



Chr. Michelsen Institute Annual Report 2014



We are a research institute addressing real life challenges.

- FROM THE DIRECTOR **p 08**
- ADDRESSING REAL LIFE CHALLENGES **p 10**
- ERADICATE POVERTY **p 13** THE IMPORTANCE OF CREATING JOBS **p 14**
- WOMEN IN A MAN'S WORLD **p 16** THE MIDDLE EAST, A STATE OF INSECURITY **p 18**
 - - SECURITY & STATEHOOD **p 20**
- TRIPOLI, LEBANON: A CONFLICT-CITY **p 23**
- FROM NATURAL RESOURCES TO SHARED PROSPERITY **p 25** NATURAL RESOURCE MANAGEMENT **p 26**

 - BETTER HEALTHCARE FOR ALL **p 29**
 - MOTIVATING HEALTH WORKERS **p 31**
 - THE IMPORTANCE OF COOPERATION **p 32**
 - FINDING WHAT WORKS IN ANTI-CORRUPTION **p 34** CMI STAFF **p 36** CMI NUMBERS **p 38**

Content

THIS IS US.

Chr. Michelsen Institute (CMI) is an independent development research institute.

Our mission is to generate and communicate research-based knowledge relevant for fighting poverty, advancing human rights, and promoting sustainable inclusive development.

To ensure quality, we combine academic and applied research. Our research is on low- and middle-income countries in Africa, the Middle East, Latin America and South East Asia. We make our research relevant by cooperating with local and international partners.





We all deserve to live our lives in dignity.



FROM THE director

Human dignity will be the overall objective for UNs Sustainable Development Goals for the coming 15 years. For the first time in history, ending extreme poverty is within sight. The possibilities to ensure healthy lives for all are unprecedented. Getting there requires huge political commitment and tough priorities. We deliver knowledge on how this can be done in practice.

In 2014, we sharpened our research agenda to make sure we concentrate our efforts on understanding and addressing the real life challenges of the poor and vulnerable.

Our research on employment for the poor focuses on how policies can be designed to better promote job creation and entrepreneurship. Many poor do not own anything but their own labour. This is why jobs with decent salaries are key to escaping poverty. The situation is particularly acute in Africa where population growth and millions of young people searching for employment represent a formidable challenge. Our research on political and economic inequality focuses on how people's unequal access to political and economic decision-making arenas affects the opportunities to share prosperity more equally.

Ending extreme poverty and reducing the present gross inequalities can only be achieved with mechanisms that redistribute resources, and will necessarily involve a struggle between competing interests. Understanding power structures is therefore key to the design and implementation of more inclusive policies. We devote particular attention to policies for sharing the income from natural resource extraction.Our research on health and education focuses on how quality health services can be provided and on how education can promote better health outcomes. Quality health services can save the lives of most of the six million children that die each year. It is crucial to better understand how human and financial resources can be better utilised to provide life-saving services. Education can play a key role in improving health outcomes, for instance in reducing risky teenage pregnancies.

Our research on security explores how people's security can be enhanced in contexts of violence and conflict. 1.5 billion people live in areas where violent conflict limits their ability to live, work and obtain education. The rapidly unfolding destabilisation in the Middle East, may prove to become one of the greatest setbacks for global development. From Sudan to Afghanistan, we explore the drivers behind, and the consequences of, violent conflict.

Dialogue with users of knowledge is important to us. Engaging with policy makers and practitioners helps us sharpen our research questions.

We do not offer simple solutions. We provide building blocks to the complex web of knowledge needed to make the best decisions and create the best policies, adapted to each particular context.

> CMI Director Dr. Ottar Mæstad

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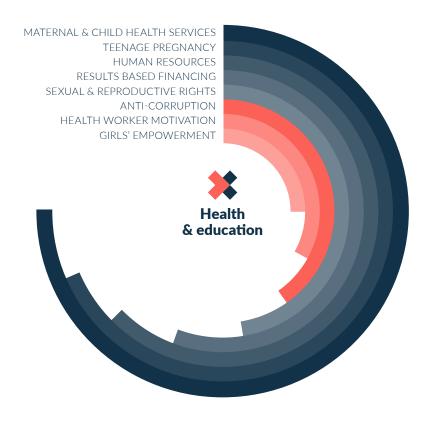
Addressing real life challenges

We approach key challenges from multiple angels to better understand and find out what works. VIOLENCE CONFLICT POLITICAL AUTHORITY RELIGION & POLITICS TRANSITIONAL JUSTICE HUMANITARIAN ASSISTANCE FORCED MIGRATION MICRO-CONFLICT



Idea Private sector Development Political institutions Governance Development Rath-corruption Tax Taturat resource management Toclusive Development LAW REFORM POLITICAL PARTICIPATION EMPOWERMENT GENDER-BASED VIOLENCE DEVELOPMENT AID SEXUAL AND REPRODUCTIVE RIGHTS







ERADICATE POVERTY

Poverty is a silent killer. Poverty deprives people of a life in dignity. The gap between the rich and the poor in the world is growing. Poverty and inequality are not inevitable. Poverty and inequality are the results of policy choices. To break the poverty trap, people need jobs with decent salaries.

THE IMPORTANCE C creating jobs

What kind of jobs lift people out of poverty? What policies and initiatives spur job-creation? Research question: How can policymakers have a more direct role in creating employment? We have studied the emergence of a successful horticulture industry in Ethiopia.

Essential tools in the government toolbox:

- Conducive environment for private sector growth
- Attract local and international investors
- Well-functioning institutions
- The rule of law
- Sectoral support
- Entrepreneurship development in labour intensive industries
- Technology

FARMERS' CHALLENGES:

Rown and the same Logistics, land and finance. Established Ethiopian Horticulture Producers and Exporters Association and started to seek governmental support

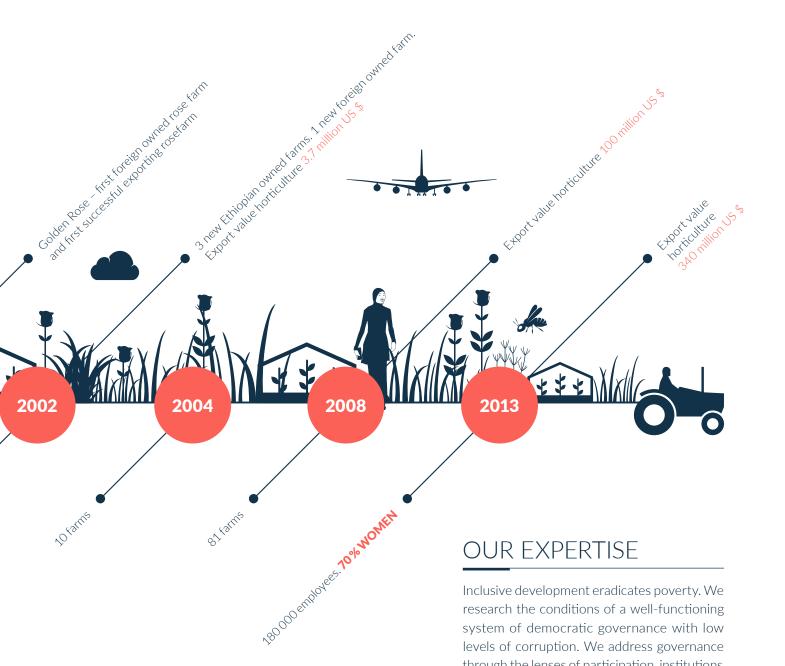
GOVERNMENT RESPONSE:

Transport coordination (air freight) Access to land Long-term credit Attracted domestic and foreign investors Education program in university and vocational training institute

RESULT:

Domestic and foreign investments increased

HOW THE ROSE INDUSTRY grew in rural Ethiopia



OUR EXPERTISE

Inclusive development eradicates poverty. We research the conditions of a well-functioning system of democratic governance with low levels of corruption. We address governance through the lenses of participation, institutions, political inequality, and economic inequality. We study what governments and the private sector can do to create jobs that bring people out of poverty. Our gender research explores women's access to power and key economic and political decision-making arenas. Our tax research looks at how governments in poor countries can raise and manage tax in ways that make inclusive development possible.

WOMEN in a man's world

In rural Ethiopia, societies are traditional and patriarchal. Women's main responsibility is to be at home and care for the family, do household chores, take care of religious and cultural activities and maintain social networks.

The rose farms created new opportunities for women. For the first time women were offered paid jobs and started bringing home money. This meant that they had less time to do domestic chores and to participate in religious and cultural activities. How has this effected gender relations and the traditional rural way of life?

Has it been a way out of poverty?



CMI 2014/PAGE 16

OUR RESEARCH SHOWS THAT

There has been changes in the traditional way of life. Food security has become better. There has been improvements in material wealth. All household members in the survey reported that they were better off. Women working outside their homes have got a higher status when the household manages to continue to meet the social obligations either by other family members or by the women themselves

Women got weaker economic decision-making power. Paid jobs outside the home did not strengthen the position of the women in the household. For the majority of women, salaried jobs led to less domestic violence. Yet, a large minority (14%) experienced increased domestic violence. In the rose farms, women continue to be at the bottom of the hierarchy in a man's world. Only men have the higher ranked positions.

We will continue to study the effects of economic growth on the lives of Ethiopian women. Our researchers will conduct household surveys as well as ethnographic interviews and in-depth interviews with key stakeholders.

FUTURE RESEARCH QUESTIONS:

- What impact does economic growth have on the lives of women in developmental states?
- Does economic growth lead to more gender equality and real changes in women's power and status in states with a patriarchal culture and an authoritarian regime?
- Do government initiatives to strengthen women's capacities have positive consequences for gender equality?



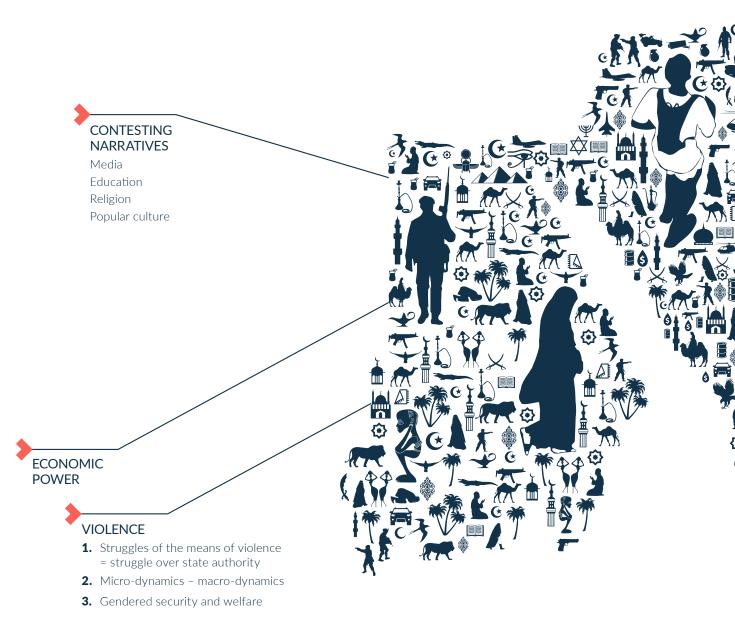


THE MIDDLE EAST, a state of insecurity

Security is key to development and dignity. Since 2011, The Middle East has been in a state of disarray. From Sudan to Afghanistan, violence threatens the viability of former authoritarian states. The Arab world has gone from exuberance and optimism, to deeply divided societies marred by civil war.

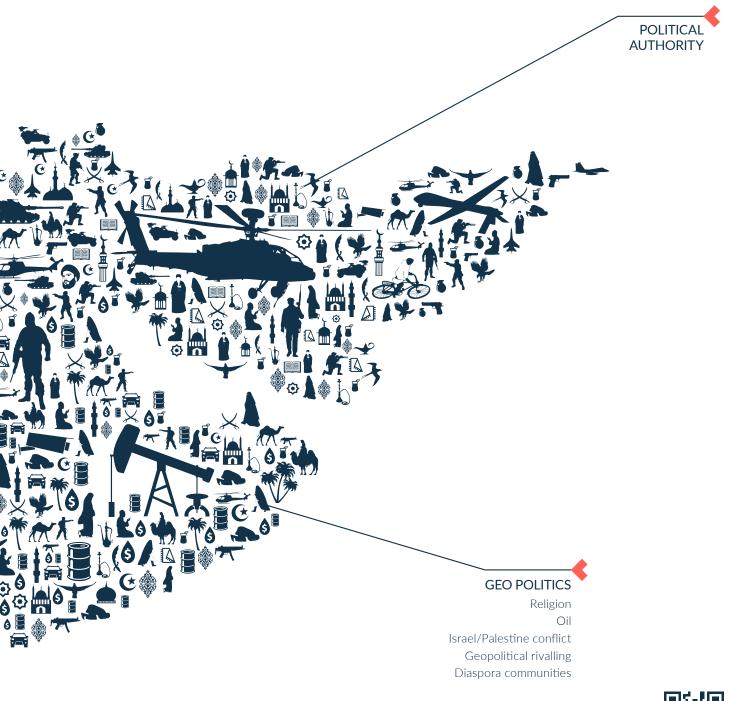
SECURITY & statehood

To **understand the violent upheavals** in the Middle East, we have established a new research programme at CMI. Our research will cover a range of perspectives, always starting with everyday relationships and everyday realities.



OUR EXPERTISE

CMI has a long history of research projects and institutional cooperation in the Middle East. The region features prominently in our work and expertise. We study events on a micro-level as well as a macro-level, and try to understand the mechanisms that threaten to tear states apart. Only by understanding these mechanisms can researchers and policymakers contribute to solutions that can ensure security, reduce violence and promote reconciliation in the region.





PAGE 21/CMI 2014



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TRIPOLI, LEBANON: **A conflict-city**

Security is hard to come by in Tripoli. Trivial issues spark gun battles. Tripoli has a history of communal conflict between Bab al Tebbaneh (Sunni) and Jabal Mohsen (Alawite), two dirt-poor neighbourhoods near the city center. The hostilities between them can be traced to vengeance massacres during the civil war (1975-90) that was reignited in the wake of the Syrian revolt (2011). Both groups support their co-religionists: the Alawites the Assad regime, and the Sunnis the Syrian insurgents.

Betrayed by the state

The conflict ruins economic activity, shuts down shops, prevents people from going to work and keeps pupils and students holed up inside their homes. The insecurity cripples the communities. People feel betrayed by the state, let down by the Army and manipulated by security agencies. They refer to their community as the "bleeding wound".

Fueling conflict

Local politicians and leaders create dependency networks among poor clients. They control security, service provisions and access to water, electricity and jobs. They also fund rival militias and paramilitary groups who control the city's streets. The residents of Bab al Tebbaneh and Jabal Mohsen have lost trust in their leaders. "They do not work to end the conflict, they fuel it."

Army dilemma

Despite the huge Army deployment (rivalling that of Beirut) in Tripoli, the Army finds itself in a complex conflict-setting that is both historical, political and increasingly sectarian. Because of its multi-layered nature, the army cannot use brute force to quell the conflict. Operational directives, so-called "red lines", state that the army only shoots back if fired upon; "If the Army is attacked it will respond; this is the only red line."

Future research questions:



- What is the linkage between security, violence and the state?
- What social relationships shape statehood and authority?
 - How is power legitimised and practiced?



PAGE 23/CMI 2014



FROM NATURAL RESOURCES to shared prosperity

Natural resources represent an opportunity to build welfare and well-functioning institutions. The East African surge for oil and gas has raised people's expectations for a better future. Yet, history shows that poor people rarely benefit from the income from natural resources. What will it take for resource rich countries to turn their natural resources into welfare for their citizens?

NATURAL RESOURCE management

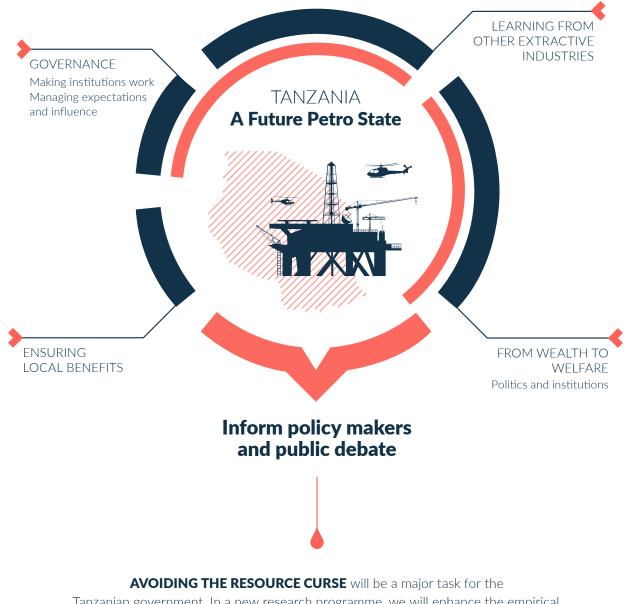
Rents generated from natural resources can either be channeled into the economy or captured by the ruling elite for personal enrichment and power purposes. History shows that for income from natural resources to become shared prosperity, there has to be a certain level of democracy. **Natural resources in the hands of authoritarian regimes makes a transition to democracy unlikely.**

OUR EXPERTISE

We unmask the political and social mechanisms that make natural resources either a blessing or a curse, and contribute knowledge to inform policy making and public debates. The main bulk of our projects focus on building accountable institutions and governance, diversification and anti-corruption.

Avoiding the resource curse

Huge volumes of natural gas have been discovered offshore in Tanzania. Tanzania may become a major hydrocarbon exporting country over the next decade. People have high expectations that exploitation of natural resources will substantially increase the country's national income. However, Tanzania received little revenues from the massive mineral extraction during the last two decades. Lessons from other countries show that, on average, resource-abundant countries have experienced lower growth and lower economic and social development over the last four decades than their resource-poor counterparts.



Tanzanian government. In a new research programme, we will enhance the empirical understanding of key prospects and challenges facing Tanzania as a new petro-state, and provide contextualised and evidence based policy analysis in order to contribute to avoiding a resource curse situation.



BETTER HEALTHCARE FOR ALL

Giving birth is still an extreme sport in developing countries. Many women die in child labour, some of them barely adults. They die because they do not have access to health care. Better health care for all is not only a question of financial resources and accesibility. It is also a question of skilled and motivated health workers.

MOTIVATING health workers

Strengthening health worker motivation is paramount for improving health services for the poor. Our research from Tanzania shows that there is a large gap between what health workers know and what they do. Low performance is too often linked more to lack of motivation than to lack of knowledge, time or equipment.

OUR EXPERTISE

We research health worker performance and motivation. We ask how more health workers can be encouraged to take up rural posts and how to build a motivated workforce providing services of high quality. We develop more robust measures of health worker performance, and research the broader relationship between health and socio-economic development and between justice and human rights in the provision of health services.

FUTURE RESEARCH QUESTIONS:

- When can results based financing strengthen maternal and child health services?
- How can teenage pregnancies be reduced?
- How can the quality of education be enhanced?



Recognition

Health workers need to feel that their work is important and to build a stronger professional ethic. Building this ethic has to be an integrated part of the educational system. Teachers need to highlight the significance of good health care and to show how important qualified and motivated health workers are to the community.



Housing and further education

Higher salaries were not the most effective incentive to convince Tanzanian nurses to work in rural areas. In a study of the potential effects of incentive-based policy interventions, further education and free housing were identified as the most effective incentives to increase the share of nursing students willing to work in remote areas.



Decent salary

Health workers themselves explained poor performance with weak intrinsic motivation and low work morale. They claimed their motivation had deteriorated because their work is not recognized within the health system. Their salaries are low and therefore they do not feel an "obligation" to perform well.



Bonus

More than 30 countries have implemented performance based financing to strengthen maternal and child health services. We have followed a pilot in Tanzania since 2011. The scheme provides health workers and health facilities with bonuses depending on coverage of key services. Health workers made efforts to attract more patients, and after 13 months service utilization had gone up for some services but not for others:



7 10%

more pregnant women were given anti-malaria medication more babies received polio vaccination at birth

Implementation of a P4P scheme is not straightforward. Delays in payments are common, with potentially detrimental effects on motivation, and credible monitoring and verification of results is a significant challenge. Unacceptable strategies for recruiting more women to deliver at health facilities have been reported, but the magnitude of the problem is unknown. **PAY FOR PERFORMANCE** can motivate health workers to change behaviour. P4P brings greater autonomy and stronger attention to results, data monitoring and supervision. In addition, P4P usually comes with added financial resources. It is difficult to identify which of these mechanisms are causing the observed effects.

P4P schemes also provide incentives for improved quality. However, the clinical quality of a consultation is hard to observe for patients and extremely costly to verify on a routine basis. It remains uncertain whether P4P has any impact on such quality indicators.

THE IMPORTANCE OF cooperation

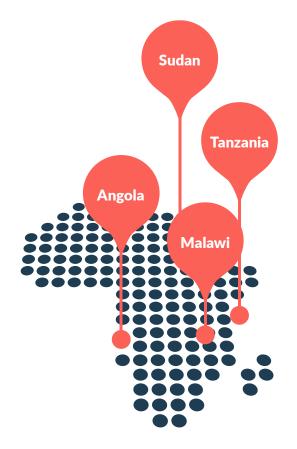
We are fortunate to have close cooperation with researchers and research institutions locally and internationally. Our partners improve our understanding of development challenges and processes. By working together we do better research and research communication.

We are partners in several centres. Check them out at www.cmi.no

- Centre for Intervention Science in Maternal and Child Health (CISMAC)
- International Centre for Tax and Development (ICTD)
- Centre on Law & Social Transformation
- Norwegian Centre for Humanitarian Studies

Contextual knowledge is at the heart of our research and we cooperate with local researchers and research institutions in the

Currently, we have four institutional research agreements. Go to our website www.cmi.no for more information.



global South.



MAKING SENSE OF global challenges

We run the **Bergen Resource Centre for International Development** in collaboration with the University of Bergen. The Resource Centre has become a venue for researchers, students, and people interested in international issues. We have several events every week.

SIGN UP FOR EVENT ALERTS IN YOUR CALENDAR AT

www.resourcecentre.no



PAGE 33/CMI 2014



FINDING WHAT WORKS in anti-corruption

Corruption has a negative effect on inequality, and affects poor people the most. Corruption risks cut across different sectors – from natural resource management to aid, education, health and justice.

Lack of trust, reduced legitimacy and lack of confidence in public institutions can be both a cause and an effect of corruption. **Our research has identified effective anti-corruption measures:**

Tailor to context: Not all types of corruption are the same, therefore differing responses are needed. One size does not fit all.

Broad approach: Anti-corruption measures are most effective when integrated in a broader package of reforms.

Public financial management reforms are effective in reducing corruption.

Join forces: Supreme audit institutions, social accountability mechanisms and organised civil society can be effective in combating corruption.

U4 brings together the best research and practical experience to equip development practitioners and policymakers with resources and tools to minimise the impact of corruption.

TRAINING

U4 runs online and in-country workshops on anti-corruption based on research and first-hand experience from the field.

HELP-DESK SERVICE

Online you can read expert answers to questions from practitioners in the field.

Visit **www.u4.no** for more information. For easy access use QR-code.





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BERGEN RESOURCE CENTRE FOR INTERNATIONAL DEVELOPMENT

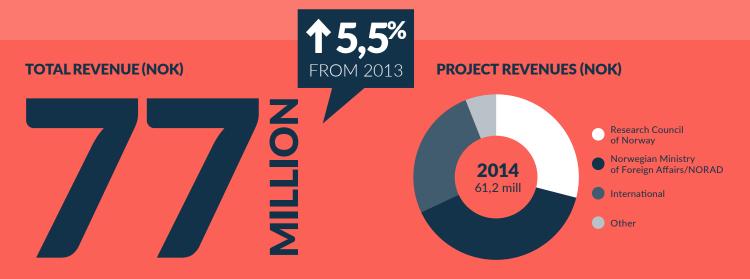
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CMI NUMBERS

In 2014, **CMI carried out 150 projects** for a total of NOK 61.2 million. The past financial year has been characterized by growth, new clients and robust finances. Our main clients are government administrations and the Research Council of Norway. We are particularly pleased to have succeeded in the commissioned research market towards new customers both nationally and internationally.



INCOME STATEMENT 2014

	2014	2013
Operating revenues		
Project revenues	77 121 947	73 040 257
Other revenues	196 753	170 338
	77 318 699	73 210 595
Operating expenses		
Project expenses	16 257 630	13 127 280
Payroll expenses	50 146 319	49 798 905
Depreciation	1 398 614	1 470 375
Other operating expenses	6 726 845	7 378 250
	74 529 407	71 774 810
Operating result	2 789 292	1 435 785
Financial income/expenses		
Interest income	268 672	221 152
Other financial income	1 049 667	717 378
Interest cost to enterprise in same firm	-1 269 200	-1 269 200
Other interest costs	-1 860	-865
Other financial costs	-109 243	-32 583
	-61 964	-364 118
NET RESULT	2 727 328	1 071 667

BALANCE SHEET AS OF 31 DEC. 2014

ACCETC	2014	2013
ASSETS		
Fixed assets		
Tangible fixed assets		
Building at Jekteviksbakken	45 823 451	46 851 314
Equipment, inventory etc.	1 209 807 47 033 258	1 513 880 48 365 194
Financial fixed assets		
Long term receivables	898 903	991 204
Total fixed assets	47 932 161	49 356 398
Current assets		
Debtors		
Accounts receivable	9 696 420	9 193 377
Others debtors	376 468	912 112
	10 072 888	10 105 490
Investments		
Shares in other companies	358	358
Cash and bank deposits	35 077 354	29 626 462
Total current assets	45 150 600	39 732 309
TOTAL ASSETS	93 082 760	89 088 707
EQUITY AND LIABILITIES		
Equity		
Paid-in capital		
Original fund	15 300 000	15 300 000
Retained earnings		
Other equity	8 636 778	5 909 449
Total equity	23 936 778	21 209 449
Liabilities		
Pension funds	1 004 409	1 407 166
Long term liabilities		
Long term loans	38 000 000	38 000 000
Current liabilities		
Accounts payable	2 137 166	1 520 228
Short term debt CMF	181 696	204 246
Public duties payable	4 296 232	3 765 691
Other short term liabilities	23 526 479 30 141 574	22 981 928 28 472 092
Total liabilities	69 145 983	67 879 258
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TOTAL EQUITY AND LIABILITIES	93 082 760	89 088 707



ENGAGE with us

Last year we hosted and co-hosted more than 100 events. Our researchers published 5 books, 26 peer-reviewed articles, 21 book chapters, 39 reports, 12 insights and 26 briefs. Check out details and complete lists on our website.



Our research is a public good. Everything we publish can be downloaded from our website. All our events are open to the public. Selected events are also streamed, recorded and accessible on our website.



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"We do not offer simple solutions. We provide building blocks to the complex web of knowledge needed to make the best decisions and create the best policies, adapted to each particular context."

www.cmi.no