

A photograph of a street in a war-torn area. The buildings are heavily damaged, with peeling plaster and exposed brick. In the foreground, two large, white, cylindrical objects, possibly water storage containers, are on the ground. A person is sitting on the ground between them. In the background, several people are walking on the street, and the sea is visible in the distance under a cloudy sky.

**Nordic
International
Support Foundation
Annual Report
2013**



Front and back cover:
View of the Indian Ocean from the
Hamarweyne district in Mogadishu, Somalia.

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Man crossing a narrow bridge at Inle Lake, Shan State, Myanmar.

Preface

The Nordic International Support Foundation (NIS) was founded in October 2011 to challenge conventional policies for engaging in fragile states, particularly in Somalia. The organisation was started by individuals with analytical and operational expertise in the Horn of Africa with the aim of proving that interventions could be carried out differently in Somalia, providing an alternative to the policy approaches to that country that had yielded such limited results over the last two decades. At its core, NIS is a political organisation that strives to address the fundamental causes of conflict and instability through working with national authorities in fragile states to deliver something of value to the population to boost the government's legitimacy and capacity. While purely humanitarian interventions are necessary, they often do little to resolve the underlying causes of a conflict and do not help to stabilise political environments in the longer term. This core principle means that our interventions can take many forms, provided that they contribute to stabilising the environment and buying time for national authorities and international donors to prepare for the broader medium- and long-term development challenges of state revival.

As NIS' work has expanded to other fragile and post-conflict states such as Myanmar and Mali, it has become increasingly apparent that many of the same limitations of policies in Somalia are being repeated in other conflict and post-conflict environments. In the early stages of ceasefire and reconciliation and stabilisation initiatives, there are strong indications that the tools used by the international community to assist and support these initiatives in a meaningful and concrete way are often ill-suited to the task. When looking at current efforts

in other places like Afghanistan, the Central African Republic, South Sudan and Syria, the increasingly urgent need for a better approach is all too apparent.

Current trends indicate that populations affected by conflict are growing increasingly impatient with many international donors, to a point where local opinions are moving from indifference or mild irritation to animosity and disdain. These developments undermine the international community's ability to intervene effectively in complex conflict environments and risk strengthening the position of forces seeking to perpetuate and benefit from conflict.

A failure to improve the way in which fragile political environments are supported by the international community will likely lead to increased instances of prolonged and potentially infectious conflicts at the regional and sub-regional levels around the world. Therefore, one of NIS' primary goals is to demonstrate that a viable model is available to augment current approaches and help fill the debilitating policy gaps that currently exist in efforts to stabilise fragile states.

Lastly, in order for NIS to evolve as an organisation and foster meaningful international debate and policy innovation, we continually reflect on our own performance, ensure the documentation of the lessons we learn, and remain committed to challenging our own assumptions and constantly testing them in the field. Without such constant questioning, we believe any organisation is vulnerable to becoming ineffective, inefficient and irrelevant over time.

Eric Sevrin & Christopher Eads
Senior Partners

Introduction

Established in 2011 and headquartered in Oslo, Norway, NIS is a non-profit organisation that engages in stabilisation and reconciliation initiatives in conflict and post-conflict environments. Its primary area of intervention is political stabilisation through institutional development, community engagement and public service delivery. In a relatively short space of time, NIS has established its ability to effectively carry out capacity building and mediation in complex environments where many other agencies are unwilling or unable to operate, allowing the organisation and its partners to quickly respond to new challenges and opportunities as they arise. As of December 2013, NIS is implementing and engaging in stabilisation projects in Somalia, Mali and Myanmar, and has finalised its project in Sri Lanka.

As evidenced throughout this report, 2013 was a period of accelerated growth for NIS. The organisation expanded and diversified its activities, increasing its project portfolio from 9 projects to 26. Much of this increase was due to the expansion of NIS' Somalia programme. This programme, which had previously been confined to interventions in relatively secure areas of Mogadishu, was expanded to include more complex neighbourhoods, as well as beyond the capital city to five locations in areas newly liberated from al-Shabaab control. This period of growth has also seen NIS expand its donor base from a situation where the Norwegian Ministry of Foreign Affairs was its sole donor to one where it receives project funding from two additional donors – the UK Stabilisation Unit and the European Union (EU). Entering 2014, NIS plans to further widen its donor base to include two additional donors.

In order to keep up with the expanding volume of work, NIS increased its core staff from 11 at the beginning of the year to 21 by the end of 2013. Although these are relatively modest numbers when compared with other NGOs engaged in stabilisation, the rapid growth presents the organisation with the challenge of adapting and developing its operations to meet the requirements of a growing workload while maintaining its high standards. To achieve this, NIS continuously evaluates its performance through a robust monitoring, evaluation and institutional learning process. Feedback from local project partners and donors indicates that NIS is succeeding in this task.

NIS' stabilisation strategy

Many conflict-affected countries are characterised by weak leadership structures lacking both broad-based legitimacy within their borders and the capacity to adequately address the governance challenges they face. While much assistance has been poured into such environments requiring stabilisation, weak administrations receiving international assistance are often unable to make effective political use of the support provided. This results in unresolved conflicts chronically hampering the transition to a political environment that is stable enough for the implementation of longer-term development strategies. NIS' overall objective is to create enabling conditions for more comprehensive long-term state-building to occur. Fundamental to enabling such stabilisation is increased governmental legitimacy.

Joint implementation is a key part of NIS' strategy and central to the process of increasing the legitimacy of weak administrations. Throughout

a project's lifecycle NIS works to strengthen the authorities' capacity to deliver public services in order to meet the basic needs of the populations. The relevant levels of administration are actively involved in the prioritisation, planning, implementation and management of project activities. NIS' capacity-building activities also extend to local implementing partners.

Maximising a project's political and social impact requires robust community engagement that ensures the participation of all stakeholders at all stages of an intervention. From the identification of prioritised needs to final evaluations, stakeholders from civil society, the local administration and residential neighbourhoods in targeted areas are actively involved in the intervention, thus strengthening social cohesion and fostering linkages between local authorities and the communities in their jurisdictions.

An essential aspect of NIS' stabilisation strategy is that the relevant government authority should be seen as the moving force behind the delivery of public services. To this end, NIS intentionally maintains a very low profile in order to ensure that local communities see the authorities as providing the benefits of the interventions. This low-profile policy also applies to the organisation's low-profile/high-preparedness approach to field operations in volatile environments. This approach involves implementing a risk management system that continuously monitors, assesses and mitigates security risks. It is based on the development of reliable local security resources that can effectively provide time-sensitive information on possible security risks when and where it is needed.

This report is divided into three sections that provide, firstly, an overview of NIS' activities in 2013 in Somalia, Mali, Myanmar and Sri Lanka; secondly, an overview of the organisation's

plans for 2014-15; and, finally, a report on NIS' financial performance in 2013. Additionally, the three project profiles on NIS' [website](#) provide more in-depth information on some of NIS' interventions in Somalia, representing the bulk of the organisation's activities in 2013.



The Aljanabandia neighbourhood, Gao, Mali.
Solar street lights will be installed here in 2014.

NIS' activities in 2013

Somalia

NIS is one of the few international organisations with a permanent presence in South-Central Somalia. While previously implementing projects solely in Mogadishu, during the course of 2013 the organisation embarked on new projects across South-Central Somalia and began to establish regional offices in the recently liberated cities of Baidoa and Kismayo. Stabilisation interventions in these complex environments are designed to demonstrate to the local community the capacity of the Federal Government of Somalia (FGS) and regional administrations to provide public services that in some cases have been absent for much of the last two decades.

Prior to the establishment of the FGS in August 2012, Somalia had been afflicted by continuous violent conflict and the absence of a functioning central government since the fall of Siad Barre's regime in 1991. While conflict among rival clans and various armed groups and militias, including al-Shabaab, continues to inflict human suffering and destabilise the country, the past couple of years have seen a new sense of optimism and hope in Somalia. Following the military gains made by the African Union Mission in Somalia (AMISOM), the FGS has begun to establish its presence in the newly liberated areas of the country.

However, the situation in Somalia continues to be extremely unstable. Large areas remain outside the control of the central government, al-Shabaab continues to be a major threat, and inter-clan and inter-regional conflicts persist. In order to consolidate and build on the political, economic and security gains of the last two years, the government must quickly stabilise the political environment and increase its



legitimacy at both the local and national levels. NIS' programme in Somalia seeks to assist the government in these efforts.

Somalia continues to be the main focus of NIS' stabilisation initiatives. 2013 saw the completion of six infrastructure projects initiated in 2012 and the launch of another 16 projects, of which 6 were located in newly liberated areas. An important part of NIS' initiatives in Somalia include the introduction of solar street lights in urban areas that have been shrouded in night-time darkness for much of the last two decades. The reintroduction of street lights is significant because it both signals a return to normalcy and increases security and economic activity in targeted areas.

NIS' infrastructure projects in Somalia also include road, bridge, market, stadium, public-garden, and flood-control-system reconstruction and rehabilitation. All these projects have brought significant and concrete changes to the daily lives of the people who live nearby and use the facilities. Security has improved, crime rates have been reduced, economic activity has increased – including

the opening of new businesses and increased employment opportunities – and general mobility has improved. These results contribute to greater stability in targeted communities, thus increasing the legitimacy of the authorities. For a fuller discussion of NIS’ solar street lighting projects, together with the Hamarweyne Fish Market Rehabilitation Project in Mogadishu and the Road and Bridge Rehabilitation in Balad, see the project profiles on the NIS [website](#).

In addition to NIS’ infrastructure-oriented projects, 2013 also saw the introduction of the Special Financing Facility (SFF). The SFF is a temporary finance mechanism established by the Somali and Norwegian governments to facilitate the channelling of funds from international donors to the Somali government through a system that meets international transparency standards. NIS staff and consultants are part of the SFF team, and also provide relevant support to the Somali government.



Above: Solar street lights illuminating the night in Mogadishu, Somalia.

Below: Local boys playing football under the solar street lights in Mogadishu, Somalia.



Mali

In 2012, Mali suffered the most severe crisis of its post-colonial history. The occupation of northern Mali (two thirds of the country by area) by Tuareg separatists and militant Islamists, compounded by a military coup, plunged the country into a state of unprecedented political, social and economic turmoil. The impact on the entire country was immediate and severe, resulting in food shortages, significant human rights abuses, the displacement of more than 400,000 people and over a thousand battle-related deaths.

From January 2013, a French and African military intervention helped bring the occupied territories back under government control, followed by increased stability. The coup leaders had previously agreed to transfer power to an interim government, whose mandate ended with the subsequent election of President Ibrahim Boubacar Keïta in August 2013.

The crisis revealed the fragility of Mali's institutions, as well as the ethnic divisions that are threatening its national cohesion. Despite the gains made on the ground by the Malian, French, UN and African military forces to combat the armed insurgents, they continue to be active in northern Mali. In this context, NIS'



primary objective is to assist the government in re-establishing its legitimacy through the prompt delivery of peace dividends in the liberated areas of northern Mali.

In the final quarter of 2013, NIS established its presence in Mali, and immediately began building effective local networks that include key actors at all levels of government, the private sector, and civil society. NIS consulted early on with local authorities and community representatives in Gao, the largest city in northern Mali, to identify and prioritise local needs. Two particular needs were emphasized: street lighting and solid waste management. In



late 2013, NIS began the implementation of two projects to address these needs.

The installation of 200 solar street lights will illuminate public spaces, including schools, community centres, commercial districts and water collection points. As part of the project, NIS will train local authorities and assist them in the organisation of public outreach activities. NIS' experience from solar street lighting projects in Somalia indicates that the lighting will have a positive effect on local communities, improving security and leading to extended business hours and the attraction of new businesses. The solid waste management project will develop management systems and provide resources for the management of the entire chain of solid-waste disposal. Project design and management will be the joint responsibility of the communal authorities and NIS, and will be based on the principles of improving local governance of the sanitation

sector, implementing environmentally sound waste-disposal solutions and providing opportunities to otherwise unemployed youth.

Through this approach, NIS hopes to help stabilise Mali's political environment in the immediate term, buying the time necessary for the longer-term implementation of the country's Poverty Reduction and Recovery Strategy.

Previous page: Crossroads in the Djidara neighbourhood, Gao, Mali. Solar street lights will be installed here in 2014.

Below: The busy Berge (riverbank) in Gao, Mali. Solar street lights will be installed here in 2014.



Myanmar

Myanmar has seen one of the world's longest-lasting civil wars, with ongoing fighting between the government and the country's many and diverse ethnic groups since shortly after independence in 1948. The causes of conflict are numerous and intertwined, revolving around ethno-nationalist struggles that are further complicated with outbreaks of inter-communal violence.

In 2011, the newly elected President Thein Sein, supported by chief peace envoy Minister U Aung Min, initiated a process of change towards peace. This process connects Thein Sein's plans for political transformation with an extensive reform policy that step by step is contributing to democratisation and economic growth in Myanmar. Since 2011, Myanmar has experienced the historic signing of multiple ceasefire agreements between the government and various ethnic armed groups. It is hoped that these processes will lead to a nationwide ceasefire agreement, followed by extensive political dialogue on concrete issues. However, there are many reasons to remain cautious about the current processes' true potential, not least because they are dominated by the government's approach.

Following a request from the Government of Myanmar, the Norwegian government set up the Myanmar Peace Support Initiative (MPSI) as a mechanism to test the ceasefires and build trust in conflict areas, as well as to identify practical ways for the international community to support and build momentum for further peace initiatives. As part of this effort, the MPSI has facilitated the delivery of basic services to local communities in various states in Myanmar, thereby establishing a platform for dialogue and action among state, non-state and civil society actors. Since the MPSI's launch in March 2012, NIS has been providing administrative and



management support to the initiative. As such, NIS' engagement in Myanmar differs greatly from its activities in Somalia and Mali. Its role has included administering contracts, insurance and salaries for the 11 MPSI consultants.

In managing a small project fund under the auspices of the MPSI, NIS has dealt directly with local project partners for the management of project agreements, funds and reporting. NIS' support has contributed to securing fast-track responses to requests for funding to support important peace process workshops, training activities, consultations and needs assessments. Furthermore, NIS has had the overall responsibility for ensuring that all reporting and accounting are conducted according to the donor's standards and has led an independent review of the MPSI, which was initiated in late 2013 and will be completed in early 2014 (see NIS' [website](#) for the full report).



Top photo: Stilt houses are a common feature in wet areas. Mon State, Myanmar.

Bottom photo: Fisherman at Inle Lake, Shan State, Myanmar.

Sri Lanka

During the past three decades Sri Lanka has experienced violent conflict, occasionally punctuated by attempts at conflict resolution. The intricate ethnic, territorial, political, and religious causes of the conflict are interlinked, and are further complicated by the protracted nature of the conflict.

The two main actors in the conflict are the Government of Sri Lanka (GOSL) and the Liberation Tigers of Tamil Eelam (LTTE). Ever since GOSL forces militarily defeated the LTTE in 2009, concerned parties have been debating a possible political solution to end the underlying causes of the conflict. The last two years, however, have not seen much progress being achieved in this direction because more emphasis is being given to resettlement and the establishment of civil administration in the north and east of the country. Whatever political solution is agreed on, it will not be effective if people at the grassroots level do not accept it.

From April 2012 to March 2013, NIS supported the Worldview International Foundation (WIF) in its implementation of a project aimed at creating a discourse on conflict resolution, social integration and good governance among Sri Lanka's Sinhala Buddhist majority. From the beginning of the conflict the Sinhalese Buddhist monks were seen as being opposed to any political solution. However, the reality on the ground presents a different picture, and it seems that the voice of the majority of Buddhist monks has not been heard. The project's objective was to build trust at the grassroots level, which is key to finding a sustainable and home-grown political solution to the conflict between the majority Sinhala Buddhist community and the Tamil and other minority communities.

The project developed a web portal, produced and broadcast 14 television programmes to a



national audience, and implemented 11 regional meetings with various ethnic and multi-religious groups in the north and east of the country. All written material was presented in the three languages of English, Sinhala, and Tamil with the same layout and pictures, so that people knew that those reading in another language were being provided with the same material as they themselves. Other written material in Sri Lanka caters to only one language group, so having the exact same material presented in all three languages was a very important step, both symbolically and practically.

At the end of the project NIS and WIF saw a remarkable change in the attitudes of Buddhist monks, exemplified by their willingness to meet with political opponents.

Currently NIS has no further plans for projects in Sri Lanka.

Looking ahead to 2014–15

The operating environment in Somalia is expected to remain extremely challenging in 2014–15. However, looking forward, NIS plans to continue to expand its operations in Somalia and establish a presence and activities in new areas such as Baidoa, Beledweyne, Galkayo, Garowe, Kismayo and elsewhere. In cooperation with donors like EU, Norway, the Somalia Stability Fund, the UK, and the World Bank, NIS expects to increase its activities in newly liberated areas, helping to bring concrete peace dividends as the government seeks to increase its presence around the country. NIS' interventions are expected to remain varied, because our focus on political impact means that flexibility in the type of projects delivered must remain a key aspect of our operating principles.

In addition to Somalia, NIS will also be concentrating on developing its Mali programme as it secures additional funding for new projects over the coming year. The progress to date for ongoing projects in northern Mali indicates a strong local demand for NIS' style of implementation, as well as a government that is keen to cooperate with a partner that is delivering tangible projects on the ground. Potential new donors have shown increased interest in supporting NIS in Mali and we expect that this will lead to new funding streams in the coming months. The political and security situation will remain fragile and complex for the foreseeable future and the need for stabilisation-type projects will continue to be significant.

Entering 2014, NIS will be engaged by the UK's Department for International Development to manage a programme supporting the Myanmar peace process. This programme entails NIS

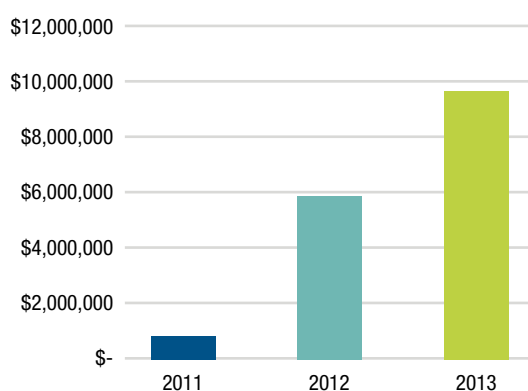
establishing a presence in Yangon to manage the Peace Support Fund. By supporting consultations, workshops, and projects of different sizes and forms, the programme sets out to ensure that a greater number of ceasefire stakeholders are meaningfully involved in the ongoing peace and political dialogue processes. The first initiatives will be funded during the first half of 2014. The programme will run throughout 2015, during which time its sources of financial support are expected to develop into a multi-donor fund.

NIS firmly believes that the lessons being learned in Somalia are relevant for developing effective implementation strategies in other fragile and conflict-affected contexts. As the Mali programme progresses and develops, NIS will be researching new countries where stabilisation activities are needed. In 2014–15 the organisation will visit countries such as South Sudan and the Central African Republic to discuss stabilisation alternatives with authorities and donors, and to identify delivery gaps that are potentially undermining a shift toward greater stability.

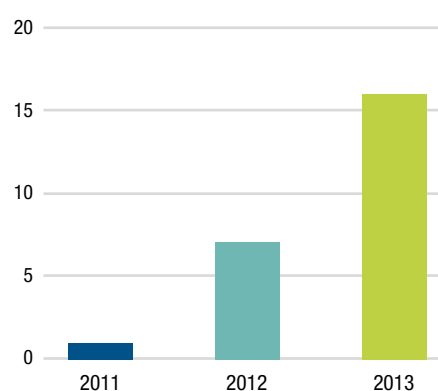
Income and expenditures

(All figures in NOK)	2013	2012
INCOME		
Contribution	50 245 652	19 671 402
Other income	2 634 918	853 819
TOTAL INCOME	52 880 570	20 525 220
OPERATING COSTS		
Goods and services from sub-suppliers	38 409 839	16 288 820
Salaries	6 361 258	435 428
Depreciation on fixed assets	41 927	918 060
Other operating costs	4 921 368	1 819 790
TOTAL OPERATING COSTS	49 734 392	19 462 098
PROFIT AND LOSS FROM OPERATIONS	3 146 178	1 063 122
FINANCE		
Financial income	29 026	52 355
Financial costs	108 069	36 367
TOTAL FINANCE	- 79 043	15 988
INCOME AND EXPENDITURE	3 067 135	1 079 110
ALLOCATIONS		
Transferred to other equity	3 067 135	1 079 110
TOTAL ALLOCATIONS	3 067 135	1 079 110

Total funding committed (USD)



Total number of projects



Auditor's report



To the Board of Directors of
Nordic International Support Foundation - NIS

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INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the financial statements of Nordic International Support Foundation - NIS, showing a profit of NOK 3 067 135. The financial statements comprise the balance sheet as at December 31, 2013, and the income statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors and the Managing Director's Responsibility for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian accounting act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are prepared in accordance with the law and regulations and give a true and fair view of the financial position of Nordic International Support Foundation - NIS as at December 31, 2013, and of its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

RSM Hasner Kjelstrup & Wiggen er et frittstående medlem av RSM International, en sammenslutning av uavhengige revisjons- og konsulentfirmaer. RSM International er navnet til et nettverk av uavhengige revisjons- og konsulentfirmaer, hvor hvert firma praktiserer selvstendig. RSM International eksisterer ikke i noen jurisdiksjon som en separat juridisk enhet.

Medlemmer av Den Norske Revisorforening



Auditor's report for 2013 for Nordic International Support Foundation - NIS

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors report concerning the financial statements, and the going concern assumption and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that the company's management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Opinion regarding the distributions and management

Based on our audit of the financial statements as described above, and control procedures we have found necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, we believe the foundation is managed in accordance with law, the Foundation's purpose and bylaws.

Oslo, June 30, 2014
RSM Hasner Kjelstrup & Wiggen AS

Translation, not to be signed

Vidar Haugen
State Authorised Public Accountant (Norway)

Note: This translation from Norwegian has been prepared for information purposes only.

