The DAC’s main findings and recommendations

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Norway 2019
The DAC’s main findings and recommendations

Norway is a strong partner for development. Recognition that achieving the Sustainable Development Goals (SDGs) is a shared responsibility underpins Norway’s commitment to sustainable development. This vision is backed by broad-based political support for maintaining official development assistance (ODA) at 1% of gross national income (GNI).

Norway is taking action in several areas. It is becoming more knowledge-oriented and consolidating its approach to technical co-operation and capacity building in partner-country institutions, focusing on areas of comparative advantage. It is adapting its humanitarian response to the changing patterns of crises, backed by a clear strategy, an increased budget and solid partnerships. Its framework for working in fragile contexts recognises the need for coherence between peacebuilding, development and humanitarian action.

Reflecting its support for the 2030 Agenda and its global thematic priorities (such as health, education, climate and the environment), Norway’s development co-operation model is changing. It is increasingly using the multilateral system to protect global public goods and address global challenges. Although using multilateral delivery channels has some benefits, it creates an additional layer between Norway and its partner countries, potentially limiting Norway’s ability to ensure that funding responds to country level needs. The creation of new global financing instruments may also undermine Norway’s efforts to strengthen the multilateral system.

Further adjustments will be needed to ensure Norway’s changing model delivers on its ambitions, including improving its approach to strategic management; considering its staffing needs; and strengthening its results, knowledge and risk-management approaches. Organisational reforms launched in 2018 are an opportunity to address overlaps between the Ministry of Foreign Affairs and the Norwegian Agency for Development Co-operation (Norad). At the same time, reforms should strive to maintain existing capabilities and expertise, and should involve careful changemanagement involving effective communication with staff and stakeholders.
Norway is a strong development partner

*Shared responsibility shapes Norway’s commitment to sustainable development, backed by generous financial resources*

A narrative of shared responsibility underpins Norway’s approach to sustainable development and the 2030 Agenda. Norway is increasingly using development co-operation to promote global public goods and address global challenges. Thanks to its commitment to global action and the multilateral system, Norway has been the driving force behind a number of multi-stakeholder initiatives and continues to play an important role in supporting peace and reconciliation processes. Engaging in international fora to influence global policy making and norms is integral to Norway’s approach (*Sections 1.1, 2.1, 3.2, 3.3, 4.1*).

Norway’s commitment to the 2030 Agenda is backed by a generous and growing ODA budget, underpinned by broad-based political support. The national commitment to provide 1% of GNI as ODA has resulted in sustained increases to the development budget over recent years. Norway continues to meet the United Nations target on ODA to least-developed countries, and its share of support for civil-society organisations is above the OECD Development Assistance Committee (DAC) average. Norway’s development finance institution, the Norwegian Investment Fund for Developing Countries (Norfund), has received significant capital increases in recent budgets to support private-sector development and job creation in partner countries. Prioritising Norfund as Norway’s main vehicle for such support creates focus and coherence, and prevents potential fragmentation from use of multiple instruments (*Sections 3.1, 3.4*).

Norway’s technical co-operation – including through the Oil for Development and Tax for Development programmes that support domestic-resource mobilisation – aims to strengthen competence and capacity in partner-country public institutions. Norway’s partners highly value this support. The launch of the Knowledge Bank in 2018 to consolidate Norway’s cross-government capabilities signals Norway’s intention to strengthen knowledge transfer. The Ministry of Foreign Affairs’ October 2018 human-resource strategy, and the development of a new research strategy for 2017-24, also reflect Norway’s efforts to be more knowledge-oriented (*Sections 2.3, 3.4, 5.1*).

*Norway is making an exemplary contribution to the global humanitarian system*

Norway’s humanitarian system functions well, enabling it to meet the commitments made at the 2016 World Humanitarian Summit. Through a clear new humanitarian strategy, an increased budget and solid partnerships – notably with UN humanitarian agencies – Norway helps improve the humanitarian landscape. Multiannual partnership frameworks, and support for innovation labs that create links with the private sector, are concrete examples of how Norway is adapting its humanitarian response to the changing pattern of crises (*Sections 7.1 to 7.5*).

*Norway is committed to evaluating its work*

Norway’s approach to strategic evaluations is strong, and the country has become an important leader in development evaluation. Steps have been taken to improve the quality of decentralised evaluations. Their quality will be further strengthened through the inclusion of decentralised evaluations in the mandate of Norad’s quality assurance department (*Section 6.2*).
Norway can build on its achievements

Norway recognises the importance of policy coherence for development, but responsibility for implementation is unclear

The newly established Policy Coherence Forum signals a greater effort to address inconsistencies between domestic policies and sustainable development objectives. However, addressing key issues – such as incoherence between Norway’s climate policy and emissions-reduction targets, and its support for the domestic petroleum sector – in a timely manner requires a strengthened approach. While the Forum is well placed to identify, raise and discuss key issues with stakeholders, it does not have the mandate to turn those discussions into action, or to establish follow-up plans and monitor their implementation (Section 1.2).

Recommendation

1. Norway should determine the institution responsible for following up on Policy Coherence Forum discussions, and task it to develop action plans and report regularly on implementation.

As Norway’s development co-operation model changes, its systems, structures and capabilities will also need to adapt

Norway’s development co-operation model is changing. Norway is making a concerted effort to do things differently, including by tackling development challenges increasingly at the global level and channelling a growing share of Norwegian ODA through the multilateral system to support its global thematic priorities. To deliver on these ambitions, Norway will need to make adjustments to its systems and structures, and ensure the effective distribution of staff.

Norway’s vision of development co-operation is supported by a range of policy white papers. These have helped clarify its geographical and thematic focus, as well as its overall principles – including that aid should be catalytic and work towards leveraging other financial flows for development. Translating political guidance into effective programming requires a strategic and co-ordinated approach to decision-making. Adjusting such governance mechanisms will enable Norway to maximise opportunities that exist across its programmes. While making these adjustments, it will be important for Norway to retain its flexible, responsive and consensus-driven approach (Sections 2.1, 4.1).

Recommendation

2. Norway should establish a strategic oversight mechanism, to ensure programming decisions align with its overall vision and policies.

Norway’s changing model and growing ODA budget call for an appropriate distribution of capabilities throughout its development co-operation system. Ensuring that funding through multilateral instruments is effective requires both appropriately skilled embassy staff to monitor the use of funds and more effective engagement with multilateral institutions at the board level. It also requires capabilities in place to capture and feed this information back into Norway’s development co-operation system for improved learning and decision-making (Sections 2.3, 4.3, 5.1, 6.3).
Recommendation

3. Norway should undertake strategic workforce planning to ensure that the appropriate skills, expertise and capabilities are available to deliver on its development co-operation objectives.

The shift towards multilateral delivery brings strengths, but also potential trade-offs to be managed

Norway is increasing the share of bilateral ODA delivered through multilateral channels and intermediary financing instruments. The potential strengths of using multilateral channels include minimising the reporting burden for partners, supporting the principle of collective responsibility and – if combined with effective board engagement – strengthening the multilateral system. Using collective instruments also offers Norway an efficient way to disburse funds as its ODA grows, and in the absence of increased staff numbers.

However, using intermediary channels creates an additional layer between Norway and its partner countries, potentially limiting its ability to ensure funding responds to their needs – a core principle of development effectiveness. Creating new multilateral instruments to manage funding may also contribute to fragmentation, undermining the core function of multilateral organisations. In addition, Norway will need to consider how its use of global channels contributes to leaving no one behind. This is particularly relevant as programmes (e.g. the Norwegian International Climate and Forest Initiative) continue to channel significant funding towards upper middle-income countries.

Norway’s shift towards making greater use of multilateral channels would benefit from a clear approach to bilateral, core multilateral and earmarked funding, including how these forms of funding can be mutually supportive. This approach should be aligned with Norway’s strategy for engaging with multilateral organisations, and involve regular review of the overall balance of funding forms based on evidence of their relative effectiveness. Avoiding fragmentation by limiting the creation of new instruments would also support Norway’s efforts to strengthen the multilateral system (Sections 2.3, 3.2, 3.3, 5.1).

Recommendation

4. Norway should detail in its multilateral strategy how its use of core funding, earmarked funding and other intermediary financing instruments aligns with its objective of strengthening the multilateral system.

Country strategies will facilitate better co-ordination and learning, and should strengthen synergies between Norway’s bilateral and multilateral funding

Norway is currently preparing strategies for its 16 partner countries based on mutual partnership and the SDGs. Developing country strategies should help Norway strengthen its country-level engagement while improving the predictability of its aid, mutual accountability with partner governments and co-ordination with other partners. Including all of Norway’s development co-operation actors in the country strategies would also help ensure synergies across its programmes; facilitate better co-ordination in partner countries; and improve information sharing and learning across the Ministry of Foreign Affairs, Norad and Norfund (Sections 2.3, 5.2).
Recommendation

5. **Norway’s planned country strategies should be comprehensive, encompassing all actors and programmes – including bilateral as well as multilateral engagement.**

*Further improvements are needed in Norway’s approach to results-based management*

Norway has taken steps to improve its approach to results-based management. Recent revisions to staff guidance have clarified key concepts and methodologies, and the proposed creation of a Results Portal will likely enhance domestic accountability and transparency. Nevertheless, there is room to improve the way results contribute to overall decision-making and are linked to Norway’s narrative for change. This would support efforts to enhance strategic management and planning.

Norway lacks a clear articulation of its objectives at the portfolio, country and programme levels. In addition, the focus in existing guidance on project-level results limits Norway’s ability to capture results at the portfolio and strategic levels. Norway’s current arrangements give significant responsibility to grant recipients for defining and reporting results. This may limit the projects’ alignment with Norway’s development objectives; it is also contributing to the inconsistent quality of results frameworks. These factors are constraining Norway’s ability to demonstrate how its development co-operation programme ultimately contributes to achieving the SDGs, and limits the use of results information for learning and strategic decision-making across the whole system (Sections 6.1, 6.3).

Recommendation

6. **To support learning and direction through a strengthened approach to results-based management, Norway should:**

- develop and articulate clearly its portfolio level goals
- expand guidance beyond project-level results, to support staff in the collection and aggregation of adequate results data
- ensure consistent and comprehensive implementation of guidance relating to results management.

*Anti-corruption is a key part of Norway’s risk-management approach, but there is scope to do more*

Norway has continued to build and deepen its efforts in managing corruption risks in development co-operation. The Ministry of Foreign Affairs has elaborated a series of tools and methods for understanding the risks of corruption and supplements these efforts through a series of policy mechanisms. The creation of the Foreign Service Control Unit in 2007 and parallel units in Norad in 2011 were decisive in triggering this more systematic risk-management approach, which continues to develop and strengthen every year. Risk management is based on the operating environment – the higher the risks, the more follow-up. A more pragmatic and proportionate approach to implementing Norway’s zero tolerance principle is important.

Norway’s approach to managing risks is yielding important results, but there remain areas for improvement, such as ensuring that risk monitoring at the project and programme levels
systematically informs strategic decision-making. It will also be important for Norway to incorporate recommendations and good practice in managing the risks of sexual exploitation and abuse (Sections 4.1, 4.2).

Recommendation
7. **Norway should adopt better tailored anti-corruption approaches and ensure staff and partner capacity to implement and follow-up.**

**Norway is scaling up its engagement in fragile and crisis-affected contexts, but adjustments are needed to ensure a consistent effort**

Norway is building up its new approach to fragile contexts. The link between peacebuilding, development co-operation and humanitarian aid is increasingly coherent, underpinned by Norway’s new framework for working in fragile contexts. Norway now needs to systematise the use of conflict analysis and risk monitoring throughout its development co-operation in fragile contexts, to ensure that it can identify and utilise the most appropriate diplomatic and development instruments in these fluid environments. Norway should also ensure it has sufficient human resources to effectively analyse contexts and key drivers of fragility, and follow up regularly on its programmes (Sections 2.1, 7.1).

Recommendation
8. **Norway should ensure it conducts conflict analysis and risk monitoring consistently and comprehensively throughout its development co-operation in fragile contexts.**

**Norway needs to address some challenges**

**Norway lacks a formal knowledge-management system**

While the appetite for learning demonstrated by staff of the Ministry of Foreign Affairs and Norad will likely be supported by recent initiatives, such as the Knowledge Bank and the new research strategy, Norway still lacks a formal approach to knowledge management. This limits opportunities for learning and strategic direction across Norway’s development co-operation system, including the Ministry of Foreign Affairs, Norad, Norfund and other relevant ministries. Developing a formal knowledge-management system would help Norway use learning – including knowledge gained through its partners, its assessment of evidence and its own experiences of what works and what does not – to improve content and direction. It would also enable Norway to use the findings from strengthened results-based management, as well as from its strategic and decentralised evaluations, to achieve more informed decision-making (Sections 5.2, 6.3).

Recommendation
9. **Norway should develop a system to capture knowledge gained across its overall development co-operation programme, and use this knowledge to inform and improve programming and decision-making.**

**Managing cross-cutting issues is a work in progress**

Norway’s previous efforts to implement cross-cutting themes – human rights, women’s rights and gender equality, climate and environment, and anti-corruption – yielded limited
results. As a result, Norway has shifted to a “do-no-harm” approach, integrated into its risk-management processes. While this has helped streamline Norway’s efforts, the implications of “do-no-harm” are not well understood by partners or staff, and Norway will need to assess its effectiveness. Focusing on “do-no-harm” also potentially limits Norway’s opportunities to “do good”, by actively pursuing positive outcomes on priority issues where appropriate and possible (Section 2.2).

**Recommendation**

10. **Norway should continue to develop its approach to cross-cutting issues to ensure it is both efficient and effective, and widely understood, including by:**

   - better defining when a “do-no-harm” risk-management approach is appropriate and sufficient
   - leaving space for partners to go beyond a “do-no-harm” approach to actively pursue positive development outcomes.

**Institutional arrangements have led to overlap and inefficiency**

Norway’s development co-operation is complex, involving different ministries and agencies. Although the Ministry of Foreign Affairs retains primary responsibility, Norad has been allocated increasing responsibility, including for policy in some thematic areas. Despite efforts to strengthen coherence across the development co-operation system, current institutional arrangements have led to a degree of overlap and inefficiency, compounded by the need to deliver an increasing aid budget.

The planned organisational reforms to determine the respective roles and responsibilities of the Ministry of Foreign Affairs, Norad and other ministries will require a careful change-management approach, as well as effective communication with all staff and stakeholders. It will also be important to safeguard the skills and core capabilities currently located in Norad, such as its strong approach to development communications and awareness-raising (Sections 1.3, 4.1).

**Recommendations**

11. **The proposed reforms to Norway’s development co-operation system should clarify responsibilities for aid strategy, management and administration, to exploit its strengths and retain the existing capabilities.**

12. **Norway should undertake a careful change-management approach, including through effective communication with all staff and stakeholders.**
Summary of recommendations

DAC recommendations to Norway

| (1) | Norway should determine the institution responsible for following up on Policy Coherence Forum discussions, and task it to develop action plans and report regularly on implementation. |
| (2) | Norway should establish a strategic oversight mechanism, to ensure programming decisions align with its overall vision and policies. |
| (3) | Norway should undertake strategic workforce planning to ensure that the appropriate skills, expertise and capabilities are available to deliver on its development co-operation objectives. |
| (4) | Norway should detail in its multilateral strategy how its use of core funding, earmarked funding and other intermediary financing instruments aligns with its objective of strengthening the multilateral system. |
| (5) | Norway’s planned country strategies should be comprehensive, encompassing all actors and programmes – including bilateral as well as multilateral engagement. |
| (6) | To support learning and direction through a strengthened approach to results-based management, Norway should:  
  • develop and articulate clearly its portfolio level goals  
  • expand guidance beyond project-level results, to support staff in the collection and aggregation of adequate results data  
  • ensure consistent and comprehensive implementation of guidance relating to results management. |
| (7) | Norway should adopt better tailored anti-corruption approaches and ensure staff and partner capacity to implement and follow-up. |
| (8) | Norway should ensure it conducts conflict analysis and risk monitoring consistently and comprehensively throughout its development co-operation in fragile contexts. |
| (9) | Norway should develop a system to capture knowledge gained across its overall development co-operation programme, and use this knowledge to inform and improve programming and decision making. |
| (10) | Norway should continue to develop its approach to cross-cutting issues to ensure it is both efficient and effective, and widely understood, including by:  
  • better defining when a “do-no-harm” risk-management approach is appropriate and sufficient  
  • leaving space for partners to go beyond a “do-no-harm” approach to actively pursue positive development outcomes. |
| (11) | The proposed reforms to Norway’s development co-operation system should clarify responsibilities for aid strategy, management and administration, to exploit its strengths and retain the existing capabilities. |
| (12) | Norway should undertake a careful change-management approach, including through effective communication with all staff and stakeholders. |
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