrollment will be in the future be characterized by more discussion on the ethical issues of performing on the 3 E’s and less discussion of calculations of the value of the programmes. The value of the programmes will instead largely be determined by the NGOs individual strategies and their rationales for acting as they do, instead of deliberate ‘rate-of-return’ calculations. The VFM standard will largely be focused on the cost side of the individual strategies. Studies that prove the rate-of-return or economic value of programmes will still be conducted, but not as a specific instrument of performing on the VFM standard but rather as a general instrument of legitimizing the NGO-sectors work. Real mobilization of the actors in a decade is doubtful, rather the NGOs and other actors will still be divided between spokespersons rejecting or doubting the program on terms of ethics, and spokesperson that willingly enroll themselves into the program because they see benefits of doing so. The postulate presented here is that the latter group will be the majority, and that stabilization will start to occur in the network, gradually transforming the concept of VFM in the NGO-sector into a black-box.

Apart from the natural research subject of whether the above hypothesis can actually be confirmed in 10 years, additional interesting research prospects arises if the hypothesis is confirmed. One such prospect could be whether the framing that will occur as a result of the program will overflow and have effects on the identities of the associated actors. Will the stabilization affect the identities of the employees of the NGOs into a more traditionally business-minded way of thinking? Such a hypothesis could be made perhaps by seeing whether the exchange of employees between the NGOs and the private sector is higher in 10 years than now. It could also be that the hypothesized introduction of more elaborate management accounting systems in the NGOs opens up for a new strain of management accounting research, as the special context of the organizations are likely to produce specific applications of such systems that has both similarities and differences to the tools applied in the private sector.

The above research prospects are based on the assumption that the hypothesized future of the network is confirmed. If this is not the case, and the program of VFM is either rejected or translated to mean something else in 10 years, other interesting prospects arises. For now though, as the study leaves the network, the above proposed hypothesis is the researcher’s best suggestion for a possible future of this young concept.

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Appendix 1: Semi-structured Interview guide (Translated from Danish to English, as all interviewees on the project where Danes and thus the interviews were conducted in Danish)

1. Educational/professional background (the company name will be hidden to ensure animosity)
2. Where did the idea of RAM come from in your opinion? How did it evolve?
3. What do you believe the background for the RAM was?
4. How did the MFA introduce the idea to the RAM evaluation? What elements where emphasized? Was the idea sort of “sold” to you?
5. What do you feel is the difference between the old conduct of evaluating the frame-organizations and the new conduct? Does the RAM has a different focus than the old form of evaluation?
6. How do you as an organization relate to the VFM-standard? How do you understand it? How do you seek to prove ‘value-for-money’?
7. Do you see any possibilities in complying on the VFM-standard other than for the purpose of the RAM evaluation? Can ‘value-for-money’ be used strategically?
8. Has it had any consequences for the organization that you now have to comply with the value-for-money standard? Has it influenced the way you work? Will it do so in the future?
9. How did you experience the NGO-environment’s reaction to the RAM? Have you noticed a form of resistance to the model, or have it more been embraced as a useful tool?