OECD Commends Norway’s High Aid Levels, Focus on Fighting Poverty

Norway’s net official development assistance (ODA) amounted to US$ 2.04 billion in 2003, making it the world’s ninth largest donor in terms of aid volume. With ODA of 0.92% of its Gross National Income (GNI), the highest among OECD donors, Norway is approaching the government’s promised 1% target set for 2005 and beyond.

This high level of funding reflects a broad consensus within Norwegian society that funding levels and the Millennium Development Goals (MDGs) are important. A Peer Review by the OECD’s Development Assistance Committee (DAC) commends Norway’s impressive record. The Norwegian government is actively involved in the work to harmonise donor practices and aligning its programmes with the national poverty reduction strategies of developing country partners. Norway was the first non G7 creditor nation to offer 100% debt forgiveness to Least Developed Countries (LDCs) involved in the initiative in favour of Heavily Indebted Poor Countries (HIPC), with debt forgiveness treated over and above ODA budgets. Norway is also one of the major donors to humanitarian action.

As a further step, the DAC encourages Norway to assess the possibility of future, multi-year funding commitments for the seven main partner countries so as to increase the predictability of flows for those countries.

Norway’s aid volume is supported by strategies focusing on the fight against poverty, with priority going to education, health, HIV/aids, the follow-up to the WEHAB-initiatives (water, energy, health, agriculture and biological diversity) and the rights of vulnerable groups. Sub-Saharan Africa receives 48% of total bilateral ODA and LDCs 55%. The deciding factors for allocating resources are countries’ own efforts to reach the MDGs as well as Norway’s ability to contribute to development results. The Committee encouraged the government to increase the proportion of its long term assistance going to partner countries.

A special feature of Norwegian ODA is the large share - an estimated 22% of all development aid in 2002 - channelled through NGOs, most of which are Norwegian. Norway supports civil society organisations that play an advocacy role, but the government will only support NGOs as service providers if their activities are aligned with partner countries’ national policy reduction strategies. This approach has generated a debate within the NGO community in Norway.

The DAC took note of the recent reorganisation of the Norwegian aid administration. The planning, execution and administration of development co-operation activities were integrated into the Ministry of Foreign Affairs in April 2004, and decision-making further decentralised to the embassies. This important change should allow the government to focus on priority countries and strengthen its results orientation. The government
should ensure that the aid administration has the right mix of people and sufficient resources to provide effective advice and support on all issues which are high on the government's policy agenda, such as private sector development; and to build on Norway's strong support to gender equality. The recent Action Plan on Fighting Poverty through Agriculture is an opportunity to experiment with innovative thinking and tools in both areas.

The Committee also urged the government to explain how its rights-based approach to development will work in the field and be reconciled with the priority Norway gives to local strategies, and how it will address partner countries' human rights challenges. In responding, the Norwegian delegation emphasised that partner countries are reminded to incorporate their obligations to deliver on human rights (economic, social and cultural as well as civil and political) as part of their national poverty reduction strategies, and that Norway will assist in this regard while continuing the dialogue on human rights.

While Norway is commended for its debt relief measures, anti-corruption work and promotion of corporate ethical guidelines, it should review the very high levels of agricultural protection to all but Least Developed Countries and its safeguard clauses associated with its general system of preferences. This would be consistent with increased policy coherence for development.

The DAC also commended Norway for its leading role on humanitarian donorship, inter alia as a major contributor to the multilateral agencies, while recommending that the government present its policies related to humanitarian action in a comprehensive policy document. Good co-ordination within and between the departments involved in the administration of humanitarian action will enable Norway to continue to safeguard humanitarian principles and address emerging issues, such as beneficiaries’ involvement, as well as ensure effective planning and improved reporting.

DAC Chair Richard Manning led the DAC Peer Review of Norway’s development co-operation policies and programmes on 23 November 2004. The Norwegian Delegation was headed by Ms. Hilde F. Johnson, Minister of International Development. The examiners for the Peer Review were Japan and Spain.

The main findings and recommendations of the DAC regarding this review will be published on the OECD website at www.oecd.org/dac during December 2004. For further information journalists are invited to contact the OECD’s Media Relations Division (news.contact@oecd.org or tel. [33] 1 4524 9700).
Aid at a glance

NORWAY

<table>
<thead>
<tr>
<th>Net ODA</th>
<th>2002</th>
<th>2003</th>
<th>Change 2002/03</th>
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<tbody>
<tr>
<td>Current (USD m)</td>
<td>1696</td>
<td>2042</td>
<td>20.4%</td>
</tr>
<tr>
<td>Constant (2002 USD m)</td>
<td>1696</td>
<td>1775</td>
<td>4.6%</td>
</tr>
<tr>
<td>In Norwegian Kroner (million)</td>
<td>13544</td>
<td>14457</td>
<td>6.7%</td>
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<tr>
<td>ODA/GNI</td>
<td>0.89%</td>
<td>0.92%</td>
<td></td>
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<tr>
<td>Bilateral share</td>
<td>68%</td>
<td>72%</td>
<td></td>
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</tbody>
</table>

| Net Official Aid (OA)   |       |       |                |
| Current (USD m)         | 45    | 50    | 11.6%          |

**Top Ten Recipients of Gross ODA/OA (USD million)**

1. Afghanistan 65
2. Tanzania 57
3. Palestinian Adm. Areas 52
4. Mozambique 46
5. Iraq 38
6. Uganda 35
7. Serbia & Montenegro 33
8. Ethiopia 33
9. Somalia 33
10. Zambia 32

**Gross Bilateral ODA, 2002-03 average, unless otherwise shown**

By Income Group (USD m)

- LDCs: 312
- Other Low-Income: 361
- Lower Middle-Income: 515
- Upper Middle-Income: 168
- High-Income: 144
- Unallocated: 68

By Region (USD m)

- Sub-Saharan Africa: 458
- South and Central Asia: 294
- Other Asia and Oceania: 112
- Middle East and North Africa: 66
- Latin America and Caribbean: 144
- Europe: 68
- Unspecified: 33

By Sector

- Education, Health & Population
- Other Social Infrastructure
- Economic Infrastructure
- Production
- Multisector
- Programme Assistance
- Debt Relief
- Emergency Aid
- Unspecified
Net ODA in 2003

USD billion

Net ODA in 2003 - amounts

As % of GNI

UN Target 0.7

Average country effort 0.41