

# NORWAY

## WHAT IS YOUR AID FOR TRADE STRATEGY?

### **1. Do you have an aid-for-trade strategy and what are the key elements in this strategy?**

Norway has for several years been a major contributor to the multilateral funds for trade related technical assistance (IF, ITC, JITAP, DDAGTF, ACWL, UNCTAD).

There are also important activities related to building infrastructure and production capacity. Norfund is established to support initiatives to build productive capacity in developing countries, and in particular in the least developed countries. The capital of Norfund is at present approx. USD 600 mill. However, the activities of Norfund, although often linked to export oriented production, have so far not been considered to have any particular relation to trade related development plans.

Norwegian bilateral development cooperation is managed by the embassies at the country level. For quite some time the embassies have aimed at concentrating their efforts to a few prioritized areas where Norway has particular experience and competence, to try to make a real difference in line with the priorities of the partner countries. This has led to important efforts being made in a few sectors while trade related activities have not been given particular attention or priority at the country level.

Since the autumn of 2006 Norway is working on an action plan on aid-for-trade. The aim is to finalize the plan in the autumn 2007, in advance of the Annual Global Review of Aid-for-Trade in November.

In our discussions we have considered the possibility of increasing activities at the country level that are more directly linked to the trade agenda of the partner countries. However, our conclusion is that it will not be wise for Norway to try to give increased priority to directly trade related efforts in our bilateral development cooperation.

Instead, we should try to contribute even more than so far, through well functioning and specialized multilateral organisations. This would facilitate coordination and promote efficiency at the country level, while not overloading the often weak national trade authorities with bilateral initiatives. We have noticed that the WTO task force on Aid-for-Trade recommends to channel the funds through multilateral organisations. Thus, we consider our strategy to be very much in line with the task force recommendations.

Also within an increased Aid-for-Trade through multilateral channels we would try to concentrate our additional effort to a few prioritised themes and organisations.

Based on Norway's overall development policy, three broad themes have been selected as priority areas for Norway:

*Good governance and corruption eradication* is one of the five priority areas of Norway's development cooperation. We would try to follow up our efforts to promote good governance also in the trade sector, comprising trade policy, trade facilitation, technical barriers to trade, fair trade.

*Regional trade* would be the second priority area. Some of the land locked countries are among the very least developed countries. To help these countries in particular, and to promote increased intra regional trade and other south-south trade would be of great importance in our struggle to eradicate extreme poverty.

Our third main area of attention will be women *and trade*, which again is one of the five priority areas of Norway's development cooperation.

Our increased contributions in these priority areas will primarily be channelled through multilateral organizations, in particular through the ITC, the World Bank and UNIDO. In addition, Norway considers *The Integrated framework* as a particular useful instrument, and intends to contribute substantially to the enhancement of the IF.

## **2. How has this strategy evolved since the December 2005 WTO Ministerial Conference?**

Norway's Action Plan on Aid-for-Trade is meant to be a direct follow-up of the WTO Task Force Report as approved by the WTO's General Council] and mandated by WTO's Ministerial Conference in December 2005. It is also a direct follow-up of the emphasis put on the enhancement of the IF by the WTO Ministerial Conference and the report of the task force on the enhancement of the IF.

## **3. How does this strategy address regional aid-for-trade challenges?**

Regional aid for trade will be one of the three priority area in Norway's Action Plan, and we aim at channelling our financial contributions in this area in particular through World Bank Trust Funds.

## **HOW MUCH AID-FOR-TRADE DO YOU PROVIDE?**

### **SCOPE**

#### **4. How do you define aid-for-trade (i.e. which types of programme and project do you consider trade-related)?**

Norway adheres to OECDs definition as expressed through the figure "aid for trade: the expanding agenda" in "Aid for Trade. Making it Effective. 2006". However, so far our aid has fallen mainly into category 1 (trade policy and regulations/trade development), as explained in answer no 1.

### **METHODOLOGY**

#### **5. How do you allocate the aid-for-trade share in individual projects and programmes?**

Norway's aid-for trade will be allocated according to the principles, priority areas and channels as defined in our action plan, within the programmes and projects developed by the relevant multilateral organisations. Our aim is to play an active role in the discussions in these organisations

in order to reach the best possible results from our contributions. We will underline the need for systematic, transparent and high quality follow-up and evaluation.

## COMMITMENTS

### **6. According to your aid-for-trade definition, what were your commitments by category for the period 2002-2005 and in particular for 2005?**

Norway's reports to the Doha-database (TCBD) so far may be considered, questionable, as activities related to infrastructure and building productive capacity in most cases have had no particular link to the "trade agenda" as such, in spite of the fact that they have had trade related effects. A more determined manual accounting exercise would be necessary to give the exact picture, although there might be raised serious doubts about the realism and the necessity in allocating resources to the effort of reaching the "exact" figure.

However, basic facts might be found in the annual reports from the TCBD, where we from the Norwegian side have tried to make more serious efforts in our reporting on the years 2004 and 2005. A few basic facts might be summarized as follows:

For category 1 (the more "narrow" trade agenda comprising Trade-Related Technical Assistance and Capacity Building through multilateral organizations) the Norwegian support was in the range of NOK 80 mill. (USD 13 mill.) in 2005.

## PLEDGES

### **7. Describe any aid-for-trade pledges you have made at or since the December 2005 WTO Ministerial Conference.**

In 2006 Norway's disbursements to the "category 1" trade agenda was in the range of NOK 90 million. A further increase is expected in 2007, which to a large extent will be due to our commitment to scale up the support to the Enhanced Integrated Framework (NOK 22 million are reserved for the EIF for 2007).

### **8. What is your medium-term (beyond 3 years) financial plan for aid-for-trade?**

There is an intention to scale up the Norwegian support to the trade area as from 2008 onwards related to the work on an Action Plan as described above. However, until the Parliament approves the 2008 budget towards the end of the current year, it is not possible to predict the level for 2008. For the same reason it is not possible to establish a fixed long term financial plan for aid-for-trade. However, in light of the upcoming Action Plan it will be realistic to expect a steady increase with additional funds. From the Norwegian side it is of basic importance that new funds for aid for trade must be "additional". Such an increase should not affect our important efforts in other areas, not least in the social sectors related to the most vulnerable inhabitants in the poorest countries.

## HOW DO YOU IMPLEMENT YOUR AID-FOR-TRADE STRATEGY?

### MAINSTREAMING

**9. How do you ensure that aid-for-trade is effectively integrated in your overall development strategy and programming both at head quarters and in-country?**

We are preparing an Action Plan linked thematically to a few of the main priorities of Norway's development policy (good governance and fight against corruption, promoting the interests of women in society, promoting regional integration through trade as a means to create stability and peace).

**10. Have you recently strengthened your in-house aid-for-trade expertise and how is this expertise deployed to link policies with operations?**

In-house aid-for-trade capacity has not been strengthened neither at headquarter level nor at field level.

### OWNERSHIP

*Refers to developing countries exercising effective leadership over their development policies and strategies and co-ordinating development efforts.*

**11. What approach do you follow in your country assistance plan, when national development strategies lack a strong trade development component?**

Trade is not a priority area in Norway's bilateral assistance. Our increased efforts on aid-for-trade will mainly be channelled through multilateral organisations. It is therefore of basic importance for us that these organisations align their support with partner countries – national development plans and harmonise their activities.

**12. How do you encourage and support policy dialogues on aid-for-trade among key stakeholders in partner countries?**

Policy dialogues are supported through our contributions to the IF and multilateral organisations.

### ALIGNMENT

*Refers to donors basing their overall support on partner countries. national development strategies, institutions and procedures.*

**13. Are you using the partner countries' policy planning and budgeting framework as the basis for the provision of your aid-for-trade programmes?**

n.a.

## HARMONISATION

*Refers to donors. actions being more harmonised, transparent and collectively effective.*

**14. Do you coordinate aid-for-trade analyses and programming with other donors at the country level, given that its scope often exceeds the capacity of any single donor?**

Norway's (great) contribution to coordination and harmonisation is primarily to channel our funds through multilateral organisations that should have a fundamental responsibility for donor coordination. We would also aim at participating actively in the policy making and evaluation of these organisations.

**15. Are you increasing the amount of aid-for-trade for regional and/or multilateral programmes? (If you are a regional or multilateral agency, are you managing an increasing amount of aid-for-trade?)**

As described above, Norway's main emphasis will be increased aid-for-trade through regional and multilateral programmes.

## MANAGEMENT FOR RESULTS

*Refers to both donors and partner countries managing resources and improving decision making for results.*

**16. What objectives and timeframes do you set for your aid-for-trade strategy and programmes? How do you measure success?**

Norway contributes primarily to the multilateral funds and will participate in the multilateral organizations reporting through board meetings, in the development of framework agreements and in the dialogue to secure that Norwegian resources/contributions are used in accordance with the principles of our strategy (i.a. the principles of the Paris Declaration). In our dialogue with multilaterals we focus on results and outcomes in policy and program documents as well as reports. Our action plan aims at reviewing and evaluating the Norwegian aid-for-trade after 3 years, that is in 2010.

**17. What evaluation methodologies do you apply to your aid-for-trade projects and programmes?**

Norway has co-financed the multidonor evaluation of ITC (2005) and the "Assessing World Bank Support for Trade, 1987-2004", among others. We will continue to actively promote and sponsor such evaluations.

**18. Do you cooperate with partner countries, other donors and stakeholders in joint monitoring and evaluation of aid-for-trade projects and programmes?**

In the evaluations mentioned in question 17 Norway cooperated with other stakeholders, and will continue to do so.

## **DO YOU PARTICIPATE IN MUTUAL ACCOUNTABILITY ARRANGEMENTS?**

*Mutual accountability refers to donors and developing countries providing timely, transparent and comprehensive information in order to jointly assess development results.*

**19. Do you engage with partner countries, regional organisations, other donors and stakeholders in reviewing progress towards the fulfilment of your aid-for-trade policy and programme commitments?**

Norway will participate in the WTO process of developing a global review mechanism, in the annual debate on aid-for-trade in the WTO's General Council as well as in other relevant work.