OECD Development Co-operation Peer Reviews

NORWAY

2019

The Development Assistance Committee: Enabling effective development

OECD

OECD Development Co-operation Peer Reviews: Norway 2019

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Conducting the Peer Review

The OECD Development Assistance Committee (DAC) conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every five years, with six members examined annually. The OECD Development Co-operation Directorate provides analytical support, and develops and maintains, in close consultation with the Committee, the methodology and analytical framework – known as the Reference Guide – within which the peer reviews are undertaken.

The objectives of DAC peer reviews are to improve the quality and effectiveness of development co-operation policies and systems, and to promote good development partnerships for better impact on poverty reduction and sustainable development in developing countries. DAC peer reviews assess the performance of a given member, not just that of its development co-operation agency, and examine both policy and implementation. They take an integrated, system-wide perspective on the development co-operation and humanitarian assistance activities of the member under review.

The peer review is prepared by a team consisting of representatives of the Secretariat working with officials from two DAC members who are designated as "examiners". The country under review provides a memorandum setting out the main developments in its policies and programmes. The Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and non-governmental organisations' representatives in the donor country to obtain a first-hand insight into current issues surrounding the development co-operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination. During the field visit, the team meets with representatives of the partner country's administration, parliamentarians, civil society and other development partners.

The Secretariat then prepares a draft report on the member's development co-operation, which is the basis for the DAC review meeting at the OECD. At this meeting, senior officials from the member under review respond to questions formulated by the Committee in association with the examiners.

This review – containing both the main findings and recommendations of the DAC and the analytical report of the Secretariat – was prepared with examiners from Poland (Aneta Kedziora and Miroslaw Luczka) and the United Kingdom (Andrew McCoubrey, Hannah Binci and Juliet Meere) for the peer review of Norway on 27 March 2019. The Secretariat team consisted of John Egan, Anita King, Hugh MacLeman, Cyprien Fabre and Catherine Anderson. Mari Laikre provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of Rahul Malhotra. Among other things, this review looks at the changes to systems, structures and capabilities that would help Norway deliver on its shifting approach to development

co-operation. These include strategic oversight to align programming with Norway's overall vision and policies for sustainable development; strengthened approaches to results, knowledge and risk management; and taking a bolder approach to cross-cutting issues such as human rights, gender, climate and environment, and anti-corruption.

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Abbreviations and acronyms

CSO	Civil society organisations
CRRF	Comprehensive Refugee Response Framework
DAC	OECD Development Assistance Committee
GDP	Gross domestic product
GFF	Global Financing Facility
GNI	Gross national income
IDA	International Development Association
NDP II	Second National Development Plan of Uganda
NICFI	Norwegian International Climate and Forest Initiative
NGO	Non-government organisation
Norad	Norwegian Agency for Development Co-operation
Norfund	Norwegian Investment Fund for Developing Countries
NRC	Norwegian Refugee Council
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund

Signs used

NOK	Norwegian Kroner
USD	United States Dollars
( )	Secretariat estimate in whole or part
-	(Nil)
0.0	Negligible
..	Not available

…	Not available separately, but included in total
n.a.	Not applicable
p	Provisional

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = NOK

2011	2012	2013	2014	2015	2016	2017
5.6046	5.8149	5.8780	6.3019	8.0643	8.4002	8.2710

Norway's aid at a glance

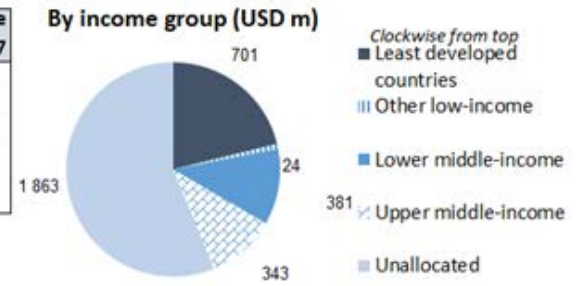
Figure 0.1. Norway's aid at a glance

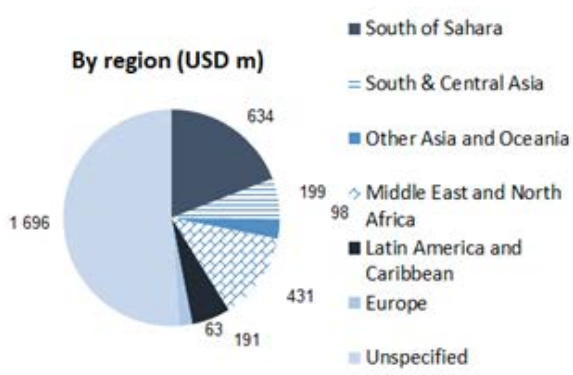
NORWAY

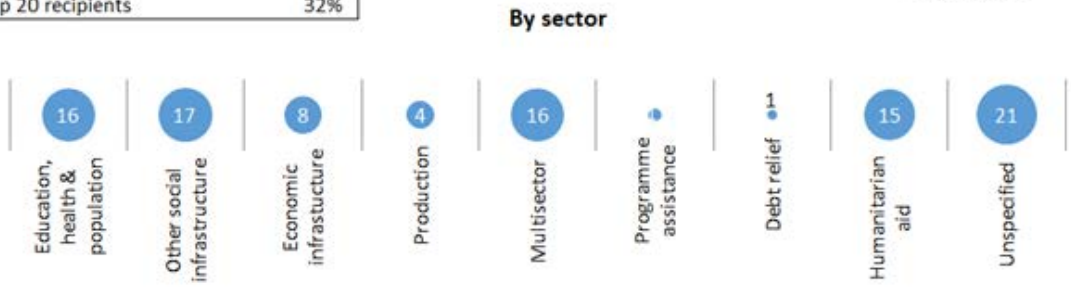
Gross bilateral ODA, 2016-17 average, unless otherwise shown

Net ODA	2016	2017	Change 2016/17
Current (USD m)	4 380	4 125	-5.8%
Constant (2016 USD m)	4 380	3 944	-9.9%
In Norwegian Kroner (million)	36 794	34 118	-7.3%
ODA/GNI	1.12%	0.99%	
Bilateral share	79%	76%	

Top ten recipients of gross ODA (USD million)	
1 Syrian Arab Republic	126
2 Brazil	83
3 Afghanistan	79
4 South Sudan	71
5 West Bank and Gaza Strip	70
6 Lebanon	64
7 Malawi	61
8 Ethiopia	57
9 Somalia	53
10 Colombia	51
Memo: Share of gross bilateral ODA	
Top 5 recipients	13%
Top 10 recipients	22%
Top 20 recipients	32%

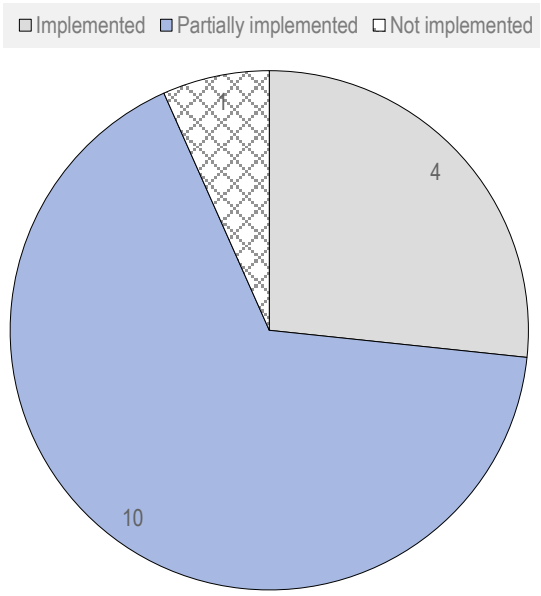






Source: OECD-DAC (n.d.), "Financing for Sustainable Development", www.oecd.org/dac/stats.

Figure 0.2. Norway's implementation of the 2013 peer review recommendations (see Annex A)



Context of the peer review of Norway

Political and economic context

Norway's current minority coalition government has been in power since 2013. The Conservative Party led by Prime Minister Erna Solberg and the Progress Party were re-elected in October 2017 and in January 2018 the Liberal Party joined the coalition. In January 2019, the Christian Democratic Party, which has been a firm advocate for development assistance, also joined the government. Parliamentary elections are next scheduled for 2021.

Norway's population of 5.3 million benefits from sustained economic growth. At USD 35 739 (US dollars), average annual household net-adjusted disposable income per capita is higher than the OECD average (OECD, 2016). The unemployment rate is relatively low having fallen from 4.6% in 2016 to 4.2% in 2017 and is expected to reach 3.7% in 2018 (OECD, 2018a). Satisfaction with the education system is the highest among all OECD countries, reaching 85% in 2016 – an increase from 77% in 2007, likely attributable to high levels of access to educational institutions and improvements in Programme for International Student Assessment (PISA) scores in all subjects (OECD, 2017). Refugee policies since 2015 have been relatively restrictive, with applications for asylum decreasing in recent years (Government of Norway, 2017). However, with 11.3 refugees per 1 000 inhabitants, Norway sits above the median for OECD countries (Center for Global Development, 2017).

The OECD projects steady 2.3% growth in real gross domestic product (GDP), above the 1.9% average for OECD member countries (OECD, 2018b). Forecast inflation remains low, around 2%, as compared to the OECD average of 2.4%. Norway's fiscal balances have maintained a surplus in recent years, at 6.0% of GDP in 2015 and 3.1% of GDP in 2016 (OECD, 2017). Both government expenditures and government investment are also above the OECD average.[1] Norway's sustained economic prosperity is largely attributable to its well-managed petroleum resources, which have enabled the accumulation of a substantial sovereign wealth fund, the Government Pension Fund Global, while also financing fiscal deficits.[2] In 2017, the government announced a revision to the fiscal rule, namely that fiscal budgeting be based on a 3% expected return on the Fund, instead of the 4% in place since 2001. This suggests an end to fiscal expansion and a degree of constrained public spending going forward (OECD, 2018c).

Development co-operation system

The delivery of Norway's aid programme is largely shared between the Ministry of Foreign Affairs, the Ministry for Climate and Environment, the Norwegian Agency for Development Co-operation (Norad), Norway's embassies, Norec (formerly FK Norway, responsible for facilitating exchanges between Norway and developing countries), and Norway's development finance institution, the Norwegian Investment Fund for Developing Countries (Norfund). In 2017, the Ministry of Foreign Affairs was responsible for

managing around 50% of Norwegian ODA, and the Ministry for Climate and Environment – which is responsible for Norway's International Climate and Forest Initiative (NICFI) – for 8% of Norwegian ODA. Since 2016-17, the government has delegated increasing responsibility to Norad for the delivery of the aid programme. Norad's responsibilities include the administration of support to health, education and climate and renewable energy programmes, private sector development, and support for civil society organisations. Norad administered around 28% of net ODA disbursements in 2017, up from 12% in 2016. A formal review and reform of the organisational arrangements and respective roles of Norad and the Ministry of Foreign Affairs commenced in 2018 and is ongoing.

This peer review looks at Norway's efforts since 2013 to increase the impact of its aid and the efficiency of its distribution, while also being sensitive to these changes in the political, economic and administrative context.

Notes

[1] Government expenditures were 48.8% of GDP in 2015 and 51.1% of GDP in 2016, compared to the OECD average of 40.9% of GDP in 2015 and 41.5% of GDP in 2016; government investment was 4.8% in 2015 and 5.3% in 2016, compared to the OECD average of 3.2% in 2015 and 3% in 2016. See OECD (2017) and OECD (n.d.), http://www.oecd.org/gov/public-investment.htm.

[2] The fiscal rule permits spending more than the expected return on the Fund in a cyclical downturn. Spending of petroleum revenues should be below the expected return when capacity utilisation in the economy is high. See also: Royal Norwegian Ministry of Finance (2013).

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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 makes 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.

Secretariat's Report

Chapter 1. Norway's global efforts for sustainable development

This chapter examines Norway's approach to global sustainable development, including its response to global challenges, action to ensure coherence between domestic policies and global sustainable development objectives, and efforts to raise awareness of global development issues at home. Norway is a strong advocate for global issues such as education, climate and environment, working actively through a range of channels to strengthen global goods, promote and protect human rights, and uphold peace and security. Norway could deepen its efforts to address global challenges, such as illicit financial flows. The new Policy Coherence Forum provides an opportunity to identify and address inconsistencies between Norway's domestic policies and its stated global sustainable development objectives, in particular with regard to oil and gas exports, agricultural subsidies and production of weapons. In the context of ongoing organisational reforms, Norway will need to ensure that its strong approach to communications and global awareness-raising is maintained.

Efforts to support global sustainable development

Peer review indicator: The member plays an active role in contributing to global norms, frameworks and public goods that benefit developing countries

Norway actively and consistently advocates for its priority issues in international and multilateral fora. In doing so, it frequently leads in the launch of multi-stakeholder initiatives on global issues such as education, climate and environment. Norway demonstrates a committed approach to multilateral co-operation and upholding and strengthening global governance and norms. It also continues to position itself as a leader in promoting and protecting human rights, peace and reconciliation processes, and the linkages between security and sustainable development. Norway actively addresses global challenges that are important for domestic resource mobilisation and has scaled-up efforts on taxation, anti-corruption and combating illicit financial flows. Norway is well-placed to deepen its efforts in these areas, particularly in high-risk sectors and fragile and conflict-affected situations.

Norway uses its voice to be a consistent and global leader

Norway continues to play an ambitious and wide-reaching advocacy role at the international level. It actively seeks to promote development agendas particularly through multi-stakeholder initiatives in its priority policy areas (e.g. health, education and gender, and climate change and environment). Using its perceived neutrality, it also prioritises foreign policy efforts in support of peace and reconciliation processes, most recently in Colombia, and in upholding an international rules-based order, notably around human rights. Norway's contributions to international peacekeeping efforts and its willingness to stand for a non-permanent seat on the United Nations Security Council (UNSC) for 2021-22 – to be voted on by the General Assembly in June 2020 – are a demonstration of this commitment (Government of Norway, 2018a). Reflecting its prioritisation of and support for the links between security and development, Norway advocates strongly for women, peace and security – a key pillar of its UNSC campaign – and recently resumed the presidency of the Mine Ban Treaty.

Having influenced negotiations in the lead-up to the 2030 Agenda for Sustainable Development, Norway has developed a compelling narrative on the 2030 Agenda's relevance and endeavours to shape its engagement accordingly. Assigning each of the 17 Sustainable Development Goals (SDGs) to a co-ordinating ministry in Oslo has fostered cross-government awareness, while tying reporting to the annual budget process provides a clear, whole-of-government mechanism for follow-up.[1] In line with the government's plan for national follow-up of the SDGs, Norway presented its first Voluntary National Review to the United Nations High Level Political Forum in 2016 (Government of Norway, 2016a). In doing so, it further articulated efforts to integrate the SDGs into domestic and international policies and demonstrated an internalised shift towards the global action embodied in the 2030 Agenda. In 2016, the UN Secretary General appointed Prime Minister Erna Solberg as Co-Chair of the Sustainable Development Goals Advocates.

Norway was an effective co-facilitator of preparatory processes for the Third International Conference on Financing for Development and played a constructive role in the launch of the Addis Tax Initiative, in which countries declared their commitment to action towards

raising domestic public revenue, and to improving the fairness, transparency, efficiency, and effectiveness of domestic tax systems (Addis Tax Initiative, 2015). Norway is a member of the Forum on Tax Administration, which is developing a work stream on capacity building (OECD, 2018a), and is the current chair. Norway also supports the OECD Task Force on Tax and Development and upholds the Base Erosion and Profit Shifting Inclusive Framework domestically (Government of Norway, 2016a). Additionally, it frequently uses its strong voice in taxation fora to raise issues that benefit or affect developing countries.

Global and thematic priorities reflect Norway's strategic interests and strengths

As a small country of just 5.3 million people, Norway relies on partnerships with like-minded countries and increasingly prioritises working through multilateral channels to pursue its global agenda. Norway's global and thematic priorities in advancing global public goods and responding to global challenges are in line with the SDGs. They are also underpinned by political engagement and clear directives, wherein strategic priority is given to the global public goods and challenges that affect Norway's national interests. The 2016-17 white paper on the place of the oceans in Norway's foreign and development policy, for example, outlines the government's aim for Norway to be at the forefront of international efforts to protect and uphold international law around oceans (Government of Norway, 2017a). In early 2018, Prime Minister Solberg launched a new High-level Panel for a Sustainable Ocean Economy, co-chaired by the President of the Republic of Palau, and subsequently launched a programme to combat marine litter, allocating NOK 150 million to this in 2018. These initiatives aim to safeguard Norway's ocean security and economic interests while upholding a rules-based international order and working to achieve the SDGs.

Norway complements this global advocacy by encouraging its partners to contribute more resources and secure the long-term sustainability of the global initiatives it promotes. There is, however, room for improvement in this area to enhance Norway's ability to convince like-minded countries to offer support, particularly when new initiatives risks contributing to further fragmenting the multilateral system (Chapter 2).

In addition to efforts to address and protect global public goods such as oceans, Norway is increasingly focusing on global challenges important for domestic resource mobilisation, including the challenges and priorities arising from tax evasion, illicit financial flows and corruption. It plays an active role in contributing to international norms, including by forging alliances across traditional groups in the UN, and provides technical assistance in these areas. Norway is encouraged to deepen these efforts, particularly in those areas – such as conflict and fragility, natural-resource management, and domestic resource mobilisation – that might hinder progress in its development priorities and its strategic efforts to further development in partner countries. With regard to anti-corruption, Norway is committed to implementing the OECD Anti-Bribery Convention and the OECD Council Recommendation for Development Co-operation Actors on Managing Risks of Corruption (OECD, 2018b), and is an important member of initiatives addressing illicit financial flows and anti-corruption, such as the Corruption Hunters Network, the U4 Anti-Corruption Resource Centre[2], the United Nations Office of Drugs and Crime (UNODC) and the International Centre for Asset Recovery (ICAR).[3]

Stricter asylum policies since 2015 are being met by fewer refugees

Thanks to its wealth, robust labour market, commitment to humanitarian protection, and because it has accepted many refugees from different crisis areas, Norway is seen as an attractive and generous destination for migrants and refugees. Although public attitudes towards immigrants and immigration remain positive,[4] like other Nordic governments, Norway has aimed in recent years to reduce its attractiveness as a destination for migrants. In 2015, legislative amendments included stricter reunification policies, less financial support, and swifter return of those not granted asylum (Government of Norway, 2016b; Government of Norway, 2017b). Since peaking in 2015, the number of refugee and asylum seekers has sharply decreased,[5] reducing Norway's in-donor refugee expenditures, which the Government claims has allowed a corresponding increase in humanitarian assistance (Chapter 3).[6] More recently, the government has also stated its intention to use Norway's position (e.g. as a donor) to secure return agreements with more countries (Office of the Prime Minister, 2018).

Policy coherence for sustainable development

Peer review indicator: Domestic policies support or do not harm developing countries

Norway demonstrates a commitment to policy coherence for sustainable development, but struggles to achieve it in practice. The recently established Policy Coherence Forum is a step in the right direction, serving as a potential mechanism to systematically identify and discuss areas of incoherence. Ensuring that the Forum takes a broad whole-of-society approach and that a mandate is in place to establish and monitor cross-governmental objectives, will be important for addressing particularly difficult issues.

Norway recognises that policy coherence for sustainable development is a precondition for achieving the SDGs

The newly established whole-of-government Policy Coherence Forum, led by the Deputy Minister for Development Co-operation, signals a welcome strengthening of Norway's approach to policy coherence for sustainable development (Government of Norway, 2017c). The Forum's whole-of-society approach including academia, civil society and the private sector, will help to stimulate broad-based discussion. A mandate enabling the Forum to establish, systematically analyse and monitor a set of identified cross-governmental objectives related to policy coherence for development, including all relevant ministries and levels of government, might cement this progress and further facilitate change. Including specific indicators or targets, along with a time-bound plan for implementation would also strengthen this approach, as would including a focus on cross-cutting policy priorities such as anti-corruption, gender and human rights.

Norway faces a number of enduring dilemmas or inconsistencies between its domestic policies and its stated global sustainable development objectives. Most notable are the export of oil and gas and global efforts to address climate change, agricultural subsidies and trade policy, responsible business conduct of Norwegian businesses and engagement on human rights issues, and potential conflicts between upholding Norwegian security and economic interests, including the export of weapons, and promoting peace and security and

human rights (Norad 2018).[7] Both the 2008 and 2013 peer reviews recommended that Norway develop more effective systems or instruments to address the coherence of Norwegian policies with global sustainable development, in accordance with the OECD Ministerial Declaration on Policy Coherence for Development (OECD, 2008) and the recommendation of the OECD Council (OECD, 2010). The annual reports on policy coherence presented to the Storting since 2011, Norway's primary instrument for addressing policy incoherence issues, are ineffective. They lack measurable indicators to track progress and there is little evidence that the reports have resulted in actual policy changes (Norad, 2018). Strengthening this reporting mechanism to include measureable indicators would also help improve policy coherence for sustainable development.

As noted in the 2013 review, greater policy coherence could also be achieved if the Government Pension Fund Global, the world's second-largest sovereign wealth fund, reviewed the value chains of some investments in accordance with its own policies. Norway is taking steps to shift its own growth model – marked by sustained economic growth closely linked to its petroleum resources – away from fossil fuels towards a greener economy (Government of Norway, 2017a). This is in line with the global consensus on the need to transition global economic growth away from fossil fuels, as signalled by the 2030 Agenda and the 2015 Paris Climate Agreement. While initiated by the Fund's governance, the move to divest Norway's sovereign wealth fund from fossil fuels provides a clear opportunity to align Norway's domestic policy priorities with global sustainable development, signalling climate and the environment among others as key priorities.

Global awareness

Peer review indicator: The member promotes whole-of-society contributions to sustainable development

A number of Norad initiatives reflect an innovative and wide-reaching approach to awareness-raising and global citizenship. In the context of the ongoing organisational reforms of Norad and the Ministry of Foreign Affairs, it will be important for Norway to ensure a targeted and coherent communications strategy in support of awareness-raising and global citizenship, and the freedom, resources and expertise to communicate with all stakeholders.

Norway takes an innovative and wide-reaching approach to awareness raising

Raising awareness of global sustainable development and communicating Norwegian development co-operation efforts are currently the institutional responsibility of Norad. Several Norad initiatives demonstrate an innovative approach to awareness-raising and global citizenship and benefit from endorsement at a high political level. To date, three mountain treks to raise awareness of the SDGs have mobilised over 20 000 hikers.[8] Supported by the Prime Minister of Norway, they are a particularly notable example of high-level engagement in an effective communications strategy, designed to improve learning around global issues and development (Government of Norway, 2018b).

Other innovative programmes involving the private sector and civil society have also begun targeting younger Norwegians, an issue raised in the 2013 peer review. For example through "Save Tropical House", a campaign launched by Norad to increase understanding

of the links between protecting tropical forests and addressing climate change.[9] Furthermore, Norad's efforts to measure the impact of communications on public awareness and understanding, before and after each intervention, reflects its intention not only to broadcast messages, but to achieve a change in thinking. This is good practice.

Norway also utilises a number of tools to communicate the volumes and outcomes of its development co-operation: the Norwegian Aid Statistics portal, managed by Norad (Norad, n.d.); the Ministry of Foreign Affairs' Grants Portal, launched in mid-2013; and publications such as the Norad-funded magazine, *Bistandsaktuelt*, published ten times a year (Government of Norway, 2018b). The magazine covers the entire field of development co-operation and aid and aims to stimulate debate among the Norwegian population.

The pending institutional reforms to the Ministry of Foreign Affairs and Norad are likely to impact Norway's approach to communications and awareness-raising. Maintaining the freedom, resources and expertise to communicate with citizens currently held within Norad will be important to ensure the continued effectiveness of Norway's approach to awareness-raising. Similarly, it will be important to preserve institutional knowledge and ensure that communications and awareness-raising strategies remain well-targeted and coherent should the responsibility for implementing these strategies be outsourced.

Norwegians support official development assistance (ODA) but lack knowledge about development issues and partner countries

As in previous years, annual surveys by Statistics Norway show public support for ODA to be high (Statistics Norway, 2018). The 2017 survey results indicated that 87% of Norwegians support aid for Asia, Africa and Latin-America, and 64% support aid to eastern Europe and the former Soviet Union, a slight decrease from 2013 (Statistics Norway, 2018). Norwegians, however, continue to lack knowledge about development issues, including familiarity with Norwegian partner countries. The Surveys also revealed that while Norwegians are committed to ODA, they are less convinced that ODA is effective and appear to lack knowledge about how sustainable development is achieved.

A planned Results Portal may help stimulate public debate about how Norwegian ODA is spent. By creating a broader public stake through increased debate, it may also promote support for ODA and Norway's global engagement over the long term. Although such portals may enhance accountability and transparency, an effective communications strategy must also be endowed with the resources and expertise to communicate proactively and coherently to a range of stakeholders including citizens, the private sector, local authorities and non-governmental organisations (NGOs). This will help the Ministry of Foreign Affairs and/or Norad to promote and educate all the relevant actors on whole-of-society contributions to global public goods and sustainable development.

Development education and global awareness-raising are progressing

In light of the Statistics Norway results, Norway could do more to address development education and global awareness-raising among its population and key stakeholders. Under current organisational arrangements, Norad is responsible for communications and global awareness-raising among the Norwegian population; both Norad and the Ministry are involved in providing funding to civil society for development education and awareness-raising. According to the OECD Creditor Reporting System, reported funding for development awareness has declined in recent years, from USD 20 million in 2009, to USD 12 million in 2017 (constant 2016 prices) (Global Education Network Europe, 2017).

The Ministry of Education undertook a curriculum revision in 2015, and in 2016 the Storting approved a white paper on education, which confirmed that democracy and citizenship, sustainable development, and health and life skills should be included as cross-cutting issues in curricula (Global Education Network Europe, 2017). Norwegian universities, which receive government funding, are also shaping their curricula to the SDGs and promoting awareness and understanding of the 2030 Agenda.[10] These efforts signal a move in the right direction, and continuing strong support for civil society, such as through the RORG-Network – comprising NGOs dedicated to development education – is encouraged.[11]

Notes

[1] Following the adoption of the SDGs in September 2015, the Norwegian Government developed a plan for national follow-up of the SDGs in Norway, linked to the budget process. Responsibility for each of the 17 SDGs is assigned to a co-ordinating ministry, and each ministry is required to report on the status of follow-up on its respective goal(s) in its budget proposal. The national budget white paper, which is presented to the Storting annually, summarises these responses (Government of Norway, 2016a).

[2] The U4 Anti-Corruption Resource Centre works to reduce the harmful impact of corruption on society. It shares research and evidence to help international development actors get sustainable results. See https://www.u4.no.

[3] For information about the Centre see https://www.baselgovernance.org/theme/icar.

[4] For example, a growing number of Norwegians (from 20% in 2008 to 25% in 2016) disagree that most immigrants are a cause of insecurity in society (Statistics Norway, 2018).

[5] In 2015, 31 150 persons applied for asylum in Norway, up from 11 480 in 2014. This figure dropped to 3 460 in 2016, 3 560 in 2017 and 2 655 in 2018 (Norwegian Directorate of Immigration [UDI] (2018).

[6] Regarding the 2017 budget year, see Norad (2017), "More Norwegian aid for crisis and conflict", https://norad.no/en/front/about-norad/news/2018/norwegian-development-aid-in-2017/ (accessed on 12 October 2018).

[7] The Norad Evaluation Department's 2018 review (Norad, 2018) highlighted that the Ministry of Foreign Affairs is not equipped with any formal power over other ministries' policies or activities, and recommended greater stakeholder engagement and cross-ministerial dialogue. In particular, the review highlighted the dilemma between development policy and other policy objectives, with specific reference to trade and agriculture. It also voiced concerns about Norway's engagement in Myanmar and balancing the issues of responsible business conduct, economic and security interests, and engagement on human-rights issues. The OECD study, "Measuring Distance to the SDG Targets" (OECD, 2017) notes that relative to the OECD average, Norway outperforms on most goals except food and sustainable production (Goals 2 and 12), where performance is below the OECD average. See also Center for Global Development (2018).

[8] The SDGs Hikes event held by Norad in October 2018 mobilised 12 000 hikers. See also: https://www.youtube.com/watch?v=UYSkXYA0AxY

[9] A campaign initiated by Norad, and involving the Ministry of Climate and Environment, aimed to increase the number of young Norwegians who consider protection of tropical rainforests as important to reducing climate change. The campaign tapped into the popularity of House music among young Norwegians, and engaged well-known public figures and influencers. The online music campaign relied on social media and led to the release of a music video, which has received over 1.3 million views. For more information, see: https://savetropicalhouse.no/.

[10] The University of Oslo aims to actively contribute to the 2030 Agenda and the 17 SDGs, including by establishing the "Oslo SDG Initiative" and incorporating SDG-awareness raising into annual events. For more information, see: https://www.sum.uio.no/english/sdg/. SDG Bergen is a University of Bergen strategic initiative to engage with the Sustainable Development Goals. The initiative also includes science diplomacy and scientific advice to government and international organisations. See: https://www.uib.no/en/sdgbergen.

[11] Established in the early 1990s as a joint initiative of Norad and civil society organisations, RORG-network is a network of Norwegian NGOs engaged in development education and awareness-raising in Norway. It communicates with the Norwegian public on issues including globalisation, debt, development co-operation, poverty eradication, the World Bank, the International Monetary Fund, and issues relating to trade. See also: http://www.rorg.no/English/index.html.

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Chapter 2. Norway's policy vision and framework

This chapter assesses the extent to which clear political directives, policies and strategies shape Norway's development co-operation and are in line with international commitments, including the 2030 Agenda for Sustainable Development. Norway's vision and its commitment to development co-operation are closely aligned to the 2030 Agenda, benefitting from high-level bipartisan political support. Strengthening the linkages between political directives and policies, and strategic management, will ensure that this vision is translated into effective programming. Norway's approach to cross-cutting issues and its strategic approach to increasing support for the multilateral system and civil society organisations need further clarity. The increasing focus on fragile and crisis-affected contexts will also require more coherence between Norway's diplomatic and development efforts.

Framework

Peer review indicator: Clear policy vision aligned with the 2030 Agenda based on member's strengths

Norway's vision and its commitment to development co-operation is closely aligned to the 2030 Agenda for Sustainable Development and is clearly evidenced by high-level bipartisan political support, including through the Government of Norway's manifesto – the Granavolden-platform – and several thematic policy papers. Strengthening the linkages between its political directives and policies, and its strategic management, will ensure this vision is translated into effective and coherent programming.

Norway has made significant progress in clarifying its overall vision, linked to the Sustainable Development Goals (SDGs), with the objective of "leaving no-one behind"

The Government of Norway's development policy aims to save lives, promote democracy and human rights, and contribute to lasting poverty reduction. The government has stated that "if we are to achieve sustainable poverty reduction, we must find solutions to economic, social and environmental challenges" (Office of the Prime Minister, 2018). Since 2015, Norway has made significant progress in setting the policy vision for its aid programme. This has included efforts to align with SDGs, recognising that development is primarily a national responsibility, and that aid alone is insufficient to achieve development – it must be used strategically to mobilise other financial flows, including private-sector investment and domestic resources.

"Leaving no one behind" is clearly articulated as a guiding priority of Norway's vision for development co-operation, which has a long-standing focus on poverty eradication and people most in need. The vision brings a renewed and welcome focus on reaching the poorest and most marginalised people, working through key sectors like education, health, business development, the environment and humanitarian assistance (OECD, 2018).

Following the formation of a new coalition government in 2019, Norway's commitment to international development was highlighted in the government's Granavolden-platform (Office of the Prime Minister, 2019), which emphasises aid quality and policy coherence. It builds on previous government platforms, including the 2017 Jeløya platform (Office of the Prime Minister, 2018) and the 2013 Sundvolden-platform (Office of the Prime Minister, 2013), which stressed the need for an increased focus on results. This has further helped strengthen bipartisan political support for Norway's overall vision.

Norway's vision and political-level commitment is successfully complemented by increasingly knowledge-based policy frameworks

Norway has sought to complement the overarching vision for its aid programme with a range of policy white papers covering priorities including security, private sector approaches, trade, human rights and education, amongst others.[1]

In particular, Norway is intent on narrowing the geographic and thematic scope of its aid, originally discussed in the white paper "Common Responsibility for Common Future" (Government of Norway, 2017b) and subsequently elaborated in the white paper "Partner

Countries in Norway's Development Policy" (Government of Norway, 2018b). This has allowed for a more strategic focus and progress has been made in both reducing the number of grant agreements and in prioritising partner country selection (Chapter 5). In addition, a new humanitarian strategy was launched in August 2018 (Ministry of Foreign Affairs, 2018). The strategy successfully builds on Norway's commitments at the World Humanitarian Summit. Aligned with other policy documents[2], it articulates and operationalises a stronger link to conflict prevention, stabilisation and resilience, as well as a focus on humanitarian diplomacy and concrete actions to better manage refugee flows (Chapter 7).

These frameworks are also aligned with Norway's stated efforts to ensure that its aid efforts are informed by a knowledge-based development policy, complemented by initiatives such as the "Knowledge Bank". This represents an important strategic shift in Norway's development policy, which aims to strengthen and coordinate technical assistance in areas where Norway has relevant competencies, with the aim of improving the effectiveness of aid and technical co-operation (Chapter 5).

Further efforts are needed to ensure that Norway's vision and policies are translated into effective and coherent programming

Norway's effort to clarify its vision for development co-operation is complemented by a range of policy white papers. The white papers have helped clarify the geographical and thematic focus and the overall principles – including that aid must be catalytic and work towards leveraging other financial flows for development. Nevertheless, Norway would benefit from further linking its political directives and policies, and its strategic management, operational approaches and administrative systems. As outlined further in Chapter 4, strengthening appropriate governance frameworks and structures at senior levels would help Norway improve incentives and oversight, to ensure the vision and accompanying policies are translated into effective and coherent programming.

Principles and guidance

Peer review indicator: Policy guidance sets out a clear and comprehensive approach, including to poverty and fragility

Norway has developed a comprehensive set of policy guidance that clearly establishes the priorities for its aid programme. However, further efforts may be needed to ensure this is translated into practice, and Norway's approach to cross-cutting issues needs clarifying. The government's growing focus on fragile and crisis-affected contexts will also need to be more coherent with its diplomatic and development efforts, supported by risk-management approaches that systematically inform strategic decision making.

Translating policy into practice

The 2016-17 white paper "Common Responsibility for Common Future" (Government of Norway, 2017b) defines five thematic priority areas for Norwegian development policy: (i) education; (ii) health; (iii) private-sector development and job creation; (iv) climate, renewable energy and the environment; and (v) humanitarian aid. It stipulates that climate and environment, global health, and peace and security are the most important global public

goods in the context of Norway's development policy, and supports these priorities with a clear set of policy guides.[3]

Norway's focus on five thematic priority areas was clearly evidenced in its development assistance priorities in Uganda, where education, private sector development and renewable energy are areas of focus throughout the programme (Annex C).

Norway's full set of guidance defines a clear approach to its aid programme. However, it does not feature guidance that directly outlines how Norway addresses poverty reduction and the "leaving-no-one-behind" commitments of the 2030 Agenda, nor does it assess whether existing guidance is effectively translated into decision-making processes. This weakness, along with relatively complex and centralised management structures, is an area that Norway could address – both to ensure policy guidance is effectively translated into practice and to strengthen the way learning informs policy development.

Norway's approach to cross-cutting issues is not well understood and may limit opportunities to address sensitive issues and go beyond "do no harm"

Norway's cross-cutting issues – human rights, women's rights and gender equality, climate and environment, and anti-corruption – are also areas of co-operation in their own right. Strengthening gender equality, and the rights of women and girls, is a particular priority, with its own budget line (Ministry of Foreign Affairs, 2016).

Similarly, the environment is both a cross-cutting issue and a priority area in Norwegian development co-operation. Norway funds a range of climate initiatives, including on renewable energy, tropical-deforestation reduction and climate-change adaptation for developing countries. The 2019 budget proposes further increases in funding for development assistance targeting climate and the environment.

With regard to anti-corruption, as observed in Chapter 1, Norway has championed global efforts to fight illicit financial flows and corruption, and takes its domestic obligations seriously. Norway has an elaborate and multi-layered policy approach to tackling issues of corruption, and calibrates this to context. The range of measures includes anti-corruption risk assessments, zero-tolerance, 'following the money' and third party monitoring, which allows Norway to take a differential, tailor-made approach towards integrity in ODA. There are nevertheless further efforts that would continue to strengthen Norway's approach (Chapter 4).

Norway's approach to cross-cutting issues has recently shifted from "mainstreaming" these issues – which had proved challenging with regard to effective implementation – to adopting a "do-no-harm" approach. This is not well understood by staff or partners, either in headquarters or within Norway's programme in Uganda. As such, the approach appears to be hampering implementation and does not emphasise the opportunities Norway could exploit to better leverage its strong relationships, as well as its engagement in strategic sectors and perceived neutrality, to scale up its dialogue with governments on sensitive issues (e.g. corruption and human rights). Furthermore, it may limit opportunities to go beyond "do no harm", to actively pursue positive outcomes on these priority issues where appropriate and possible.

These limitations were also raised in the Norwegian Agency for Development Co-operation (Norad) report, *Quality of Reviews and Decentralised Evaluations in Norwegian Development Co-operation* (Norad, 2017), which assessed the way in which cross-cutting themes were considered in reviews and decentralised evaluations of Norway's

programmes. The report concluded that cross-cutting themes were not adequately considered and that anti-corruption, in particular, was inadequately addressed.

Norway is scaling up its engagement in fragile and crisis-affected contexts

Norway's white paper on global security challenges sets the government's intention to strengthen Norway's aid and development efforts in areas featuring a clear link between security, diplomacy and development (Government of Norway, 2015a). The opening of a Norwegian Embassy in Mali reflects a concrete engagement in that direction. While this approach makes sense, Norway has not yet started to apply a conflict lens to its overall programming in fragile contexts. Based on its experience in several countries, a more systematic use of conflict analysis would help ensure that Norway identifies and utilises the most appropriate diplomatic and development instruments in fluid environments.

As elaborated in Chapter 7, Norway's humanitarian assistance is increasing, with an initial proposal of USD 630.5 million in 2019 (Government of Norway, 2018c). A significant part of Norway's humanitarian funding is channelled through global funds, Country-based pooled funds, and core funding to multilateral agencies. While contributions to core funding for humanitarian assistance is good practice, it may entail a trade-off of limiting Norway's visibility as an aid provider – particularly in fragile or sensitive contexts – and thereby have an impact on Norway's ability to "leverage" its development co-operation to support political dialogue and diplomacy. Aware of this challenge, Norway designed in 2017 a framework for working in fragile contexts, which should strengthen the coherence of its diplomatic and development objectives in such contexts.

Norway's commitment to scaling up its work in fragile and crisis-affected contexts is supported by a good understanding of risk management, including recognition of the potential impact of fiduciary, programmatic and reputational risks on the continuity and effectiveness of development co-operation. This commitment creates considerable risk tolerance throughout the aid programme. However, further efforts could be made to ensure that risk monitoring at a project and programme level systematically informs portfolio management and strategic decision making.

Basis for decision making

Peer review indicator: Policy provides sufficient guidance for decisions on channels and engagements

Norway's policy is translated into increasing support for the multilateral system and civil society organisations. This approach would be better supported by a clear strategy to guide multilateral partnerships and clarify the synergies between multilateral and bilateral assistance. Furthermore, there is a risk that Norway's approach and use of soft earmarking and "vertical funds" may contribute to fragmentation within the multilateral system.

Norway is prioritising its thematic and country focus, moving these partnerships "beyond aid"

The recent white paper "Partner Countries in Norway's Development Policy" (Government of Norway, 2018a), highlights the need to develop clear criteria for partner-country

selection. The white paper proposed concentrating on 16 countries, focusing either on strategic long-term co-operation on the basis of Norway's competence and comparative advantage; or on highly fragile and unstable countries. In addition to aid, these partnerships should include all areas of co-operation relevant to development. The white paper, with its recommendations, was approved by the Storting in December 2018 and the proposed selection of partner countries and overall priorities was endorsed. The Ministry of Foreign Affairs is now in the process of developing multi-year strategies for each of the 16 partner countries, which will further guide the development of the partnerships and provide an opportunity for Norway to strengthen its allocation policies and whole-of-Norway approach, thereby ensuring that its development co-operation reaches the most impoverished, disadvantaged and at-risk populations.

Beyond these efforts to reduce the number of partner countries, Norway is also focusing on fewer thematic areas, while continuing to pursue its development co-operation priorities through thematic initiatives targeting global public goods. Norway has also undertaken to reduce the number of grant agreements. The number of grant agreements fell from 7 000 in 2013 to 3 300 in 2017, however consultations with staff suggested that the number of agreements is still perceived as high, in light of staff administrative constraints (Government of Norway, 2018a).[4]

Elements of Norway's use of multilateral channels are good practice, however, others could be strengthened with further policy guidance

Efforts to prioritise its focus on partner countries and thematic areas are complemented by Norway's stated strategy of increasing support and use of multilateral channels to deliver its ODA. Norway's aid also includes a relatively high proportion of funding for civil society organisations (CSOs), which implement a significant portion of its bilateral assistance (Chapter 3). The remaining share of bilateral ODA is mostly implemented by Norwegian embassies and Norad in the context of country programmes, and by other implementing agencies.

Norway's emphasis on working through the multilateral system rests on strong support for the value of collective action, and the perception it can help magnify Norway's voice and impact. It complements this approach through active participation in the executive boards of several multilateral development banks and UN agencies. It uses its influence to promote increased multilateral co-ordination and strengthened results-based reporting; it also participates actively in donor fora, such as the Utstein Group[5] and the Geneva Group.[6] Together with its Nordic partners, Norway played an instrumental role in shaping the policy negotiations in recent replenishments of the World Bank International Development Association (IDA); indeed, IDA17 is sometimes referred to as the "Nordic Replenishment." Declaring contributions early reflects Norway's consistent commitment to multilateral instruments.

Norway is a member of the Multilateral Organization Performance Assessment Network (MOPAN) and has contributed productively to developing common guidelines for governing bodies of the United Nations (OECD, 2013). Active participation in MOPAN has helped ensure the domestic need for accountability does not undermine nor duplicate its multilateral partners' accountability structures. Interviews with multilateral partners have also shown that Norway is increasingly using joint evaluations; its policy of not duplicating structures or adding to administrative processes – except in instances where Norway is the sole donor to a programme or project – should be commended.

Although Norway's approach represents good practice, synergies between multilateral and bilateral assistance are not adequately considered and systematically factored into decision-making processes. Furthermore, the development of clear criteria for core funding allocations could help to ensure that these investments are strategic and aligned with Norway's stated priorities. Norway has an opportunity to address this in developing a new policy paper to guide its engagement with multilateral organisations, expected in January 2019.

Norway also needs to clarify its growing tendency to use soft earmarking and "vertical funds" to target specific thematic areas that are in line with its stated priorities; this approach has the potential to undermine the core development function of UN organisations and contribute to the fragmentation of the multilateral system by proliferating instruments (Chapter 5). Norway's stated priorities in maintaining investments focusing on improving maternal health and reducing child mortality, for example, are largely pursued through such partnerships (Ministry of Foreign Affairs, 2016). Together with Canada, the United Nations and the World Bank, Norway launched the Global Financing Facility (GFF) in 2015, to increase investment in maternal and child health in developing countries. While the GFF coordinates closely with the World Health Organisation and is seen as an important instrument in the fight against maternal and child mortality, engaging other donors in the facility has been slow in what is perceived by some as an already crowded space.[7] Norway should continue to use its influence on the executive boards of multilateral organisations to promote core funding to UN agencies and thereby limit instances where its initiatives contribute to fragmentation.

By contrast, Norway's strong engagement with CSOs is framed by a clear policy framework, and there are also clear commitments to strengthen partnerships with a diverse range of stakeholders – particularly the private sector and academia. This is in line with the Minister of International Development's address to the Storting in April 2018 (Government of Norway, 2018a) that "aid alone is insufficient to achieve development and must be used strategically to mobilise other financial flows, including private-sector investment". The emphasis on diversifying partnerships is also elaborated in Norway's Research Strategy for the Foreign Service and Norad 2017-2024 (Ministry of Foreign Affairs, 2017) which articulates the need to foster high-quality research to help reduce poverty and promote sustainable development.

Notes

[1] See recent white papers on "The place of the oceans in Norway's foreign and development policy" (Government of Norway, 2017a); "Setting the Course for Norwegian foreign and security policy" (Government of Norway, 2017c)); "Global security challenges in Norway's foreign policy: Terrorism, organised crime, piracy and cyber threats" (Government of Norway. 2015a); "Working together: Private sector development in Norwegian development co-operation" (Government of Norway, 2015c); "Globalisation and trade: Trade policy challenges and opportunities for Norway" (Government of Norway, 2015d); and "Education for Development" (Government of Norway, 2014).

[2] See, for instance, "Common Responsibility for Common Future" (Government of Norway , 2017b) as well as the "Strategic Framework for Norway's engagement in conflict prevention, stabilisation and resilience building" (Government of Norway , 2017d)

[3] See, for instance recent white papers on "The place of the oceans in Norway's foreign and development policy" (Government of Norway, 2017a); "Setting the Course for Norwegian foreign and security policy" (Government of Norway, 2017c)); "Global security challenges in Norway's foreign policy: Terrorism, organised crime, piracy and cyber threats" (Government of Norway. 2015a); "Working together: Private sector development in Norwegian development cooperation" (Government of Norway, 2015c); "Globalisation and trade: Trade policy challenges and opportunities for Norway" (Government of Norway, 2015d); "Opportunities for All: Human Rights in Norway's Foreign Policy and Development Cooperation" (Government of Norway, 2015b); and "Education for Development" (Government of Norway, 2014).

[4] The reduction in the number of grant agreements has primarily been due to the closure of past or 'inactive' agreements that were awaiting the fulfilment of final reporting requirements, rather than a reduction in new or 'active' agreements.

[5] The *Utstein* group is a loose association of six donor governments – Canada, Germany, the Netherlands, Norway, Sweden and the United Kingdom – committed to promoting increased coherence, co-ordination and co-operation on various issues, including activities variously characterised as conflict prevention, conflict management and peacebuilding.

[6] The Geneva Group has existed since 1964. Permanently co-chaired by the United States and United Kingdom, it consists of 17 members that possess "like-mindedness" on administrative and financial matters. The current members are Australia, Belgium, Canada, France, Germany, Japan, Italy, Mexico, the Netherlands, Norway, Russian Federation, Republic of Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

[7] The 2018 Global Financing Facility replenishment in Oslo saw Canada, Denmark, the European Commission, Germany, Japan, Qatar and the United Kingdom contribute, along with Burkina Faso and Côte d'Ivoire. For Swedish concerns about fragmentation in the global system on health see https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(15)61049-2/fulltext.

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Chapter 3. Norway's financing for development

This chapter considers how international and national commitments drive the volume and allocations of Norway's official development assistance (ODA). It also explores Norway's other financing efforts in support of the 2030 Agenda. Norway's commitment to provide 1% of gross national income (GNI) as ODA is underpinned by broad public and political support. As Norway is working increasingly through the multilateral system, the use of funds managed by multilateral organisations has increased significantly since 2013. Core funding has not increased at the same rate, and the share of core funding to multilateral institutions relative to earmarked funding has reduced. In addition, the share of country programmable aid and allocations for least developed countries have fallen. Norway is a strong supporter of domestic resource mobilisation and effectively promotes development finance additional to ODA.

Overall official development assistance (ODA) volume

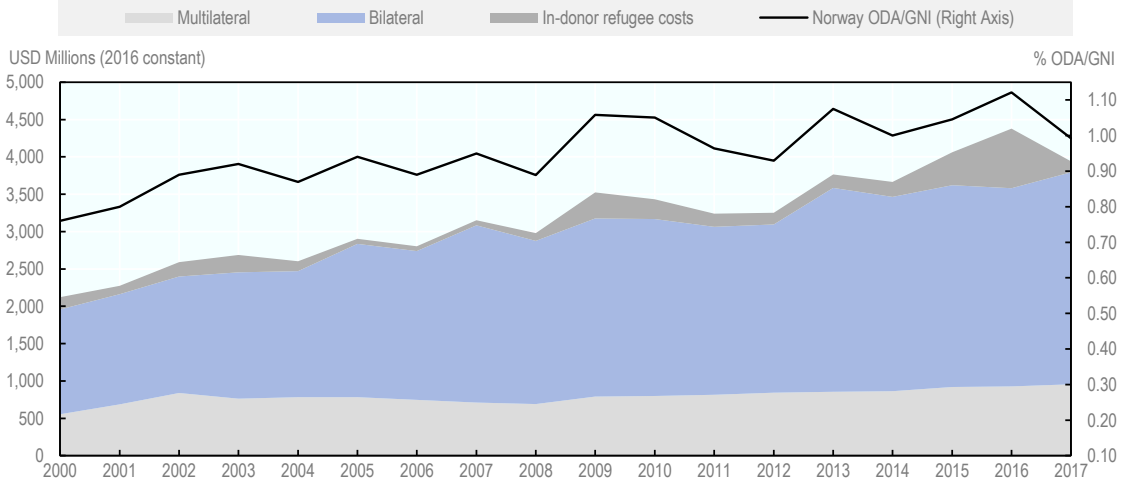
Peer review indicator: The member makes every effort to meet domestic and international ODA targets

Norway's leadership within the donor community is epitomised by its commitment to providing 1% of gross national income (GNI) as ODA. Its consistently high ODA levels are underpinned by broad public and political support, including cross-party consensus to maintain the domestic target. Norway's steadily growing economy continues to result in a growing aid budget, with corresponding administrative demands.

Norway is a generous donor, and consistently meets its international and domestic targets

Norway has consistently met the United Nations (UN) target of contributing 0.7% of GNI as ODA since 1976, and maintains a domestic commitment to providing 1% of GNI as ODA. After reaching 1% in 2009, its ODA/GNI ratio fell to 0.93% in 2012 before rising again in 2013 (Figure 3.1). Norway's domestic commitment to provide 1% of GNI as ODA continues to be underpinned by broad public and political support, including cross-party consensus inscribed in recent government platforms (Office of the Prime Minister, 2019; Office of the Prime Minister, 2018). The country's strong economy has resulted in sustained increases to ODA in real terms over recent years: net ODA grew by 1.2% and total official flows by 0.4% on average per year over 2013-17 (OECD.Stat, 2018).[1]

Figure 3.1. Norway's ODA/GNI ratio remains well-above the UN target of 0.7%



Note: This graph shows the breakdown of total Norwegian disbursements as recorded in the OECD Creditor Reporting System (CRS). As for all DAC members, the category "Bilateral" includes support channelled through multilateral institutions as earmarked funding, often referred to as multi-bi. This is a significant and growing category of support in Norwegian aid. Figures may differ from Norway's own, which typically do not include earmarked funding to the multilateral system as bilateral support.

Source: OECD (2018), *Creditor Reporting System (CRS)* (database), https://stats.oecd.org/Index.aspx?DataSetCode=crs1 (accessed on 18 December 2018).

In 2017, Norway delivered USD 4.1 billion in current prices (USD 3.9 billion in 2016 constant prices) in total ODA, equivalent to 0.99% of GNI. Of this, 76% was recorded as bilateral flows and 24% multilateral flows (Figure 3.1). Of the 76% bilateral ODA, approximately 39% was channelled through multilateral organisations (multi-bi). A large share of these funds are earmarked at the regional rather than country level.

Total Norwegian ODA in 2017 represented a 10% decrease in real terms from 2016 owing to a significant reduction in reported in-donor refugee costs (OECD, 2018).[2] Nonetheless, in 2017 Norway maintained its place as one of the top Development Assistance Committee (DAC) donors – the tenth largest donor by volume, and the third most generous as a share of GNI – following Sweden and Luxembourg. Since 2014, all Norwegian ODA has been provided in grant form. Excluding administrative and in-donor refugee costs, 100% of Norwegian ODA was reported as untied in 2017, compared to the DAC average of 82.1% (OECD, 2018a).

Reporting is timely and of consistently high quality

Reporting to the DAC is in line with ODA rules, and data quality is consistently very high. Norway has chosen not to report on private flows since 2002-06 and is encouraged to do so (Government of Norway, 2018a). Given that Norway does not provide loans, its debt relief activities are predominantly related to multilateral channels and Norway therefore does not report any state-to-state debt relief.[3] Owing to internal data reforms, Norway has not yet reported on export credits for 2017 and is encouraged to do so in a timely manner. Norway could also ensure that the descriptive information associated with its projects is clear and consistent.

Norway reports some in-donor refugee costs as ODA, including quota refugees and asylum seekers – both accepted and rejected (OECD, 2016). Norway has recently updated its reporting practices relating to in-donor refugee costs effective from 2019 in line with OECD DAC agreed clarifications. As noted in Chapter 1, the number of refugees and asylum seekers has sharply decreased since peaking in 2015 (Government of Norway, 2017a) lowering Norway's in-donor refugee expenditure (Norad, 2017). In 2017, Norway's in-donor refugee costs dropped to USD 150 million in current prices, 3.6% of net ODA, from USD 800 million in 2016, 18.3% of net ODA (OECD, 2018a). This compares to the steadier DAC averages of 11% of net ODA in 2016 and 9.7% in 2017.

In the 2016 Global Partnership for Effective Development Co-operation (GPEDC) monitoring round, Norway received a "Fair" rating on the provision of forward-looking information on future spending. The GPEDC noted that Norway could do more to address the medium-term predictability and transparency of its aid, to support its partners' management and planning abilities (GPEDC, 2016). While some disbursements were postponed due to the significant increase in in-donor refugee costs in 2015, Norway notes that predictability of its funding has now been restored.

Bilateral ODA allocations

Peer review indicator: Aid is allocated according to the statement of intent and international commitments

The shift in the income-level distribution of Norwegian aid – including a growing share of unallocated bilateral ODA, a relatively low and falling share of country programmable aid and more aid to upper middle-income countries (UMICs) – has continued since 2013. Strengthened efforts are needed to address the relative fall in allocations for least developed countries (LDCs). Norway could also do more to reduce the dispersed nature of its bilateral aid. In the context of a steadily increasing budget, the growing share of bilateral aid channelled through multilateral instruments also entails potential trade-offs to be managed to ensure Norwegian aid is best targeted to help partner countries address their needs and priorities, in accordance with the 2030 Agenda.

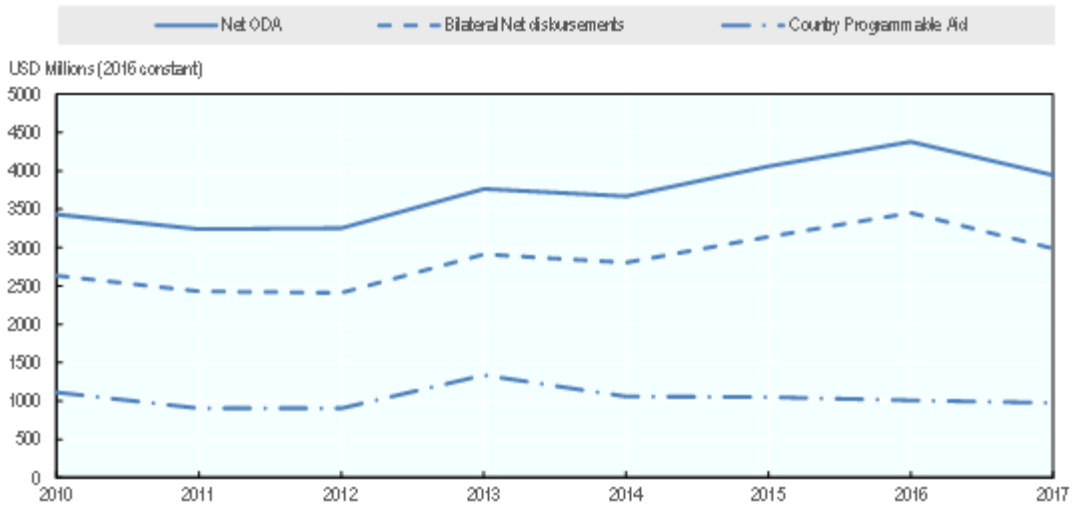
Addressing the drop in bilateral ODA for LDCs

Norway states a commitment to providing ODA to countries most in need, particularly LDCs and fragile and conflict-affected countries (Office of the Prime Minister, 2018). However, the share of Norwegian bilateral aid allocated to LDCs has not yet recovered to 2008 levels, and the growth in aid allocated to UMICs continued alongside a rising share of aid that is unallocated by income level (Annex B, Table B.3). In 2017, 23.4% of bilateral ODA was allocated to LDCs, a slight improvement on 2016 levels (19.1%) yet below the DAC average of 26% (OECD, 2018a; OECD.Stat, 2018). At 0.27% of GNI in 2017, total Norwegian ODA delivered to LDCs nevertheless far exceeded the UN target of 0.15-0.20%. Bilateral ODA to LDCs amounted to 0.18% of GNI in 2017 (Annex B, Table B.7).

A low share of Norwegian bilateral ODA is country programmable

Since the 2013 review, the share of bilateral ODA that is country programmable has also continued to trend downwards (Figure 3.2). In 2017, 32.4% of bilateral ODA was programmed with partner countries (OECD.Stat, 2018). Although slightly above Norway's 2016 levels (29%), this is significantly lower than the DAC average (48.1%) and below Norway's 2011 levels (37%) (OECD, 2013). In 2017, 48% of country programmable aid was used for project type interventions and 41% as contributions to pooled programmes and funds, particularly for NICFI, with the remainder going to technical assistance (10%) and budget support (1%). The share of country programmable aid attributed to South America declined significantly (from 36% in 2013 to 12% in 2017), as disbursements to Brazil through NICFI – which are reported as bilateral but largely managed through multilateral instruments – slowed after peaking in 2013.

Figure 3.2. A low share of Norwegian bilateral ODA is country programmable



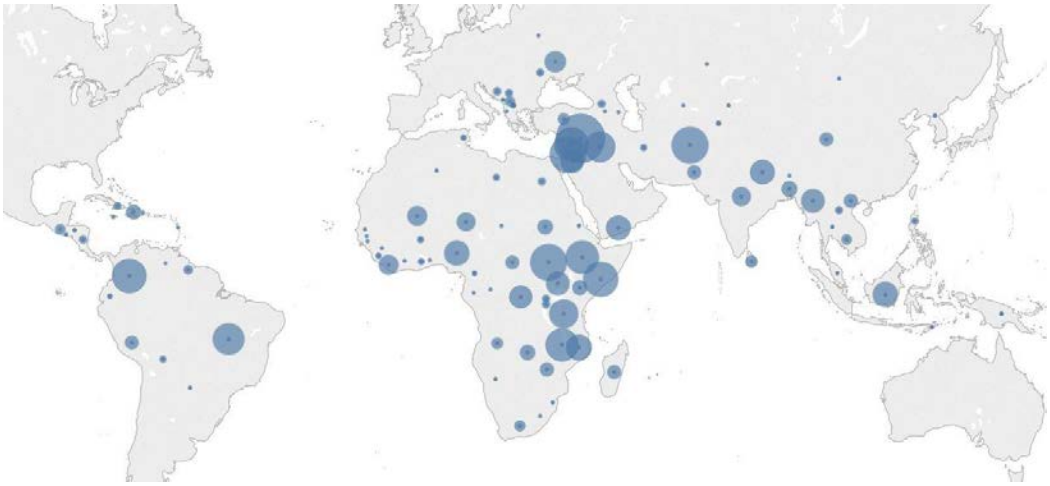
Source: OECD.Stat (2017), *Creditor Reporting System (CRS)* (database), https://stats.oecd.org/Index.aspx?DataSetCode=crs1 (accessed on 20 November 2018).

Norway's bilateral ODA is widely distributed, with a high share channelled through civil society organisations

In 2017, 26.6% of bilateral ODA was channelled through civil society organisations, well above the DAC average of 15.4%. In terms of the regional distribution of bilateral ODA, USD 651.5 million was allocated to sub-Saharan Africa in 2017, representing 22% of gross bilateral ODA. Aid for sub-Saharan Africa represented 41% of country programmable aid in 2017, a significant increase from 31% in 2013 in line with stated commitments (Office of the Prime Minister, 2018). The share of bilateral ODA channelled to the Middle East and Asia also increased over 2013-17.[4] In 2017, USD 440.1 million was allocated to the Middle East (14% of bilateral ODA), and USD 201.1 million was allocated to South and Central Asia (6.4% of bilateral ODA). In 2017, 45% of bilateral ODA was unallocated by region, a decline from 54% in 2016.

In line with Norway's stated aim of focusing on fewer countries, the number of partner countries fell from 107 in 2013 to 87 in 2017 (Norad, 2018),[5] and is expected to drop further in line with recent revisions to its partner country selection (Chapter 5).[6] Nevertheless, bilateral ODA remains dispersed when compared with other DAC members (Figure 3.3). In 2016-17, just 13% of bilateral ODA went to Norway's top five recipient countries, well below the DAC average of 19%, and 22% to its top ten recipients, compared to the DAC average of 29%. This is below Norway's 2012-13 concentration levels of 22% for its top five recipient countries and 30% for its top ten recipients (Annex B, Table B.4). In 2016-17, Norway was among the top five bilateral donors in only five of its top ten recipient countries.[7]

Figure 3.3. Norway's bilateral ODA remains dispersed



Note: 2017 data. Regional allocations and bilateral ODA unallocated by country not reflected.
Source: OECD.Stat (2018), *Creditor Reporting System (CRS)* (database), https://stats.oecd.org/Index.aspx?DataSetCode=crs1 (accessed on 3 January 2019).

More bilateral ODA through intermediary funds brings trade-offs

The significant share of Norwegian bilateral aid that was reported as unallocated by country in 2016-17 (Annex B, Table B.3) is largely a result of increased in-donor refugee costs. It also stems from Norway's growing focus on global goods, which it increasingly finances through vertical funds and earmarked funding delivered through multilateral institutions. As such, the proportion of Norwegian bilateral funding channelled through the multilateral system is increasing: the share of total bilateral aid channelled through multilateral instruments reached approximately 40% in 2017, up from 27% in 2013.

As Norway shifts its allocations model in line with its stated commitment to channel more bilateral aid through multilateral channels, it will need to consider possible trade-offs and implications. This includes to what extent using intermediary funds as a means of managing a growing bilateral budget may limit Norway's ability to ensure that the allocation of bilateral resources matches its commitments and priorities, such as reaching LDCs and those populations most in need. Other risks include duplicating efforts and thereby contributing to the fragmentation of the multilateral system through the proliferation of instruments and funds (Chapter 5). As its delivery model changes, Norway will also need to ensure the appropriate distribution of capabilities throughout its systems, including embassy staff in the field to ensure oversight of the funds (Chapter 4). It may also entail consideration of how all parts of the Norwegian system – including results and knowledge management – are aligned. Developing a strategy to address these considerations will help Norway strike the right balance in ensuring its bilateral funds are spent in a way that responds to its partners' needs, priorities and ambitions and meets its own stated objectives.

Given that middle income countries (MICs), such as Brazil and Indonesia, continue to receive a significant share of bilateral ODA, developing a clear strategy for engaging with MICs may also help ensure Norwegian aid reaches those populations most in need, as articulated in its policy documents.

Sectoral allocations are in line with Norway's global and thematic priorities

The proportion of bilateral aid unallocated by sector increased significantly from 2013 to 2016, from 15% to 33%, mainly owing to increased in-donor refugee costs and the doubling of other in-donor expenditures over the same period. In 2017, the share of unallocated bilateral aid fell to 13%. Although social sector spending as a whole declined, from 39% in 2013 to 36% in 2017, within this, spending on education, in particular basic education, remained relatively stable, reflecting stated priorities (Annex B, Table B.5).

Strengthening gender equality and the rights of women and girls is one of Norway's strategic objectives. This is largely reflected in ODA allocations, where gender equality is treated as both a cross-cutting issue and a priority area with its own budget line (Government of Norway, 2016). Bilateral ODA commitments totalling USD 687 million (2016 constant prices) supported gender equality in 2016-17, and funding for gender is expected to increase further in 2018. In 2016-17, gender equality and women's empowerment was the principal or significant objective of 27% of Norwegian bilateral allocable aid. While below the DAC average of 36%, this remains consistent with Norway's 2015-16 levels (27%) (OECD, 2018a). All bilateral sector-allocable aid was screened against the gender-equality marker.

Similarly, environment is both a cross-cutting issue and a priority area. In 2016-17, USD 641 million (2016 constant prices) in bilateral ODA (25% of bilateral allocable aid) was channelled in support of the environment. 21% focused specifically on climate change (OECD, 2018a). Although below the DAC averages (29% for environment and 25% for climate change), a high proportion of Norwegian funding for the environment is channelled through the multilateral system. Norway uses both the Environment Marker and the Climate Mitigation Marker for its co-operation relating to "Reducing emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries" (REDD+).[8] In line with Norway's priorities, the 2019 budget proposes further increases in funding for aid targeting climate and the environment.

The increased focus in policy and political commitments on humanitarian assistance and funding for conflict and fragile contexts is increasingly reflected in flows. Humanitarian assistance increased significantly between 2013 and 2017, from USD 258 million to USD 514 million (2016 constant prices). In 2017, humanitarian assistance comprised 17% of bilateral ODA, increasing further in 2018 to support implementation of the new humanitarian strategy (Chapter 7). Similarly, the share of ODA delivered to fragile or conflict-affected settings is increasing: the Syrian Arab Republic became the largest recipient of Norwegian ODA in 2016, followed closely by Afghanistan, the West Bank and Gaza Strip, and South Sudan.[9]

Multilateral ODA allocations

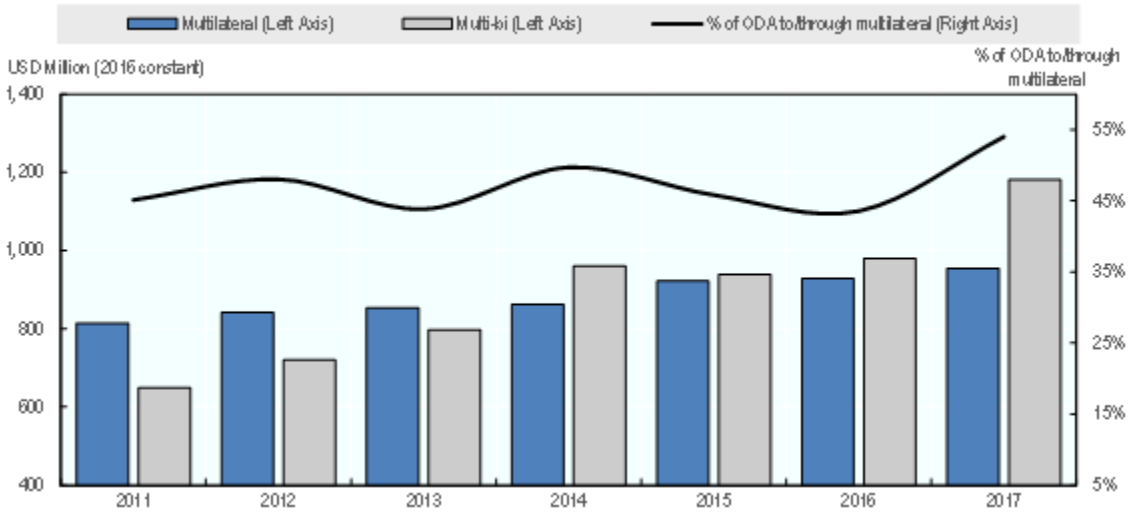
Peer review indicator: The member uses the multilateral aid channel effectively

Norway is working increasingly through the multilateral system, particularly in global sectors it considers strategic in this context, such as climate, health, and education. In line with this trend, the use of funding instruments managed by multilateral organisations has increased significantly since 2013. The share of core funding to multilateral institutions relative to non-core funding has fallen.

Norway is increasingly using multilateral aid channels in its strategic sectors

The trend towards multilateral and away from bilateral spending is a stated strategy at both the political and administrative levels. Norway has increased the relative share of its multilateral funding by shifting its bilateral focus away from the sectors it considers strategic to fund through the multilateral system – such as climate, education and global health – while also managing a growing budget. In 2017, the share of total ODA channelled to and through multilateral institutions as core and earmarked funding increased to 54%. This compares with the DAC average of 43% of net ODA, and is up from Norway's own levels in 2016 of 44% (Figure 3.4). Of this, pooled or basket funds represented the greatest increase.

Figure 3.4. Multilateral contributions relative to total multilateral spending



Source: OECD.Stat (2017), *Creditor Reporting System (CRS)* (database), https://stats.oecd.org/Index.aspx?DataSetCode=crs1 (accessed on 18 December 2018).

As bilateral funding channelled through multilateral instruments has increased, core funding of multilateral organisations as a percentage of total multilateral funding has trended downwards. In 2017, USD 998 million (current prices) was allocated as core funding to multilateral organisations. This amounted to 45% of Norway's total use of the multilateral system in 2017, a consistent decrease in relative terms from 2013 levels (52%). The increased use of intermediary funds is also mirrored by a trend away from increased

core funding for UN agencies, which has remained more or less constant in the same period. In 2017, 42% of Norway's total core contributions to multilaterals went to the UN system, 12% to the World Bank, 10% to regional development banks, and 36% to other multilaterals (OECD.Stat, 2018). This compares to 50% of core contributions going to the UN system in 2013. The share of core contributions relative to non-core funding for the UN also declined: from 46% of total funding to the UN system in 2013 to 37% in 2017. This drop is further reflected in the share of core funding to the UN system relative to total core funding to multilateral institutions, which fell from 16.4% in 2013 to 14.8% in 2017 (OECD.Stat, 2018).

Norway provides significant earmarked funding for multilaterals

In 2017, earmarked funding to multilateral organisations amounted to USD 1.2 billion (current prices), i.e. 30% of total ODA, well above the DAC average of 15.3%. This also represents a 48% increase between 2013 and 2017, channelled largely in support of Norway's thematic initiatives. Norway's stated priority of maintaining investments for access to education, in particular for girls, and improving maternal health and reducing child mortality, are largely pursued through intermediary funds.[10] Together with Canada, the United Nations and the World Bank, Norway launched the Global Financing Facility (GFF) in 2015, to increase investment in maternal and child health in developing countries in support of the Every Woman Every Child strategy. Norway is also the largest contributor to UNICEF's thematic education fund. In 2017, Norway provided NOK 5 billion (USD 600 million) in health aid, with its key agreement partners being Gavi (to which it contributed 12% of the vaccine alliance's total core funding); the World Bank; and the Global Fund to Fight Aids, Tuberculosis and Malaria (OECD.Stat, 2018).[11]

As Norway shifts its model towards greater use of multilateral channels, it should develop a clear strategy for core and non-core allocations, aligned with an overall strategy for engagement with multilateral organisations. In addition, Norway could regularly review the overall balance between its core, earmarked and other bilateral funding based on evidence of their relative effectiveness (OECD, 2018b). It will also be important to consider the implications this shift towards multilateral delivery might have for Norway's quality assurance and risk management. There is no evidence that the upward trend in multilateral financing has resulted in any efficiencies in corruption risk management. In some instances it has rendered Norway ill-placed to effectively track corruption risk management responses.

Stepping up Norway's influence on boards to address challenges, while also seeking to limit instances where its new initiatives may contribute to duplication and fragmentation will be important if Norway continues to increase its use of these channels (Chapter 5).

Financing for development

Peer review indicator: The member promotes and catalyses development finance additional to ODA

Through technical co-operation and its development finance institution (DFI), Norway demonstrates a strong commitment to promoting and catalysing development finance additional to ODA. Using its expertise and experience, Norway also remains at the forefront of key issues relating to domestic resource mobilisation, such as taxation and natural resource management. While spending on tax declined in 2016, Norway is now on track to meet its commitments in accordance with the Addis Tax Initiative.

Norway prioritises efforts to catalyse development finance additional to ODA

In line with the Addis Ababa Action Agenda, Norway actively seeks to catalyse other resource flows that promote sustainable development, and states its commitment to using development aid in a way that triggers private resources to promote the achievement of the Sustainable Development Goals (Government of Norway 2017b; Office of the Prime Minister, 2018). It seeks to do so both multilaterally and bilaterally (Government of Norway, 2015a), including through its DFI, through funding for the World Bank and UN, and other forms of development finance including trade and foreign investment (Government of Norway, 2015b). Additional priorities include promoting business development and job creation in low-income countries through bilateral technical co-operation programmes, such as Oil for Development and Tax for Development, which aim at strengthening competence and capacity in partner countries' public institutions.

The Norwegian Investment Fund for Developing Countries (Norfund) is the primary instrument for promoting private-sector development and job creation in partner countries (Box 3.1). Over half of Norwegian bilateral support for private sector development in developing countries is channelled through Norfund.[12] This prioritisation of Norfund for private sector engagement creates focus and coherence, and avoids the fragmentation that may come with the use of multiple instruments. This should be seen as good practice.

The Board of Norfund is responsible for its investment strategy in line with Norfund's statutes. While the Ministry is not a member of the Board, the Ministry is invited to attend the annual shareholder meeting. Norfund consistently meets internally set targets relating to priority sectors such as renewable energy, small and medium-sized enterprises and agribusiness, and is generally aligned with Norwegian development objectives (Norad, 2015). The broad formulation of Norfund's mandate and objectives, and its independence, also enable it to maintain a significant risk appetite and invest in markets where others would not, contributing to its additionality.

The government has committed to increase capital allocations to Norfund at least through to 2021 (Government of Norway, 2017b). Ensuring that this scale-up of Norfund's activities forms part of a broader strategy for Norway's multilateral and bilateral allocations, such as by including Norfund's activities in the Ministry's country strategies, will also be important. Including Norfund's activities in country strategies might also facilitate better co-ordination in the field and improved information sharing and learning

across Norfund, the Ministry and Norad, particularly in those sectors in which Norfund plays a leading role at the country-level.

There is scope for Norfund to improve its monitoring and reporting methods, particularly in light of ongoing increases in capital allocations. This should include strengthening indicators to promote better learning from operations over time, and feeding this learning back into Norway's development co-operation system. In the absence of ex-ante assessments of investment decisions and the linking of these assessments with the development of investment strategies, steps could also be taken to provide disaggregated data (including gender) to support more consistent analysis and direction.

Norway could use its sovereign wealth fund to invest more in sustainable development

Norway's sovereign wealth fund, the Government Pension Fund Global, was established in 1990 to manage Norway's petroleum revenues. In 2017, the Fund reached a total value of USD 1 trillion making it among the world's largest sovereign wealth funds. The Fund is largely invested in equities as well as bonds and real estate. Ensuring a stable return for Norway's current and future generations is a key underlying principle for the fund manager. Given Norway's strong commitment to the 2030 Agenda and the size and reach of the Fund, there is an opportunity to invest more in sustainable development in developing countries, while ensuring stable returns. The scale of the Fund's activities also highlights the need to ensure existing investments do not negatively impact on sustainable development (Section 1.2).

Norway's partners value its willingness to mobilise its technical expertise and support for domestic resource mobilisation

Reflecting Norway's commitment to using aid as a catalyst for increased development funding, including support for domestic resource mobilisation (Government of Norway, 2017b), USD 6.5 million of ODA was spent on domestic resource mobilisation in 2016 (OECD.Stat, 2018). Norway budgeted NOK 66 million (USD 7.7 million) in 2017 and NOK 163 million (USD 19.4 million) in 2018 on tax-related development assistance and, despite a decrease in spending immediately after 2015, is now on track to meet its Addis Tax Initiative commitment of doubling domestic revenue-related spending by 2020.[13]

Prioritising capacity-building, knowledge transfer and the provision of technical assistance to partner countries is a stated strategy of the current government (Office of the Prime Minister, 2018). This strategy translates into several initiatives in support of domestic resource mobilisation, including the Tax for Development and Oil for Development programmes. Tax for Development was launched in 2011 to co-ordinate work in areas related to taxation and illicit financial flows. To fulfil Norway's 2015 Addis Tax Initiative commitment, the Government has stated its intention to "step-up" Tax for Development, by providing additional technical assistance to partner countries and through ongoing multilateral efforts, including with the International Monetary Fund, the World Bank and the OECD. Norway also contributes to the UN Tax Committee of Experts on International Co-operation in Tax Matters in developing normative standards in tax policy and collection.

Box 3.1. Norway's DFI, Norfund

Norfund strategically concentrates its investments in high-risk regions

Established in 1997 and regulated by an Act of Parliament, the Norwegian Investment Fund for Developing Countries (Norfund) aims to mobilise other financial flows, including private-sector investment, to contribute to job creation, poverty alleviation, economic development, and the transfer of knowledge and technology in developing countries (Norfund, 2016; Government of Norway, 2018c). It achieves this by taking minority stakes in small and medium-sized enterprises (SMEs), and investing in private equity and venture-capital funds targeting SMEs needing early phase or growth capital.

Capitalisation is derived from a combination of annual capital allocations over the aid budget, and from dividends and asset sales (Norfund, 2016). Norfund's capital base has increased substantially in recent years, reaching USD 200 million in 2018, with additional commitments for the period 2018-21 (Government of Norway, 2015a).[14] Funds are invested through private-sector instruments, with a comparatively high share of equity and equity-like investments (86%) compared to other European DFIs (European Development Finance Institutions, 2018).[15] The remainder of Norfund's investments comprise loans (13%) and guarantees (1%). Norfund is a minority shareholder that always co-invests with other commercial partners, Norwegian or foreign.

While Norfund operates within the framework of general Norwegian development policy, Norfund is largely independent and final investment decisions are made by its Board (Annex D). The Ministry is not on the Norfund Board. Changes in the direction of Norfund's activities are decided at the annual meeting. The only target set by the Storting is that 50% of the capital allocated to Norfund, over time, should be invested in renewable energy (Norfund, 2016). Investments in sub-Saharan Africa and LDCs should also be prioritised. Clean-energy, financial institutions, SMEs and food, as well as a geographical focus on sub-Saharan Africa, are stated Norfund priorities, broadly aligned with Norway's development co-operation polices (Norfund, 2016; Norad, 2015).

As with other DFIs, the leverage effect of Norfund's investments is difficult to measure, and it remains a challenge for Norfund to assess the impact of its investments on development in the countries hosting the activities. However, Norfund's strong claims for developmental impact derive from several unique elements. A broad mandate and flexible model allow it to maintain a significant risk appetite and enter markets where others would not. Furthermore, the significant focus on electricity and energy sectors in its portfolio is aligned with both Norway's development priorities and the objectives of the host countries in which it is active, notably in sub-Saharan Africa. Finally, Norfund's grant facility scheme – which allows it to co-finance improvement initiatives such as management systems, governance policies and routines, energy efficiency, accounting, occupational health and safety, and capacity-building – also supports development.

Notes

[1] The National Budget 2019 proposed increasing appropriations for ODA by NOK 2.5 billion (kroner) (approximately USD 230 million).

[2] Reported in-donor refugee costs fell from USD 800 million in 2016 to USD 143 million in 2017.

[3] Of the 26 activities reported by Norway since 2011 as debt relief, 20 were related to multilateral organisations, 4 were grant compensations to the African Development Bank; 1 was a grant to the Norwegian trust fund for debt sustainability; and 1 was allocated to Liberia with the label "Arrear clearance of multilateral debt relief – World Bank" (OECD.Stat, 2017).

[4] The principal recipients were the West Bank and Gaza Strip, Afghanistan, Syrian Arab Republic, Lebanon, Nepal, Indonesia and Iraq.

[5] This excludes support to civil society and support provided as emergency assistance (Norad, 2018).

[6] The proposal by the Ministry of Foreign Affairs suggests Norway should focus on 16 countries on the basis of either strategic long-term co-operation, or countries with a high degree of fragility and instability (Government of Norway, 2018b).

[7] In 2016-17 Norway's top ten recipients were Syrian Arab Republic, Brazil, Afghanistan, South Sudan, the West Bank and Gaza Strip, Lebanon, Malawi, Ethiopia, Somalia and Colombia.

[8] REDD+ refers to efforts to reduce emissions from deforestation and forest degradation and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

[9] As the second highest recipient of Norwegian ODA Brazil remains a clear outlier, given the high-volumes of bilateral ODA channelled via the NICFI programme.

[10] For example, The Global Fund to Fight AIDS, Tuberculosis and Malaria, GAVI – the vaccine alliance, and the Global Partnership for Education.

[11] The Coalition for Epidemic Preparedness Innovations (CEPI) is also an important partner, receiving NOK 100 million in 2017.

[12] Between 2006 and 2013, 53% of Norwegian bilateral aid for private sector development was channelled through Norfund (Norad, 2015).

[13] As a member of the Addis Tax Initiative, Norway committed to doubling its spending on Tax for Development over 2015-20.

[14] The 2016-17 private sector white paper committed to increasing allocations to Norfund by 50% over a four-year period from NOK 1.5 billion (approximately USD 183 million) in 2017. Between 2012 and 2016, Norfund's capital base also increased substantially, from NOK 7.9 billion in 2012 to over NOK 14 billion in 2016.

[15] In 2017, equity and quasi-equity investments made by European Development Finance Institutions averaged 49%, 49% were loans, and 2% guarantees. The share of equity and quasi-equity type investments was almost double for Norfund (86%). The remainder comprised loans (13%), and guarantees (1%) (European Development Finance Institutions, 2018).

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Chapter 4. Norway's structure and systems

This chapter reviews Norway's organisational structures and management systems for its development co-operation and the extent to which they are fit for purpose, with appropriate capabilities to deliver its development objectives. The responsibility for Norway's development co-operation is complex, involving different ministries and agencies. Although Norway has made significant progress in its programming approaches and mechanisms, these could be further improved by strengthening linkages between programming and strategic management and oversight. As overall ODA levels continue to increase, Norway would benefit from strategic workforce planning to ensure that it can deliver on its changing aid model, in particular its shift from bilateral to multilateral co-operation. While there is a good understanding of risk management, corruption risk in particular needs to be further integrated in programme design. Norway's approach to innovation is good practice that should be shared across the Development Assistance Committee (DAC).

Authority, mandate and co-ordination

Peer review indicator: Responsibility for development co-operation is clearly defined, with the capacity to make a positive contribution to sustainable development outcomes

The responsibility for Norway's development co-operation is complex, involving different ministries and agencies. While Norway has made progress in strengthening cross-government co-ordination, the planned reforms aim to improve oversight and accountability. They should also address and strengthen synergies between multilateral and bilateral development co-operation.

Responsibility for development co-operation is complex and will benefit from the planned institutional reforms

The institutional arrangements for the leadership and delivery of Norway's aid programme are based on the principle that it is an intrinsic element of Norway's foreign policy. Since 2013, however, the way the aid programme is led and administered has undergone various reforms, and a relatively complex structure of ministries and agencies are now involved in its delivery. For the first time since 2013, the position of Minister for International Development was re-established in January 2018. However, ministerial responsibility for the aid programme remains shared between:

- the Minister of Foreign Affairs, who is responsible for overall policy, the Organisation for Security and Co-operation in Europe; the Middle East; North Africa; Afghanistan; humanitarian assistance; human rights, and; elements of the aid programme's focus on oceans. The Minister is also responsible for the budget lines on peace and reconciliation, as well as transitional funding and fragile contexts (stabilisation);
- the Minister of International Development, who shares responsibility for development policy and has responsibility for multilateral partners, Norad and Norec (formerly FK Norway) and for the aid programme in countries not covered by the Minister of Foreign Affairs; and
- the Minister for Climate and Environment, who is responsible for the element of the aid programme allocated to the Norwegian International Climate and Forest Initiative (NICFI).

Although the Ministry of Foreign Affairs remains the dominant agency, managing 49.5% of official development assistance (ODA), the Norwegian Agency for Development Co-operation (Norad) has been allocated increasing responsibility for the administration of the aid programme since 2013, particularly administration of the thematic areas. In addition, in 2017, Norad was delegated grant management and implementation responsibilities for health and education programming. This delegation of responsibility to Norad was an attempt to reduce overlap between the Ministry of Foreign Affairs and Norad, and to streamline the aid administration processes. In 2013, the Ministry of Climate and Environment was also allocated responsibility for the NICFI initiative (Chapter 3).

These institutional arrangements lead to a degree of overlap and inefficiency. Reforms to the organisation of Norwegian development co-operation, including the division of roles between the Ministry of Foreign Affairs and Norad, are being considered, with a new organisational arrangement expected to be implemented during 2019. In determining the

respective roles, functions and responsibilities of Norad and the Ministry, Norway should consider building better linkages between strategic management, operational approaches and administrative systems, as ensuring appropriate governance frameworks and structures at senior levels will improve incentives and oversight. In so doing, it will be important to retain Norway's flexible, responsive and consensus-driven approach, while ensuring quality assurance and compliance systems are fit for purpose. The implementation of institutional reform would benefit from learning from other OECD Development Assistance Committee (DAC) members. It will also require a careful change-management approach, as well as effective communication with all staff and stakeholders.

Whole-of-government approaches aligned with the Sustainable Development Goals (SDGs) and an increasing focus on multilateral delivery present further challenges

As outlined in Chapter 1, Norway has made significant progress in aligning its policies with the SDGs, both domestically and internationally, including assigning each of the goals to a co-ordinating ministry. While this approach has facilitated cross-governmental approaches, and effectively linked Norway's domestic and international engagement with the SDGs, it has also increased other ministries' involvement in Norway's aid programme. As a result, Norway has made efforts to strengthen dialogue across ministries (Chapter 1). Nevertheless, a May 2018 evaluation commissioned by Norad (2018) recommended that Norway formalise and strengthen its co-ordination mechanisms. The evaluation noted that the Ministry of Foreign Affairs has not been equipped with any formal power over other ministries' policies or activities, and recommended greater stakeholder engagement and cross-ministerial dialogue.

While the proportion of Norway's contribution to multilateral agencies through bilateral channels has steadily increased in recent years, core contributions to the multilateral system have decreased as an overall proportion of ODA (Chapter 3). As such, further reforms to Norway's organisational structures are needed to support this approach, enhancing synergies between its multilateral and bilateral co-operation. While reporting on Norway's contributions to the multilateral system is integrated into annual directives and work plans for embassies, including assessments of these contributions at country level, in practice this has proved challenging to monitor and Norway would benefit from further clarifying and strengthening embassies' strategic role in this regard (Chapter 5).

This was further evidenced in Norway's Uganda programme, where there are opportunities to strengthen the linkages between development, trade and foreign policy aims at both a bilateral and global level to ensure they are mutually reinforcing. While the Embassy has made considerable efforts in-country to develop a work plan that highlights linkages and, in particular, aligns private sector development with its engagement with the energy and petroleum industry and civil society strengthening, these efforts are not well-connected to Norway's international policy engagements. The development of a country strategy would help to further strengthen whole-of-government working and co-ordination with Norway's global engagements and investments in the multilateral system.

Systems

Peer review indicator: The member has clear and relevant processes and mechanisms in place

Norway has made significant progress in all aspects of its programming approaches and mechanisms, but these could be further improved by strengthening linkages to strategic management and oversight. There also exists a good understanding of programme risk management although corruption risk in particular needs to be further integrated in programme design. Norway's approach to innovation is good practice, which should be shared across the DAC.

Strengthening linkages between programme management and strategic management

Norway has invested in strengthening its project-cycle management systems and processes, including by building on its guidance for improved programme planning, design and partnership assessment. Recent revisions to the Grant Management Manual[1] (Ministry of Foreign Affairs, 2017) in particular are key in clarifying procedures. However, that project results are not aggregated at a thematic or portfolio level limits opportunities for results information to drive policy formulation and strategic decision-making (Chapter 6). A more consistent and systematic use of these processes and procedures to aggregate project and programme information would help improve programme efficiency and quality, thereby producing better development outcomes from partners. Moreover, further efforts to link project-cycle management processes to policy guidance and political directives, with strengthened oversight by senior management, would also ensure increased accountability and help Norway achieve more effective and coherent programming (Chapter 2).

Norway has made progress in its efforts to strengthen the transparency of its aid programme, including through publishing to the International Aid Transparency Index (IATI) since 2015. In 2018, Norway received a "fair" score of 43.3 (ranking 35th out of 45 reviewed agencies) – a marginal improvement over 2013 (IATI, 2018). Publishing to IATI needs improvement, and more can be done to ensure that policy and strategy documents, budget documents and impact appraisals are systematically published. IATI also notes that the Ministry of Foreign Affairs should better promote the use of its published data both internally, to facilitate co-ordination and effectiveness, and externally, to explore online and in-person feedback loops – including at the country level (Chapter 6).

Managing risks

Norway demonstrates considerable risk tolerance and recognises the impact of fiduciary, programmatic and reputational risks on the continuity and effectiveness of development co-operation. Norway has elaborated a series of tools and approaches for understanding the risks of corruption in development co-operation, and supplements these efforts through a series of complementary policy mechanisms, such as a zero-tolerance approach to incidents of corruption (or potential incidents of corruption), a follow-the-money initiative, spot checks, independent third party monitoring, and active and independent mechanisms for whistle-blowing, and sanctions. 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 year on year. Risk management is also managed in a differential way, depending on the operating environment – the higher the risks, the more follow-up (i.e. sequencing the allocation of funds, frequency of meetings, types of evaluations and reviews) – in line with provision 5(ii) of the Recommendation of the OECD Council for Development Co-operation Actors on Managing the Risk of Corruption, 2016 (the Council Recommendation).

Many of these tools and approaches are yielding important results, particularly at the level of diagnostics, but there are areas for further elaboration, simplification or clarification. For example, 'following the money' is not highly effective in the absence of specific financial training, Similarly, Norway's zero tolerance approach towards corruption is widely known by both staff and partners, and yet a more pragmatic and proportionate approach that ensures Embassy and programme staff have a clearer sense of the policy's implications, in terms of practical and proportionate programme implementation may be warranted, and would better align with the spirit of the Council Recommendation, specifically provision 8(iii). Further efforts could be made to ensure that risk monitoring at the project and programme levels also systematically informs strategic decision-making. It will also be important for Norway to incorporate recommendations and good practice in managing sexual exploitation and abuse – emerging topics in ongoing DAC discussions.

Norway has continued to build and deepen its approach to managing corruption risks in development co-operation, with a recent OECD report finding that Norway has a robust legal framework, which has supported active anti-bribery enforcement. However, some recent significant amendments could weaken enforcement. In particular, "the new Penal Code narrows Norway's jurisdiction over criminal offences committed abroad, inter alia potentially limiting nationality jurisdiction over foreign bribery to acts that are also punishable under the law of the country in which they are committed" (OECD, 2018).

Challenges remain especially in the Oil for Development programme, which would benefit from a more holistic understanding of and response to corruption risks in the oil sector. The 2013 peer review of Norway pointed to Norway's relatively narrow approach to anti-corruption, primarily focused on project-specific risks, and the need for Norad to invest further in understanding the political economy of recipient countries (OECD, 2013). Norway has taken steps to undertake systematic political economy reviews in each of its twelve Oil for Development partner countries, to derive a better understanding of the contexts in which its operations are conducted, although staff advised that these assessments rarely inform programming. Operationalising political economy analyses in project and programme design and strategic decision-making is a challenge among development actors, which suggests that a more pragmatic approach towards understanding and responding to political and strategic risks may be warranted. This is relevant to Provisions 5 and 10 of the Council Recommendation.

Promoting innovation in development co-operation

Promoting innovation is a clear priority for Norway's development co-operation and represents good practice. Norway has a strong portfolio of programmes supporting education and health in particular, underpinned by strategic partnerships with academia, the private sector and civil society. Norway's Programme for Capacity Development in Higher Education and Research for Development in Uganda is a good example of its innovative support for the education sector, strengthening local capacities by using country systems throughout the programming cycle and creating avenues for South-South co-operation. Bringing these initiatives to scale and sharing good practice should be priorities for Norway.

The new Knowledge Bank also signals a commendable effort by Norway to become more knowledge-oriented and coherent across implementing agencies. Norway has taken an innovative and ambitious approach to leveraging the expertise and experience of multiple government agencies. Further efforts could be made, however, to strengthen the use of learning and evidence to improve development co-operation outcomes (Chapter 6).

Norway's recognition of the impact of digitisation – both in terms of creating an increasingly inter-connected world, and the potential opportunities for social development and economic growth created by access to information and services – is also notable. The white paper "Common Responsibility for Common Future" (Government of Norway, 2016-17) highlights the need to strengthen digital capacity-building as an integral aspect of Norway's development efforts. A strategy for digitisation in development co-operation was launched in September 2018, and a further white paper on digitisation and technology is under preparation. This includes using digital technology and new means of communication, both for long-term development co-operation and in humanitarian crises. Norway has already achieved significant successes in this area, including through initiatives such as the District Health Information Software 2 initiative (Box 4.1).

Box 4.1. Norway's District Health Information Software 2 (DHIS2) initiative

DHIS2 is an open-source, web-based health-management information system, launched in 1994 with funding from Norad, the University of Oslo and the Research Council of Norway. Since scaling up in 2011, DHIS2 has become the world's largest health-information management system used by 67 low- and middle-income countries, covering a global population of 2.28 million.

The platform was developed to facilitate a high degree of country ownership through an adaptable approach that can be configured to complement health ministries' existing systems. Data ownership rests with each user institution. In addition, DHIS2 has played a crucial role in supporting capacity-building through the establishment of over 80 DHIS2 "academies" providing training and support to platform users.

The widespread use of DHIS2 has also enabled cross-sector applications. The platform is also being used to capture data and reporting across water and sanitation, agriculture, education and other sectors.

The success of the initiative has allowed it to expand and sustain growth over time, attracting further funding from UNICEF, the Centers for Disease Control, Gavi – The Vaccine Alliance, the U.S. President's Emergency Plan for AIDS Relief, the World Health Organization, and the Bill and Melinda Gates Foundation. This should be seen as a good practice of long-term investment in innovation (Norad, 2017).

Capabilities throughout the system

Peer review indicator: The member has appropriate skills and knowledge to manage and deliver its development co-operation, and ensures these are located in the right places

Despite investments in strengthening human resource management to deliver training, mobility and skills development, Norway's staffing levels have not kept pace with an increase in overall ODA. Norway would benefit from strategic workforce planning to ensure it can deliver on its changing aid model as it shifts from bilateral to multilateral co-operation.

Staffing levels have remained constant despite significant increases in Norway's aid programme and a shift from bilateral to multilateral co-operation

Norway's aid programme is largely delivered by the Ministry of Foreign Affairs (with around 2 600 Norwegian and local staff in total), Norad (250) and Norec (42). The current government's focus on efficiency gains in the civil service, and in the administration of ODA in general, has caused the number of officials at the Ministry of Foreign Affairs to fall from 1 485 in 2015 to 1 432 in 2018 – although the number of locally employed staff at embassies has risen from 870 in 2005 to 1 155 in 2018. Despite this slight increase in overall numbers, staffing has not kept pace with a significant increase in the aid budget over the past ten years. To some extent, this reflects the Government of Norway's focus on civil-service efficiency; however, it has led to greater "outsourcing" of aid administration, particularly through increased allocations of ODA to the multilateral system.

Furthermore, this shift from bilateral co-operation to working through the multilateral system has not been accompanied by strategic workforce planning to ensure the necessary staffing levels, structures and skills are in place to deliver Norway's evolving programme effectively and efficiently. Since 2013, Norad had been charged with managing a growing portfolio of thematic issues and grant-management processes, yet there have been subsequent limitations on their ability to recruit additional specialists to do the work. Addressing these challenges will become even more important as Norway's aid volumes continue to increase, and new skills are required to deliver on the country's strategic objectives.

Human resources systems have improved with an increasing focus on mobility, training and skills development

Norway has strengthened its human-resource management systems in recent years, and made some progress in breaking down the silos between staff working on foreign policy and those working on development. This success partly stems from greater staff mobility, and the anchoring of foreign policy and development policy in common strategic documents, such as the Jeløya-platform (Office of the Prime Minister, 2018). It is also supported by the Ministry of Foreign Affairs strategy – Strategy 21, covering 2017-21 – to increase the effectiveness of the Foreign Service and develop Ministry of Foreign Affairs employees' knowledge and skills.

Ministry staff and local staff are also supported by a range of training options, including formal training from the Foreign Service Institute, on-the-job training and participation in

Train 4 Dev, a joint donor-training programme. In addition, Strategy 21 defines six key measures to develop the effectiveness of the Foreign Service, including flexibility, co-ordination, the role of embassies, new technology, security, and employee knowledge and skills.

Evidence from Norway's country programme in Uganda indicates that staff at Norway's embassy have a clear understanding of Norway's priorities and the context in which they operate. Embassy staff are accessible to partners and work well to co-ordinate Norway's development co-operation activities in Uganda. Locally engaged staff in particular play a critical role in providing in-depth understanding of the national context and continuity in managing Norway's key relationships.

Notes

[1] The "VO4 Guide to Assessment of Results and Risk Management, Including Cross-cutting Issues" (Ministry of Foreign Affairs, 2017) supports grant managers in assessing and managing results and related risks, in line with the Regulations on Financial Management in Central Government. The guide sets minimum requirements, and includes some examples and guidance on cross-cutting issues.

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Chapter 5. Norway's delivery modalities and partnerships

This chapter reviews Norway's approach to delivering in partner countries and through partnerships to determine whether this is in line with the principles for effective development co-operation. Norway is a reliable and appreciated partner engaging in diverse partnerships that go beyond aid. Its ongoing focus on reducing the number of partner countries presents an opportunity to further improve the effectiveness of country level engagements and to align engagements with country priorities and processes. Clarifying the role of Norway's embassies will be key to ensuring that Norway successfully links its global and country level objectives and leverages its influence with partner governments. Norway's shift from bilateral to multilateral partnerships raises challenges, including the potential to contribute to fragmentation within the multilateral system.

Partnering

Peer review indicator: The member has effective partnerships in support of development goals with a range of actors, recognising the different and complementary roles of all actors

Norway is a reliable and appreciated partner, which emphasises the value of diverse partnerships that go beyond aid. However, the shift from bilateral to multilateral partnerships raises challenges, including the potential of contributing to fragmentation within the multilateral system.

Norway is a reliable, valued and generous partner

Development partners, multilateral and civil society organisations (CSOs) consistently recognise Norway as a reliable and valued partner, more than just as a donor. This appreciation is based on Norway's long-term engagement, constructive dialogue and consistent focus on capacity-building. Norway is also a generous and flexible donor, which takes its international commitments seriously.

There exists a clear commitment from Norway to strengthen partnerships with a diverse range of stakeholders, especially the private sector and academia. This is in line with the Minister of International Development's address to the Storting in April 2018 stating that "aid alone is insufficient to achieve development and must be used strategically to mobilise other financial flows, including private sector investment" (Government of Norway, 2018a). The emphasis on diversifying partnerships is also elaborated in Norway's Research Strategy for the Foreign Service and Norad 2017-2024 (Ministry of Foreign Affairs, 2017), which articulates the need to foster high-quality research to help reduce poverty and promote sustainable development.

Norway also makes considerable efforts to align its partnerships with its stated priorities – namely education, health, private-sector development and job creation, climate, renewable energy and the environment, gender equality and humanitarian aid – and its perceived comparative advantage and technical capacities. This is evidenced by the range of Norway's partnerships at the global level, through its contribution to the multilateral system and "vertical funds", such as the Global Financing Facility in support of maternal and child health (Chapter 3). It is also evidenced by its country-level partnerships, through initiatives such as its Oil for Development programme and the Norwegian Office of the Auditor General's in-country partnerships (Box 5.1).

The shift from bilateral partnerships to multilateral partnerships brings challenges

As outlined in Chapters 2 and 3, Norway is increasingly shifting from bilateral to multilateral partnerships – particularly in the areas of climate, education and global health – while also managing a growing budget. This has positive outcomes, in terms of Norway's leadership and advocacy on priority issues and their significant contribution to shared global aims. Benefits include the opportunity to reduce overhead costs and enhance the consistency of reporting amongst donors. However, this shift also has implications on the extent to which Norway can leverage its influence with partner countries in its country-level engagements (see below). It also influences its ability to ensure that multilateral

investments align with its overall strategic aims and achieve the expected results. In particular, increasing investment in sectoral multilateral partnerships through vertical funds may contribute to fragmenting the multilateral system and cause such sectoral funds to proliferate. Furthermore, Norway's support for multilateral partners has been based on an annual budget allocation, limiting the predictability of Norway's multilateral partnerships. This is likely to change following the introduction in January 2019 of multi-year indicative commitments to UN agencies.

Norway is committed to its partnerships with civil society and the private sector

Norway has built solid relations with CSOs, based on trust and dialogue. Through the Norwegian Agency for Development Co-operation (Norad), Norway has an active policy to support interventions of non-governmental organisations (NGOs) and invest in their capacity development. It has elaborated several guidelines to support the work of NGOs, in line with Norwegian priorities. Its most recent publication (June 2018), *Norad's Support to Civil Society: Guiding Principles*, emphasises seven principles, namely sustainability, inclusion, partnership, legitimacy, accountability, cost effectiveness, and context sensitivity (Norad, 2018a). Furthermore, Norway views its partnerships with both civil society and the private sector as a key element in delivering on its objectives. The white paper "Working together: Private sector development in Norwegian development co-operation" emphasises the importance of supporting "knowledge clusters", wherein the private sector and CSOs collaborate in mutually reinforcing partnerships (Government of Norway, 2015).

Despite this strong commitment, there is a perception amongst civil-society partners that framework agreements specifying sectoral focus areas, along with different funding criteria set by Norad and the Ministry of Foreign Affairs – focusing on long-term capacity building and humanitarian assistance respectively – prevents Norwegian NGOs from being highly nimble, especially in fragile contexts. More than half of Norway's private-sector partnerships are delivered through Norfund. While there exist opportunities to strengthen the way that Norway's development co-operation and private-sector partnerships are informed by learning from Norfund's operations, the flexible model and broad mandate of Norfund help to ensure that it is aligned with Norway's overall development priorities and objectives (Box 3.1).

Country level engagement

Peer review indicator: The member's engagement in partner countries is consistent with its domestic and international commitments, including those specific to fragile states

Norway's focus on reducing the number of partner countries presents an opportunity to improve the effectiveness of its country level engagements and build on existing efforts to align with country priorities and processes. Clarifying the role of Norway's embassies will be a key element in ensuring that Norway successfully links its global and country level objectives and leverages its influence with partner governments.

The development of country strategies will strengthen alignment with partner country priorities

The 2013 peer review highlighted that Norway lacks clear funding criteria for allocating bilateral aid, resulting in a lack of evidence-based funding decisions (OECD, 2013). Such criteria were subsequently elaborated in the white paper presented to the Storting (Government of Norway, 2018b). The white paper emphasises Norway's focus on developing mutual partnerships and country strategies based on the Sustainable Development Goals, which will not be limited to aid, but will include all areas of co-operation relevant to development (Chapter 2). The development of such country strategies needs to be informed by a systematic process that further clarifies decision-making, resource implications, phasing, the delegation of authority to embassies and other aspects. Such a process would help Norway strengthen its country-level engagements and improve the predictability of its aid, mutual ownership with partner governments and co-ordination with others – including OECD Development Assistance Committee members. It would also help ensure that synergies across its own programmes are mutually reinforcing.

Efforts to strengthen country-level partnerships are also complemented by Norway's focus on strengthening knowledge management and breaking down "silos" within its own systems. A key element of this approach is the launch of the Knowledge Bank in 2018 (Box 5.1), aiming to increase partner countries' access to Norwegian expertise by consolidating cross-government capabilities and the availability of technical co-operation.

Box 5.1. The Knowledge Bank

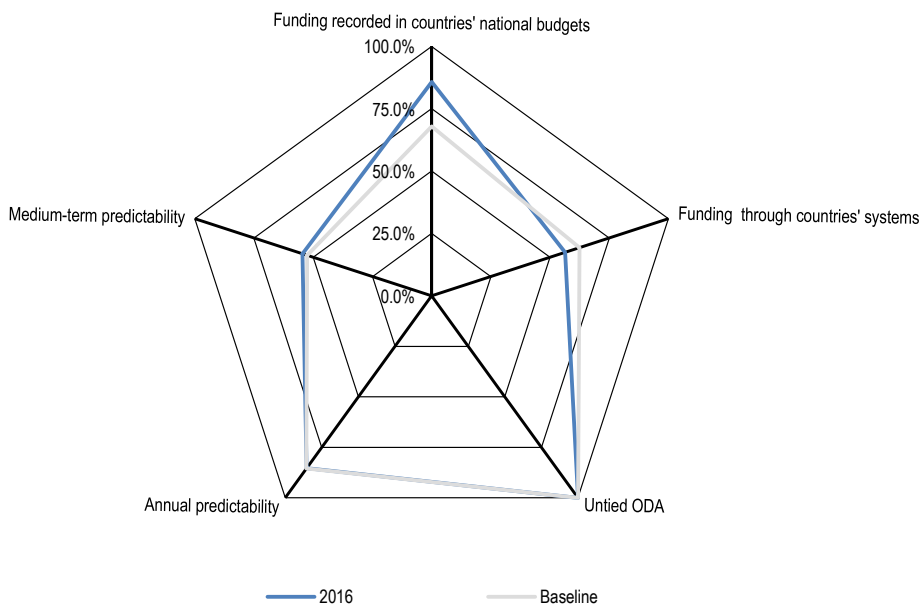
In 2018, Norway launched a Knowledge Bank, with the objective of strengthening and co-ordinating a range of programmes for technical co-operation in areas where Norway has special competence which is in demand by partner countries. The programmes usually combine the expertise of Norwegian ministries, agencies and public institutions to meet the government's objective to strengthen competence and capacity in public institutions in partner countries (Norad, 2018c). The Knowledge Bank encompasses a number of technical co-operation initiatives, including the Oil for Development, Fish for Development and Tax for Development programmes, and Norwegian co-operation around clean energy.

While the primary aim of the Knowledge Bank is to strengthen public institutions through sharing knowledge in Norway's areas of niche expertise, it also reflects an innovative approach to – and potential for greater co-ordination, synergies and management of knowledge within – the Norwegian system by bringing together expertise from across the system, thereby breaking down silos.

Norway is increasingly aligning with partner country priorities

Norway is making efforts to align behind country priorities and processes. Norway's performance in the 2016 Global Partnership for Effective Development Co-operation (GPEDC) monitoring round (GPEDC, 2016) indicates it is increasingly recording its funding in national budget processes and strengthening medium-term predictability (Figure 5.1).

Figure 5.1. Norway's alignment with country priorities and processes



Source: OECD (2018), *Development Co-operation Report 2018: Joining Forces to Leave No One Behind*, https://doi.org/10.1787/dcr-2018-en.

Such efforts to complement national priorities were evidenced in Uganda: Norway's priorities broadly align with those of the government, notably on energy and education. Uganda sees Norway as a valued and strategic partner, which can respond rapidly to evolving needs, and provide resources to its partners in a timely and flexible manner. In the energy sector, for instance, Norway has built a portfolio that reflects Norway's comparative advantage. It co-ordinates well with other development actors, is highly valued by the Government of Uganda and plays a critical role in building domestic capability. With the support of third-party independent monitors, Norway is also ensuring accountability for results.

Other initiatives can be seen as good practice. These include the partnerships of the Norwegian Office of the Auditor General (OAG), which have yielded mutual benefits, with an exchange of learning that is valued by both partners (Box 5.2).

Box 5.2. Norwegian Office of the Auditor General (OAG)

The OAG is involved in several initiatives to strengthen public auditing capacity in developing countries, including by undertaking technical co-operation with supreme audit institutions (SAIs) and through its work as an external auditor for international organisations.

Since 2001, the OAG has been responsible for the partnership with the International Organization of Supreme Audit Institutions Development Initiative (IDI), a development body for SAIs in developing countries. The IDI contributes to improved auditing capacity in more than 140 SAIs through needs-based, targeted and sustainable development programmes. In 2017, the OAG worked with SAIs in Nepal, Myanmar, Uganda, Zambia and Sierra Leone, as well as with the African Organisation of English-speaking Supreme Audit Institutions (AFROSAI-E).[1]

The OAG takes the approach that learning and development through professional dialogue, including sharing experiences and knowledge through this engagement with developing countries is fundamental to development of the organisation itself. As seen in Uganda, through this learning approach and long-term partnerships between the OAG and its counterpart the initiative is yielding mutual benefit, with an exchange of learning valued by both partners. This is an example of exemplary peer-to-peer learning and support and can serve as good practice.

Embassies play a role in strengthening Norway's country-level engagements and leveraging its influence

Norway's reorientation towards multilateral partnerships also has implications for its country-level engagements. In particular, further efforts will be needed to leverage its multilateral partnerships for engagement and influence with partner countries, and to ensure that country-level objectives are linked to global policy and reform outcomes.

Norway's engagement in Uganda, for instance, suggests there is an opportunity to better leverage its strong relationships, engagement in strategic sectors and perceived neutrality to scale up its dialogue with the government on sensitive issues. These include corruption and human rights – particularly in the renewable and non-renewable energy sectors, including within the Oil for Development project. Magnifying its voice through a co-ordinated approach with like-minded partners may also achieve greater impact.

Clarifying the role and added value of Norway's embassies should be seen as a critical element, both for ensuring that global and in-country objectives are aligned, and for leveraging Norway's influence with partner governments. Norway is beginning to make efforts in this regard, including through the recommendations contained in the October 2018 report, *Evaluation of Organisational Aspects of Norwegian Aid Administration* (Norad, 2018b). The report highlights that Norway's falling share of bilateral ODA has narrowed opportunities for contact with recipient governments and lessened its ability to build networks and manage country-level partnerships. The report points to the challenges facing Norway's embassies in assessing whether multilateral programmes are being implemented effectively and efficiently on the ground. It highlights the difficulties in ensuring that project financing connects with the political leadership in the host country, and builds influence on issues of relevance for Norwegian foreign and development policy. Strengthening and improving information flows between embassies and the Ministry of Foreign Affairs may be one way to address this challenge, thereby helping embassies to play a more active role in advising Norway how best to leverage its multilateral partnerships for country-level engagement and influence.

Notes

[1] AFROSAI-E is an association of English-speaking SAIs in Africa and includes 25 countries. For more information, see: https://afrosai-e.org.za/.

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Chapter 6. Norway's results, evaluation and learning

This chapter considers how Norway plans and manages for results in line with the Sustainable Development Goals (SDGs), building evidence of what works, and using this to learn and adapt. Norway would benefit from a strengthened definition of results-based management and an expanded approach to results measurement that includes the strategic and portfolio levels. While Norway's approach to strategic evaluations is strong, there remains room to improve the quality, methodology and analysis of decentralised evaluations. Developing a formal knowledge management system would help Norway to use results for direction and learning.

Management for development results

Peer review indicator: A results-based management system is being applied

The Norwegian government promotes results-based management as a core strategy for the management of public funds. In its development co-operation, however, Norway lacks a clear definition of results-based measurement. Although its approach to results may lead to greater domestic accountability and communication, it does not appear to be contributing effectively to direction and learning. A lack of systemisation, and a focus largely on the project or activity rather than the strategic or portfolio level, also limits the ability for results to drive policy formulation and strategic decision making, and contribute to better development outcomes by partners.

Developing a shared understanding of results-based management

As outlined in the white paper "Common Responsibility for Common Future" (Government of Norway, 2017), Norway seeks to align its development co-operation activities and objectives with the Sustainable Development Goals (SDGs). Although Norway states that it pursues results-based management as a core strategy, it has struggled to develop a shared understanding of results-based management across its aid administration, including how it might add value to delivery (Norwegian Agency for Development Co-operation [Norad], 2018a). To apply a results-based management approach, Norway would benefit from a clearly stated purpose for its results system as it relates to the strategic objectives of Norwegian development co-operation, and a strengthened commitment to learning from results (OECD, 2016a). Identifying more clearly and systematically measurable results and indicators against which progress will be measured at the portfolio and programme level, rather than only at the project level, may also help Norway to apply the results from its development co-operation more effectively to support learning and direction.

Recent revisions to the Grant Management Manual provided additional guidance for staff, clarifying the key concepts and methodologies associated with results and results management at the project level (Ministry of Foreign Affairs, 2017a). This includes the requirement since 2016 to incorporate a results framework into all projects, although this is not fully enforced in practice. Norway's approach also gives significant responsibility for defining and reporting results to grant recipients. This may limit projects' alignment with Norway's national policy objectives.[1] The focus on collecting data at the project level limits the capacity to aggregate data from several projects to give an indication of whether overall goals beyond individual projects are being achieved. Further, while detailed results frameworks do exist for a growing number of larger programmes and portfolios,[2] such an approach is not systematically applied across programmes. The extent to which the results from these larger programmes are aggregated at the global level for learning across the whole system also varies, limiting the use of results information for learning and strategic decision-making.

Norad presents results from Norwegian aid on an annual basis and these are published online (Norad, 2017a). The focus to date on project level results has limited Norway's

ability to explain how actions contribute to change within Norway's partner countries, globally across its programmes and ultimately, to the achievement of the SDGs (Zwart, 2017). The proposed creation of a new Results Portal is expected to include a combination of progress assessments and key results summaries for each project, narrative reports from specific programmes, and thematic results reports at the portfolio level. It will be important to ensure that the progress indicated by the planned Results Portal addresses the need to use results data to drive improvements or changes in policy decisions and in turn the development outcomes of Norwegian development co-operation, in addition to enhancing domestic accountability and transparency.

Strengthening results measurement at the individual grant and project level

Greater ongoing monitoring and progress reporting against results frameworks would also help strengthen results measurement. At the individual grant level, performance is assessed annually. Norad's quality assurance department, AMOR, has programmes to develop staff capacity and review grant-management within the Ministry, embassies and Norad. AMOR also provides advice to staff on results-based management issues, largely from a quality perspective and mostly at the grant agreement stage, and undertakes grant management reviews at the embassy level, as requested by the Ministry. To date these reviews have largely focused on compliance. Expanding the focus of the reviews to address the quality of the grant application itself, as signalled by a pilot in 2019, might also strengthen results measurement.

A strengthened results culture will also improve staff understanding of and commitment to results measurement, and contribute to a more systematic approach. Prioritising efforts to develop a results culture within the administration, including by clearly articulating the purpose of results systems, developing a shared understanding of results-based management and adopting a more systematic approach to results measurement at the portfolio level – particularly in terms of programme logic –would facilitate aggregation and help Norway ensure that results are used to inform organisational learning and decision-making.

Using country-led results frameworks and statistical capacity-building

Reflecting its strong commitment to technical support and capacity-building, Norway is a leader in supporting statistical capacity in developing countries. In 2014-16, it ranked among the top ten bilateral and multilateral donors for statistical capacity building (Secretariat of the Partnership in Statistics for Development in the 21st Century, 2018), and among the top five donors in providing ODA towards statistics capacity in fragile countries.[3] According to the Global Partnership for Effective Development Co-operation (GPEDC) 2016 monitoring round, Norway's use of country-led results frameworks (61.6%) was below the OECD Development Assistance Committee (DAC) average (65.1%) (GPEDC, 2016).

In backing up its strong support for capacity-building through funding Norway could increase its use of country-led results frameworks, data and statistical systems. Given that it is scaling back budget support and that a significant proportion of project funding is channelled through civil society organisations (CSOs) and other implementing partners, Norway might also encourage its implementing partners to use country-led results frameworks. This will likely become increasingly important as Norway shifts its approach towards greater use of global instruments to deliver its bilateral aid.

Evaluation system

Peer review indicator: The evaluation system is in line with the DAC evaluation principles

Norway's evaluation system, in line with the DAC evaluation principles, supports learning and decision-making. Maintaining the independence of the Evaluation Department will be important in the context of ongoing organisational reforms, and there remains room for Norway to improve the quality of decentralised evaluations. Norway is encouraged to increase its co-operation with partner countries to support capacity building, including through joint evaluations.

Norway's evaluation system is in line with DAC evaluation principles

The Evaluation Department, currently situated within Norad, is responsible for initiating and implementing independent evaluations of Norwegian development co-operation, and communicating the results to the public and policy-makers. The key objective of the evaluations is to identify lessons learned for systematic use in policy development. The evaluations carried out by the Evaluation Department are guided by the DAC criteria (Norad, 2017b; OECD, 2016b) and are aligned with DAC evaluation principles.[4]

In accordance with instructions issued in 2015, the Evaluation Department is responsible for initiating and planning evaluations and studies covering all aspects of development co-operation, irrespective of the partner or whether Norway manages the funds (OECD, 2016b). Even though it does not have a separate budget, the Evaluation Department is governed under a separate mandate. It sets the programme of strategic evaluations on a three-year rolling basis, developing the programme in consultation with actors from within and outside the aid administration. Evaluation projects are selected on the basis of an assessment of significance, uniqueness and risk in Norwegian development co-operation, also considering the issues anticipated to be relevant during the programme period. The programme may be adjusted according to changes in needs and preconditions. The programme and the status of planned and ongoing evaluations are published online.

For all strategic evaluations, the Evaluation Department prepares terms of reference in consultation with stakeholders including the departments and embassies; external consultants typically carry out the evaluations. Quality assurance, recommendations and communication of findings are the responsibility of the Evaluation Department, which also supports the embassies and the Ministry of Foreign Affairs in strengthening evaluation methodology (OECD, 2016b).

The 2013 review encouraged Norway to ensure consistent quality across all evaluations including those that are decentralised to improve the aid administration's evidence base (OECD, 2013). While Norway's approach to strategic evaluations is strong, there remains significant room to improve the quality, methodology and analysis of decentralised evaluations. While there is a high level of use of decentralised evaluations within the administration, their quality varies significantly, and many reviews and decentralised evaluations are found to be methodologically weak (Norad, 2017c). Strengthening the terms of reference and methods applied for these decentralised reviews will be important in order to align the quality of decentralised evaluations with strategic evaluations managed by the Evaluation Department. New guidelines for developing terms of reference for

decentralised evaluations from 2018, and the inclusion of an advisory function with regard to decentralised evaluations in AMOR's mandate, signal a step in the right direction.

Administrative and budgetary independence

The Evaluation Department is currently led by the Evaluation Director, who reports to the secretaries-general of the Ministry of Foreign Affairs and the Ministry of Climate and Environment, and to the Head of Norad on administrative matters.[5] There is no Evaluation Advisory Board or Committee (OECD, 2016b). As noted during the headquarters visit, the Minister of International Development is seeking to be more involved in evaluations, and has requested a summary of each evaluation, in addition to the existing annual report. In the context of ongoing organisational reforms and in line with the DAC evaluation principles, the future evaluation department will need to maintain the required technical expertise, as well as its administrative and financial independence, e.g. through an independent budget. Strengthening the requirements relating to evaluation follow-up may also enhance the impact of evaluations.

Evaluation partnerships and strengthening capacity

As the Chair of the OECD/DAC Evaluation Network, Norway shows willingness to engage in international fora to strengthen the development-evaluation field; this includes the DAC High Level Meeting-initiated process to adapt the evaluation criteria, peer reviews of evaluation functions and practices. Since 2013 the Evaluation Department has carried out joint evaluations and studies with Sweden, Denmark, the African Development Bank, the World Bank, UNDP and the OECD/DAC Evaluation Network, and has entered into partnerships with United Nations organisations with the aim of contributing to building of national evaluation capacity, through the development of a national tool for governments to assess and identify gaps in their evaluation capacity, providing guidance on gender responsive evaluations, and sharing lessons learned. Norway is encouraged to increase its co-operation with partner countries to support capacity-building, including by undertaking further joint evaluations.

Institutional learning

Peer review indicator: Evaluations and appropriate knowledge management systems are used as management tools

Norway lacks a clear approach to knowledge management within and across its development co-operation system. While the appetite for learning demonstrated by staff of both the Ministry of Foreign Affairs and Norad is supported by several new policy tools and guidance, a formal approach to knowledge management is lacking. Norway may benefit from more systematic follow-up of existing instruments (including evaluation findings), and from improving its approach to managing for development results.

Room to improve learning from and using evaluation findings

Follow-up of evaluations undertaken by the Evaluation Department (strategic evaluations) is the responsibility of the department, mission or agency responsible for the programme

or activity that has been evaluated. Norway could improve its use of evidence to inform policy direction and decision-making including through the more formal uptake of evaluation findings. The 2013 peer review recommended that Norway improve its learning system by implementing a formal management-response system, including clarifying reporting lines and follow-up responsibilities on evaluation recommendations (OECD, 2013). Revised instructions issued in 2015 stipulate that follow-up plans are to be approved by the Secretary General of the Ministry concerned within six weeks of the evaluation's publication, and within the course of a year, the responsible unit is to report on relevant measures implemented. To make further progress in this regard, Norway is encouraged to ensure that evaluation follow-up plans in response to decentralised evaluations are similarly systematic, and that follow-up is monitored and disseminated accordingly. In line with good practice, this might also include the requirement for a formal management-response plan. To further improve opportunities for learning from evaluation findings, Norway should continue to ensure that all strategic evaluations – and where possible decentralised evaluations – are also published online in a timely manner.

Norway lacks a strategy for knowledge management

Several recent white papers and strategies signal that Norway is committed to and investing in becoming more knowledge-oriented (Chapter 4), including by strengthening its approach to knowledge management (Ministry of Foreign Affairs, 2017b; Norad, 2016). The Research Strategy for the Foreign Service and Norad, 2017-2024 (Ministry of Foreign Affairs, 2017b), for example, aims both to promote research and knowledge-based policy and decision-making, and to support global knowledge production. Norway's Ministry of Foreign Affairs adopted a new human resources strategy in October 2018, which also signalled a strengthened focus on knowledge management. While staff demonstrate a strong willingness to learn, the absence of an overall, dedicated knowledge management strategy encompassing the Norwegian development co-operation system makes it difficult to determine how learning from individual projects and initiatives is fed formally back into the system to build knowledge and to influence overall objectives. This also significantly limits opportunities for direction. A greater focus on and understanding of results, and a significantly strengthened approach to results-based management (Section 6.1) would be useful first steps.

Despite requirements for results reporting by its partners, evaluations found that staff do not systematically use these data for their own management and learning (Norad, 2018a). Moreover, staff are often uncertain about the quality of results data, which may also limit its use to inform decisions (Norad, 2018a).[6] Given the increased use of multilateral channels for Norway's ODA, particularly vertical or intermediary funds (Chapter 3), Norway will need to consider how its results and evaluation findings from the multilateral system are being fed back into its development co-operation system and contribute to greater learning. To do so, Norway will need to develop and implement a formal knowledge-management system.

The new Knowledge Bank is an innovative approach to leveraging the expertise and experience of multiple government agencies for the benefit of the large technical co-operation programmes that it encompasses (Chapter 5). This also has the potential to facilitate greater knowledge and information exchange in the thematic and sectoral areas that it covers (Box 5.1). Building on the Knowledge Bank, clarifying the formal processes in place to share learning across programmes and actors – including the Ministry of Foreign Affairs, Norad, Norec, Norfund, and the Ministry of Climate and Environment – will be important to strengthen Norway's approach to knowledge management – including

learning between headquarters and embassies, particularly for those programmes not covered by the Knowledge Bank. In this regard, the experiences of other members in developing formal staff networks to share knowledge and learning may also be relevant.[7]

Notes

[1] Significant responsibility for defining and reporting results rests with grant recipients. Ministry of Foreign Affairs and Norad staff do not prepare projects; instead, they receive applications from potential grant recipients, including the objectives of each project, and the indicators for monitoring performance and results (Norad, 2014).

[2] Programmes for which detailed results frameworks do exist are the Norwegian International Climate and Forest Initiative (NICFI), Oil for Development, Fish for Development, Tax for Development and Norway's global education initiative, the NORHED research programme.

[3] Together with the World Bank, the United Nations Population Fund, the European Commission/Eurostat and Sweden, it contributed to over 80% of the total aid towards statistics capacity in fragile situations (Secretariat of the Partnership in Statistics for Development in the 21st Century, 2018).

[4] The evaluations managed by the Evaluations Department should be distinguished from decentralised evaluations, which continue to face challenges in terms of ensuring methodological rigour and consistency.

[5] The constitutional responsibility to manage the Norwegian aid budget is shared by the Ministry of Foreign Affairs and the Ministry for Climate and Environment. Issues related to Reducing Emissions from Deforestation and Forest Degradation are reported to the Ministry of Climate and Environment.

[6] Further, an evaluation by Norad found that staff focus on actionable conclusions and recommendations in mid- and end-of-cycle reviews, rather than on methodological concerns, has led grant managers to take actions based on evidence of potentially poor quality (Norad, 2018a).

[7] For example, in Switzerland and Spain. In Switzerland, local staff and implementing partners are also part of these networks, which include learning and face-to-face events on a two-year basis, and have proven useful in the context of a decentralised programme.

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Chapter 7. Norway's humanitarian assistance

This chapter looks at how Norway minimises the impact of shocks and crises, as well as how it works to save lives, alleviate suffering and maintain human dignity in crisis and disaster settings. Humanitarian assistance is an important sector in Norway's development co-operation policy. Norway has successfully adapted its humanitarian response to the changing pattern of crisis and is striving to better articulate its instruments in crisis contexts. In making multi-annual agreements an increasing feature of its multilateral humanitarian partnerships, Norway is in line with its Grand Bargain commitments. Norway also experiments with ways to support local aid providers more directly. As Norway increases its focus on the most fragile contexts, it will need to systematise a whole-of-government approach and could also benefit from the development of a stronger monitoring mechanism.

Strategic framework

Peer review indicator: Clear political directives and strategies for resilience, response and recovery

Humanitarian assistance is an important sector in Norway's development co-operation policy. This priority is reflected in both a new humanitarian strategy and a sharp increase in the humanitarian budget. Norway has been able to adapt its humanitarian response to the changing pattern of crisis and now strives to better articulate its instruments in crisis contexts, using long-term funds to address long-term needs.

A new strategy to frame an increased budget

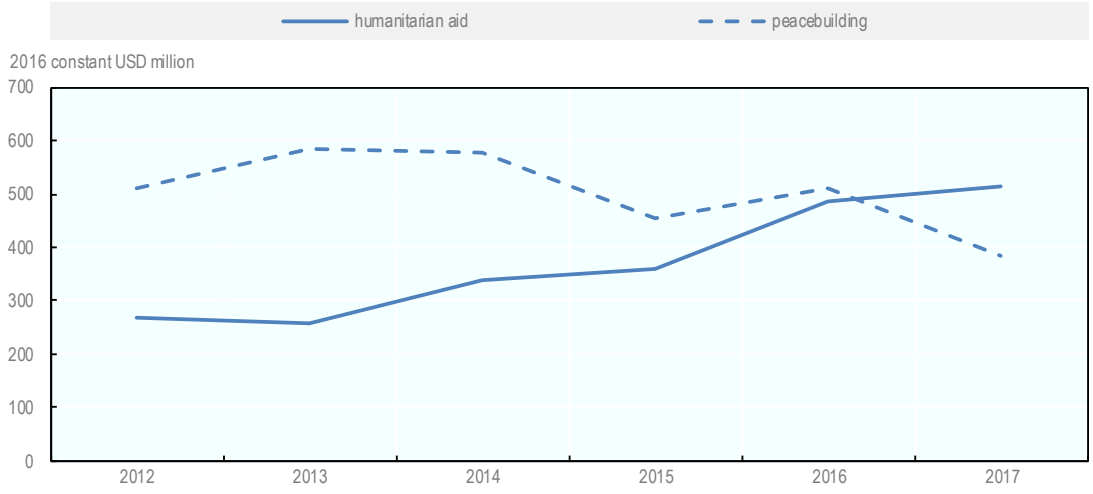
Humanitarian assistance is one of the priority sectors detailed in Norway's development co-operation policy "Common Responsibility for Common Future" (Government of Norway, 2017). This priority is reflected in a sharp increase in humanitarian funding, both in absolute terms and as a component of its overall official development assistance (ODA). This strong engagement has also led Norway to design a new humanitarian strategy that builds on the country's good record in the humanitarian sector (OECD, 2013) and its commitments at the World Humanitarian Summit, including the Grand Bargain.

Norway also wants to be more forceful in humanitarian diplomacy, and increase its focus on protecting civilians during armed conflict. Humanitarian diplomacy touches upon the link between politics, development and humanitarian assistance. If Norway wants to link these, it could also consider focusing its efforts on preventing violations of humanitarian law and promoting it with armed actors in countries where crisis risks turning into violence.

Norway is developing its approach to fragility

Norway has clearly stated that humanitarian assistance in crisis situations must be linked to long-term efforts to reduce fragility, prevent conflict and support recovery. The recent strategic framework for engagement in conflict prevention, stabilisation and building resilience (Ministry of Foreign Affairs, 2017) reflects this policy, and the budget for post-crisis stabilisation and reconstruction was expanded in 2017 to include crisis prevention and stabilisation (Ministry of Foreign Affairs, 2016). Norway also designs specific geographical strategies in fragile contexts such as the Sahel region to reduce humanitarian needs through peacebuilding and development (Ministry of Foreign Affairs, 2018a). The strategic articulation with humanitarian assistance is not yet clear in its programming, however, and Norway is still developing its approach to fragility. The gap between ever-increasing humanitarian funding, and a limited engagement in peacebuilding has remained too big for Norway to play a major role in peacebuilding. (Figure 7.1). The government's announcement that Norway will be doubling (to USD 86 million in 2019) its support for countries and regions affected by conflict and fragility (Ministry of Foreign Affairs, 2018b) is therefore a positive development as Norway will be able to better leverage its other tools and political voice. Moreover, comprehensive country strategies outlining Norway's goal and how its different channels contribute to pursuing that goal would be helpful to Norway's teams in fragile or crisis contexts.

Figure 7.1. Evolution of Norway's humanitarian assistance and peacebuilding engagement

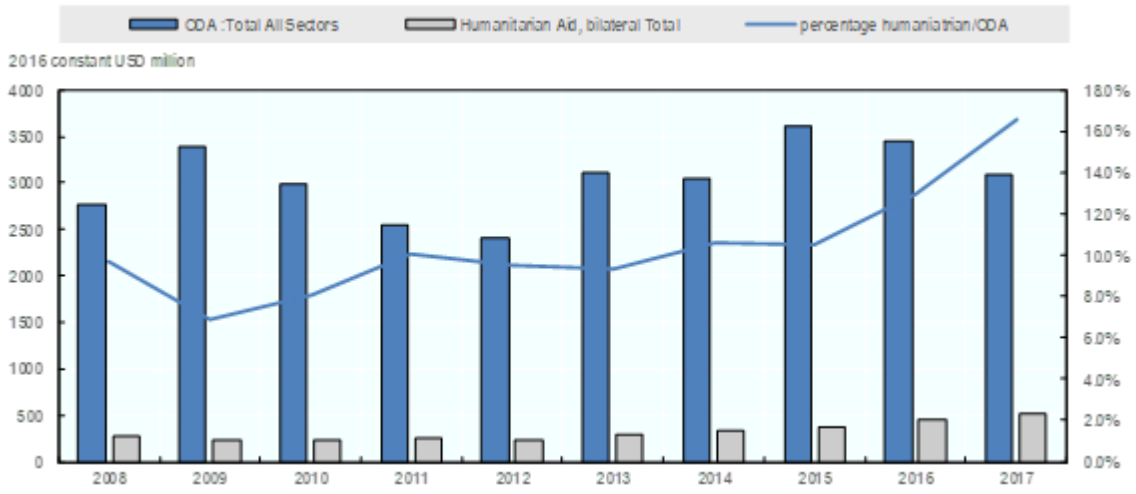


Note: The graph above compares the evolution of Norway's bilateral humanitarian assistance with the evolution of Norway's bilateral support to peacebuilding expenditure. A list of peacebuilding expenditure and purpose codes is available in State of Fragility report (OECD, 2018)
Source: OECD (2017), Creditor Reporting System (CRS) (database), https://stats.oecd.org/Index.aspx?DataSetCode=crs1 (accessed on 24 January 2019).

Rising humanitarian budget

Norway's humanitarian budget is on the rise (OECD.Stat, 2017a) and the share of humanitarian assistance in Norway's ODA is also increasing, from 11.4% in 2015 to 17.1 % in 2017 (Figure 7.1), making Norway the ninth largest global humanitarian donor, and seventh largest in the OECD Development Assistance Committee (DAC) (Financial Tracking Service, 2018). Norway's growing humanitarian budget has helped to absorb the increased overall aid budget, mainly relying on its partners' capacity to deliver the aid. When an increased share of ODA is allocated to short-term emergency solutions, this can also represent a missed opportunity, especially when Norway's flexible development instrument could better address some of the key drivers of crisis and fragility in some contexts. In that respect, the doubling of the budget allocation for countries and regions affected by conflict and fragility from 2018 and 2019 is to be commended (Ministry of Foreign Affairs, 2018b). As seen within the Comprehensive Refugee Response Framework (CRRF) in Uganda, the partnership between Norway and the World Bank represents a good example, which should be replicated more systematically in protracted crisis contexts.

Figure 7.2. Norway's humanitarian assistance share of ODA



Note: Commitments, 2016 constant prices in USD millions
Source: OECD.Stat (2017), Creditor Reporting System (CRS) (database), https://stats.oecd.org/Index.aspx?DataSetCode=crs1 (accessed on 24 January 2019).

Effective programme design

Peer review indicator: Programmes target the highest risk to life and livelihood

Norway is a consistent provider of aid in crisis contexts, where most of its ODA is channelled according to its priorities, and it can rapidly adapt its programming to evolving needs. Norway also experiments with innovative ways to support local aid providers more directly. However, the use of information technology should come with safeguards against excluding some categories of vulnerable people.

Humanitarian assistance is delivered mainly in priority countries

Norway bases its humanitarian funding decisions on a mix of political priorities set by the Parliament, dialogue with its United Nations (UN) or non-governmental organisations (NGO) partners whose mandate fits with Norway's thematic priorities, and its own needs analysis. This corresponds with the focus of Norway's development co-operation on countries affected by conflict, as well as low-income and least-developed countries (Government of Norway, 2017). Norway's geographical priority for development co-operation spreads from the Sahel through North Africa to Afghanistan and the Middle East. While Norway's humanitarian assistance is not bound by its geographical priorities, 60% of Norway's humanitarian assistance also covers this same geographical strip (Norwegian Agency for Development Co-operation [NORAD], 2017). This demonstrates consistency and opens the way for greater coherence between emergency support and longer term action in those contexts.

Norway is committed to the Comprehensive Refugee Response Framework

Norway pays specific attention to the management of refugee flows. It was an early supporter of the New York Declaration for Refugees and Migrants and its related CRRF, providing concrete financial support to the Office of the United Nations High Commissioner for Refugees (UNHCR) so that it can implement this framework in its partner countries, as seen in Uganda.[1] Other focus areas, e.g. providing identity documentation for refugees, support for work on missing persons in conflict and protection of non-refugee migrants, show Norway's good understanding of field realities in conflict situations. As noted in Chapter 2, this knowledge could usefully inform more systematic conflict analysis.

Innovative approaches do not always put people at the centre

Because Norway's humanitarian assistance decisions are centralised in Oslo without dedicated expertise and financial availability in the countries, providing direct support to local humanitarian actors is challenging. Like many DAC members, Norway's funds are accessible to local NGOs through UN-led Country-based Pooled Funds or Norwegian NGOs. In line with its Grand Bargain commitments, Norway has started testing ways to support national capacities more directly, notably through the Nigeria Humanitarian Fund which is a dedicated funding window for national aid providers, or the Norwegian Refugee Council's expert deployment capacity (Ministry of Foreign Affairs, 2018d). These are innovative ways to foster aid localisation.

Norway insists that humanitarian response should consider the views of affected people, and the use of new technology and digital solutions is seen as an opportunity to put people at the centre of the humanitarian response (Ministry of Foreign Affairs, 2018e). However, not all of the most vulnerable people have access to such technology.[2] As stated in Norway's humanitarian strategy, the most vulnerable are often in hard-to-reach areas and Norway should be careful not to create a new distinction between the technologically literate who will receive aid, and the people who are not – the most vulnerable in most cases – and risk being left behind in some contexts.

Effective delivery, partnerships and instruments

Peer review indicator: Delivery modalities and partnerships help deliver quality assistance

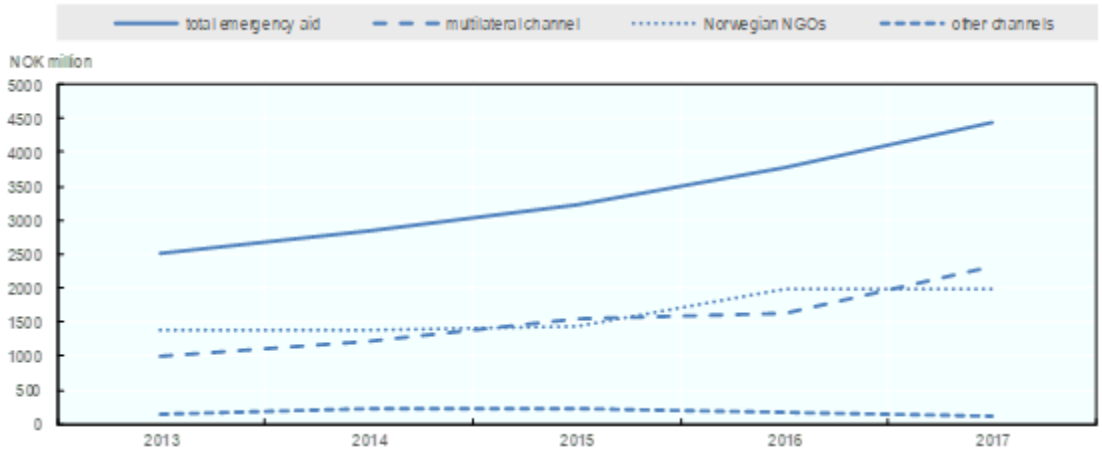
Norway has built partnerships with its multilateral and Norwegian NGO partners. Norway is increasingly entering into multi-annual agreements with its multilateral humanitarian partners, as it already does with Norwegian NGOs. Because it also provides core funding to UN organisations, Norway is well placed to play an important role in supporting the UN reform process and assessing its performance in co-ordination with other donors.

A balanced pool of partners

Norway provides support to a balanced pool of humanitarian partners (Figure 7.1). Almost half of its humanitarian funding contributes to pooled funds and supports multilateral partners, responding to humanitarian response plans and appeals, trusting they will use the

support to reach the most in need. Norway is one of the main supporters of UN Country-based Pooled Funds and is also a consistent top supporter of the Central Emergency Response Fund, with which it entered into a four year agreement in 2018 totalling USD 202.3 million (Ministry of Foreign Affairs, 2018f). Provision of core support is good practice in humanitarian contexts as it facilitates responses to the most pressing needs. Norway is also a strategic donor to the UN organisations it supports. It is an active member of their boards and their donor support groups, through which Norway helps shape the multilateral architecture. This gives Norway some scope to further back up UN reform with a critical dialogue and link its support to positive results at the country level. Norway also provides up to 17% of its humanitarian funding to the Red Cross and Red Crescent movement; such support is in line with Norway's focus on protection of civilians.

Figure 7.3. Norway's humanitarian assistance channels



Source: Norad (n.d.), *Norwegian Aid Statistics* (database), https://norad.no/en/front/toolspublications/norwegian-aid-statistics/?tab=sector.

Rapid response tools and mechanisms

Norway has built efficient rapid-response tools. The Norwegian Directorate for Civil Protection and Emergency Planning has established a support team that can be deployed at short notice, mainly to set up camps for field workers in emergencies – e.g. setting up a co-ordination office for the UN Office for Coordination of Humanitarian Affairs. Those teams are fully integrated in the International Humanitarian Partnership network,[3] and are deployed regularly in emergencies.[4]

A mature partnership with humanitarian NGOs

Norway also provides a significant part of its emergency aid funding to Norwegian humanitarian NGOs and its partnership with them is mature. Norway has set up multi-annual partnership agreements with some of the Norwegian humanitarian NGOs, wherein it provides very flexible funds as seen in Uganda. In particular, Norway's partnership since 2009 with the Norwegian Refugee Council (NRC)'s expert deployment capacity, NORCAP, allows it to support expertise deployment in emergencies or within international organisations such as the Organization for Security and Co-operation in Europe (NRC, 2017).

Good co-ordination with other donors

While not part of the European Union, Norway associates itself with some EU joint-programming exercises, such as the EU joint-programming in the West Bank and Gaza Strip (European Union External Action, 2017). This is a good sign of Norway's effort to increase donor co-ordination, in line with its international commitments – notably the Grand Bargain. Given its strong partnership with the United Nations and global funds, Norway is co-ordinating its engagement through regular dialogue and helping to elaborate new joint initiatives or funds in its priority sectors, e.g. education in crisis, with the Oslo Conference and Declaration on Safe Schools (Ministry of Foreign Affairs, 2015). This is a good way to join like-minded donors in a co-ordinated approach – although creating additional thematic funds also entails some risks (Chapter 2).

Organisation fit for purpose

Peer review indicator: Systems, structures, processes and people work together effectively and efficiently

The humanitarian setup is functioning well. As it increases its focus on the most fragile contexts, Norway will need to systematise a whole-of-government approach. It should also ensure it has sufficient resources as it takes more than funds to ensure sound programming, analyse correctly contexts and key drivers of fragility, and follow up regularly on programmes.

Whole-of-government crisis mechanisms could be further systematised

When Norway decides to engage in a crisis, relevant ministries co-ordinate action both on an ad hoc basis and through the Government Crisis Council, notably when Norwegian citizens or interests are directly involved.[5] Norway's engagement in Afghanistan was a special case of whole-of-government co-ordination because the Provincial Reconstruction Teams convened civilian and military expertise. As Norway has started to engage more substantially in fragile and crisis contexts, it has already built on such experience. The "strategic framework for its engagement in conflict prevention, stabilisation and resilience building" explicitly calls for internal co-ordination (Ministry of Foreign Affairs, 2017), and country teams were created involving relevant sections of the Ministry of Foreign Affairs and Norad. Those are good practices to build a more systematic whole-of-government mechanism.

Sound programming in crisis and fragile contexts requires staff

The humanitarian section at the Ministry of Foreign Affairs numbers 18 staff members, all based in Oslo. Thanks to efficient funding procedures with multilateral organisations, Norway has built a workforce that can strengthen its influence and support its humanitarian policy within international humanitarian fora, allowing it to test innovative approaches (such as risk financing) more actively. Managing risks and programmes in crisis environments requires sufficient human capacity in embassies and in Oslo to understand the context, and design and follow up on programmes carefully. Going forward, Norway will need to dedicate sufficient workforce beyond the humanitarian section to understand

how fragility can be addressed through a careful mix of development, humanitarian and transition funding.

Results, learning and accountability

Peer review indicator: Results are measured and communicated, and lessons learnt

Norway regularly evaluates its humanitarian assistance, providing useful lessons to adapt its strategies in crisis contexts. Norway has not developed a strong monitoring mechanism, because it relies on a small pool of trusted partners and multilateral agencies to implement its aid. While this small partner base can curtail Norway's visibility – which is not a particular priority – the organisation of high-level events is raising Norway's profile.

Evaluation helps design future engagement in crisis contexts

Because it has few humanitarian partners, as well as limited resources and expertise in embassies to monitor humanitarian projects in high-risk environments, Norway's humanitarian partnership is based on trust and dialogue. Evaluations – such as the evaluation of Norway's engagement in Afghanistan, which helped design Norway's approach to fragile contexts (Ministry of Foreign Affairs and Ministry of Defence, 2016), as well as other evaluations of humanitarian assistance undertaken by Norad's Evaluation Department – are used as learning exercises.

A real focus on innovation

Innovation was a key theme at the 2016 World Humanitarian Summit. It has since then become mainstreamed in the humanitarian sector and is also a priority in Norway's humanitarian strategy (Ministry of Foreign Affairs, 2018e). To increase efficiency and the quality of the humanitarian response, Norway nurtures innovation labs and is keen to support pilot projects, allowing partners to take risks and possibly fail if an innovation does not scale up. While the multiplication of pilot projects may not dramatically improve humanitarian efficiency in the short-term, it is improving the relationship between an inward-looking humanitarian sector and the private sector. Norway's efforts to foster innovation in protection, green humanitarian response and cash response through a dedicated platform for humanitarian innovation[6] and a dedicated innovation fund[7] help to broaden the range of actors in the humanitarian sector.

High-level events raise Norway's profile

As Norway's humanitarian assistance is mainly disbursed through multilateral channels, its options for communication are limited to specific funding announcements through media events or press releases. While Norway focuses on aid efficiency more than on its own visibility, it is addressing this challenge by hosting relevant events in Oslo, such as the donor conference for Nigeria and the Lake Chad region in 2017, or the Global Financing Facility replenishment conference in 2018. This is a good way to raise Norway's profile as a donor, both for the public and in international development circles.

Notes

[1] Norway and the UNHCR are partnering in Uganda to respond to the needs of South Sudanese refugees (Royal Norwegian Embassy in Kampala, 2017).

[2] In low income countries, only 13.6% of individuals use the internet (World Bank, 2018).

[3] For more about the International Humanitarian Partnership: http://www.ihp.nu.

[4] More about the Norwegian civil protection deployment and mechanisms on the Norwegian Civil Defence webpage: https://www.sivilforsvaret.no/dette-er-sivilforsvaret/about-norwegian-cicil-defence/.

[5] The Government Crisis Council is responsible for the strategic co-ordination of complex crises. It assesses which ministry should lead the response, and ensures that the measures implemented are closely coordinated and that information to the media, the general public and others is clear and consistent. The permanent members of the crisis council are the Secretaries-General of the Prime Minister's Office, the Ministry of Foreign Affairs, the Ministry of Justice and Public Security, the Ministry of Defence and the Ministry of Health and Care Services. The crisis council has a coordinating role, but the competent ministry still has decision-making authority regarding individual matters in crisis situations. The ministry that is designated to lead the response serves as a secretariat for the crisis council and is assisted in this task by the government's crisis support unit (Ministry of Foreign Affairs, 2011).

[6] More about the Humanitarian Innovation Lab: https://humanitarianinnovationlab.wordpress.com/.

[7] In 2018, NOK 30 million (USD 3.6 million) were allocated to the humanitarian innovation programme (Ministry of Foreign Affairs, 2018g).

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Annex A. Progress since the 2013 DAC peer review recommendations

Towards a comprehensive development effort

2013 Recommendations	Progress in implementation
Recommendation 1.1 Norway should aim to scale-up partnerships with likeminded donors to help attract more resources and secure long-term sustainability of its global initiatives.	Partially Implemented
Recommendation 1.2 To improve further co-ordination, monitoring and reporting, Norway should develop a specific time-bound coherence agenda on a select number of key issues of incoherence with cross-governmental objectives and a detailed implementation plan.	Partially Implemented

Vision and policies for development co-operation

Recommendation 2.1 Setting out expected results and providing guidance on translating policy into operational approaches could help implement policy priorities more effectively.	Implemented
Recommendation 2.2 Developing a clear and evidence-based strategy to guide its bilateral aid decisions could help Norway bring poverty reduction closer to the operations and avoid getting involved in situations in which it has no clear comparative advantage or understanding of the context, and ensure the sustainability of its development co-operation.	Implemented

Aid volume and allocations

Recommendation 3.1 Norway would benefit from strategic yearly planning at both central and country levels that builds on ex-ante assessments and analyses of the expected development results.	Partially Implemented
Recommendation 3.2 Norway should ensure that its need for accountability does not undermine or duplicate the accountability structures of its multilateral partners. It should increasingly rely on, and participate in, joint assessment processes in order to keep transaction costs as low as possible for multilateral partners.	Partially Implemented

Organisation and management

Recommendation 4.1 Norway should continue to improve the clarity between the respective roles of the Ministry of Foreign Affairs and Norad.	Partially Implemented
Recommendation 4.2 To foster Norad's ability to provide solid country and evidence-based advice to the Ministry of Foreign Affairs and the embassies, Norad staff should be encouraged to apply, and continue to be considered, for positions abroad in line with the Ministry's policy on staff rotation.	Not Implemented

Development co-operation delivery and partnerships

2013 Recommendations	Progress in implementation
Recommendation 5.1 To make its aid more predictable, Norway should provide more comprehensive medium-term projections to its partner countries.	Partially Implemented
Recommendation 5.2 When working in fragile contexts, Norway should set out clear whole-of-government priorities that are co-ordinated with other donors, realistic about what can be achieved in a given timeframe, and that account for trade-offs between risks and opportunities, and short and long-term effects.	Implemented
Recommendation 5.3 Norway should seek to clarify, together with partners, what risk will be tolerated, and how risk will be managed.	Partially Implemented

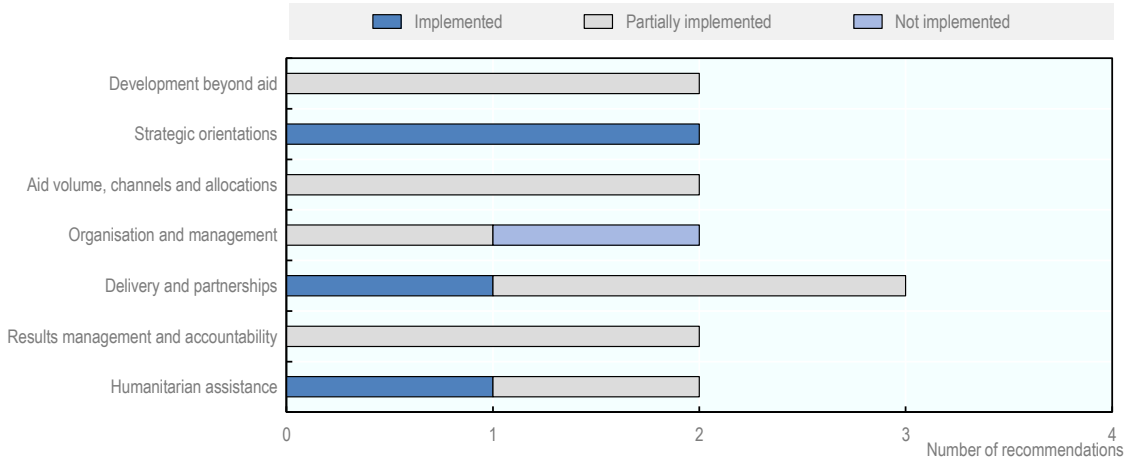
Results and accountability

Recommendation 6.1 Norway should further improve its system of learning by implementing a formal management response system including making clear reporting lines and follow-up responsibilities on evaluation recommendations.	Partially Implemented
Recommendation 6.2 Norway should ensure consistent quality across all evaluations, including decentralised ones, to improve its aid programme's evidence base.	Partially implemented

Humanitarian assistance

Recommendation 7.1 Norway should promote greater synergies between humanitarian and development programmes, especially in the areas of crisis prevention and risk reduction.	Partially Implemented
Recommendation 7.2 Norway should set clear, expected results for its humanitarian funding and humanitarian diplomacy.	Implemented

Figure A.1. Norway's implementation of the 2013 peer review recommendations



Annex B. OECD/DAC standard suite of tables

Table B.1. Total financial flows

USD million at current prices and exchange rates

Norway	2003-07	2008-12	2013	2014	2015	2016	2017
					Net disbursements		
Total official flows	**2 746**	**4 394**	**5 582**	**5 040**	**4 562**	**4 285**	**4 001**
Official development assistance	**2 743**	**4 393**	**5 581**	**5 086**	**4 278**	**4 380**	**4 125**
Bilateral	2 018	3 336	4 316	3 889	3 307	3 451	3 127
Grants	1 927	3 173	4 179	3 889	3 307	3 451	3 127
Non-grants	91	163	137	-	-	-	-
Multilateral	725	1 058	1 266	1 197	971	929	998
Other official flows	**3**	**0**	**0**	**- 46**	**284**	**- 95**	**- 124**
Bilateral: *of which*	3	0	0	- 46	284	- 95	- 124
Investment-related transactions	-	-	-	- 84	250	53	7
Multilateral	-	-	-	-	-	-	-
Officially guaranteed export credits	**0**	**0**	**- 2**	**- 2**	**3**	**2**	**-**
Net Private Grants	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Private flows at market terms	**1 767**	**430**	**-**	**2**	**-**	**-**	**-**
Bilateral: of which	1 767	**430**	-	2	-	-	-
Direct investment	1 767	430	-	-	-	-	-
Multilateral	-	-	-	-	-	-	-
Total flows	**4 513**	**4 824**	**5 580**	**5 040**	**4 565**	**4 287**	**4 001**
for reference:							
ODA (at constant 2016 USD million)	*2 830*	*3 287*	*3 765*	*3 667*	*4 061*	*4 380*	*3 944*
ODA (as a % of GNI)	*0.92*	*0.97*	*1.07*	*1.00*	*1.05*	*1.12*	*0.99*
ODA grant equivalent	-	-	-	-	*4 278*	*4 380*	*4 125*
Total flows (as a % of GNI) (a)	*1.51*	*1.07*	*1.07*	*0.99*	*1.12*	*1.10*	*0.96*
ODA to and channelled through NGOs - In USD million	307	554	1 045	1 018	814	775	837
ODA to and channelled through multilaterals - In USD million	1 043	2 100	2 447	2 528	1 960	1 909	2 233

a. To countries eligible for ODA.

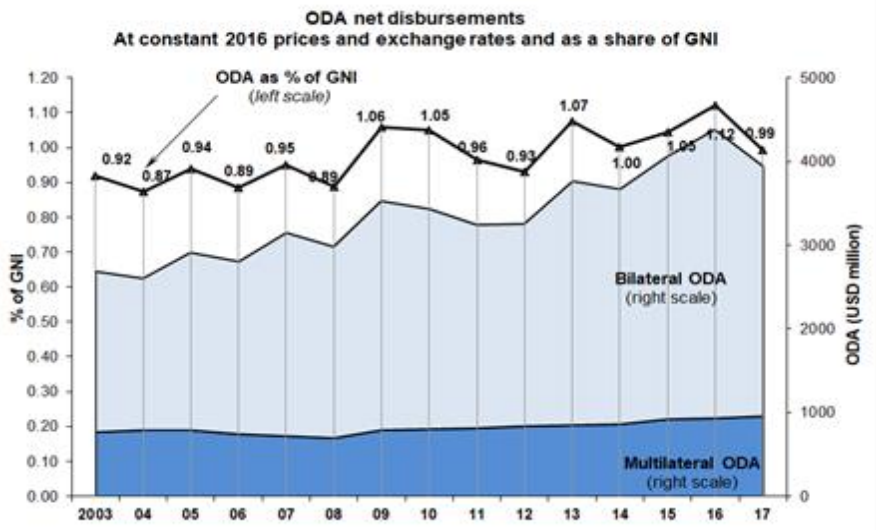
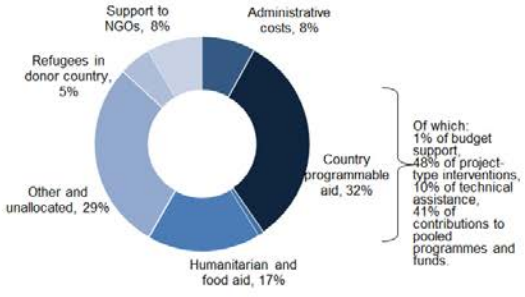


Table B.2. Official development assistance (ODA) by main categories

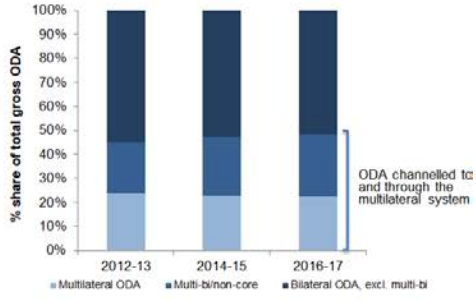
Disbursements

Norway	Constant 2016 USD million					Per cent share of gross disbursements					Total DAC
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2017 %
Gross Bilateral ODA	**2 973**	**2 821**	**3 165**	**3 474**	**3 013**	**78**	**77**	**77**	**79**	**76**	**74**
Budget support	37	37	36	13	12	1	1	1	0	0	2
of which: General budget support	22	17	24	-	-	1	0	1	-	-	1
Core contributions & pooled prog.& funds	1 315	1 044	1 086	1 061	1 091	34	28	27	24	27	13
of which: Core support to national NGOs	184	187	202	194	193	5	5	5	4	5	1
Core support to international NGOs	41	38	37	32	41	1	1	1	1	1	0
Core support to PPPs	5	5	5	4	4	0	0	0	0	0	0
Project-type interventions	1 004	1 136	1 173	1 158	1 329	26	31	29	26	34	39
of which: Investment projects	130	-	-	-	-	3	-	-	-	-	13
Experts and other technical assistance	183	168	168	175	158	5	5	4	4	4	3
Scholarships and student costs in donor countries	3	3	3	3	3	0	0	0	0	0	2
of which: Imputed student costs	-	-	-	-	-	-	-	-	-	-	1
Debt relief grants	16	13	17	18	23	0	0	0	0	1	0
Administrative costs	216	205	231	233	241	6	6	6	5	6	5
Other in-donor expenditures	199	215	452	813	155	5	6	11	18	4	9
of which: refugees in donor countries	182	201	439	800	143	5	5	11	18	4	9
Gross Multilateral ODA	**854**	**863**	**922**	**929**	**954**	**22**	**23**	**23**	**21**	**24**	**26**
UN agencies	425	404	415	391	398	11	11	10	9	10	4
EU institutions	-	-	-	-	-	-	-	-	-	-	9
World Bank group	126	115	119	117	118	3	3	3	3	3	5
Regional development banks	72	81	85	105	95	2	2	2	2	2	3
Other multilateral	231	262	303	317	343	6	7	7	7	9	6
Total gross ODA	**3 827**	**3 684**	**4 086**	**4 403**	**3 967**	**100**	**100**	**100**	**100**	**100**	**100**
of which: Gross ODA loans	130	-	-	-	-	3	-	-	-	-	14
Bilateral	130	-	-	-	-	3	-	-	-	-	12
Multilateral	-	-	-	-	-	-	-	-	-	-	2
Repayments and debt cancellation	**- 61**	**- 18**	**- 25**	**- 23**	**- 22**						
Total net ODA	**3 765**	**3 667**	**4 061**	**4 380**	**3 944**						
For reference:											
Country programmable aid	*1 337*	*1 058*	*1 050*	*1 010*	*975*						
Free standing technical co-operation	*185*	*172*	*171*	*178*	*161*						
Net debt relief	*16*	*13*	*17*	*18*	*23*						

Composition of bilateral ODA, 2017, gross bilateral disbursements



Share of ODA channelled to and through the multilateral system, two year average



ODA flows to multilateral agencies, 2017

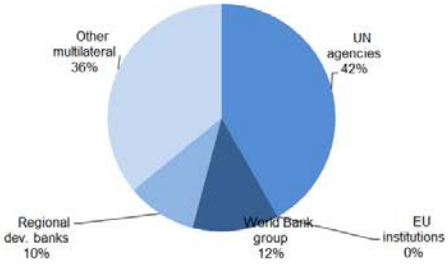


Table B.3. Bilateral ODA allocable by region and income group

Gross disbursements

Norway	Constant 2016 USD million					% share					Total DAC
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017	2017%
Africa	739	689	652	638	721	39	46	41	40	44	**40**
Sub-Saharan Africa	665	606	597	587	652	35	40	38	37	40	**34**
North Africa	3	3	9	10	14	0	0	1	1	1	**4**
Asia	326	308	320	303	276	17	20	20	19	17	**30**
South and Central Asia	210	208	230	197	192	11	14	15	12	12	**18**
Far East	94	84	70	91	68	5	6	4	6	4	**11**
America	557	247	226	209	164	30	16	14	13	10	**9**
North and Central America	57	43	36	30	27	3	3	2	2	2	**4**
South America	492	197	185	174	134	26	13	12	11	8	**4**
Middle East	194	192	281	398	421	10	13	18	25	26	**13**
Oceania	1	1	2	1	1	0	0	0	0	0	**2**
Europe	69	73	90	57	66	4	5	6	4	4	**5**
Total bilateral allocable by region	**1 885**	**1 511**	**1 573**	**1 607**	**1 649**	**100**	**100**	**100**	**100**	**100**	**100**
Least developed	732	703	705	665	705	44	53	51	47	50	**39**
Other low-income	42	31	32	23	24	3	2	2	2	2	**3**
Lower middle-income	298	362	336	370	374	18	27	24	26	26	**35**
Upper middle-income	591	238	309	361	311	36	18	22	25	22	**23**
More advanced developing countries	-	-	-	-	-	-	-	-	-	-	**-**
Total bilateral allocable by income	**1 663**	**1 334**	**1 382**	**1 419**	**1 414**	**100**	**100**	**100**	**100**	**100**	**100**
For reference*[2]*:											
Total bilateral	2 973	2 821	3 165	3 474	3 013	*100*	*100*	*100*	*100*	*100*	***100***
of which: Unallocated by region	*1 088*	*1 311*	*1 592*	*1 867*	*1 363*	*37*	*46*	*50*	*54*	*45*	***32***
of which: Unallocated by income	*1 309*	*1 487*	*1 782*	*2 055*	*1 598*	*44*	*53*	*56*	*59*	*53*	***39***
Fragile and conflict-affected states (as per DCR of each year)	*929*	*918*	*942*	*967*	*1 026*	*31*	*33*	*30*	*28*	*34*	***35***
SIDS (as per data provided to UN)	*18*	*84*	*22*	*20*	*20*	*1*	*3*	*1*	*1*	*1*	***2***
Landlocked developing countries (as per data provided to UN)	*466*	*448*	*466*	*434*	*412*	*16*	*16*	*15*	*12*	*14*	***14***

1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of the regional total.
2. 'Fragile and conflict-affected states' group has overlaps with SIDS and Landlocked developing countries and can therefore not be added. For the same reason, these three groups cannot be added to any income group.

Gross bilateral ODA by income group, 2012-17

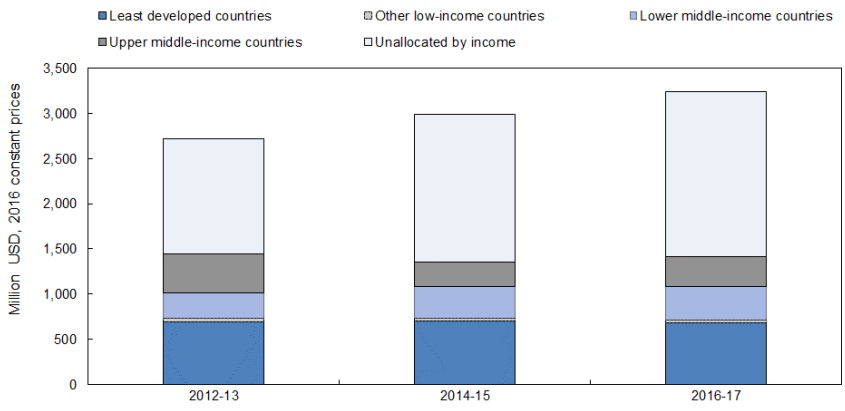


Table B.4. Main recipients of bilateral ODA

Gross disbursements

Norway	2012-13 average Current USD million	Constant 2016 USD mln	% share	Memo: *DAC countries' average %*		2014-15 average Current USD million	Constant 2016 USD mln	% share	Memo: *DAC countries' average %*		2016-17 average Current USD million	Constant 2016 USD mln	% share	Memo: *DAC[1] countries average %*
Brazil	447	302	11		Brazil	149	125	4		Syrian Arab Republic	126	123	4	
Afghanistan	127	86	3		Afghanistan	102	83	3		Brazil	83	82	3	
West Bank and Gaza Strip	108	73	3		West Bank and Gaza Strip	98	80	3		Afghanistan	79	77	2	
Tanzania	99	67	2		Malawi	79	65	2		South Sudan	71	69	2	
Malawi	89	60	2		South Sudan	79	64	2		West Bank and Gaza Strip	70	68	2	
Top 5 recipients	**869**	**589**	**22**	**30**	**Top 5 recipients**	**507**	**418**	**14**	**22**	**Top 5 recipients**	**429**	**420**	**13**	**19**
South Sudan	83	56	2		Syrian Arab Republic	60	51	2		Lebanon	64	63	2	
Uganda	72	49	2		Tanzania	60	49	2		Malawi	61	60	2	
Mozambique	69	47	2		Uganda	56	46	2		Ethiopia	57	55	2	
Zambia	52	36	1		Ethiopia	54	45	2		Somalia	53	52	2	
Ethiopia	51	35	1		Somalia	53	43	1		Colombia	51	49	2	
Top 10 recipients	**1 195**	**811**	**30**	**41**	**Top 10 recipients**	**791**	**651**	**22**	**35**	**Top 10 recipients**	**715**	**699**	**22**	**29**
Somalia	49	33	1		Nepal	52	44	1		Iraq	50	49	2	
Syrian Arab Republic	41	28	1		Guyana	49	36	1		Tanzania	45	44	1	
Democratic Republic of the Congo	39	26	1		Mozambique	46	37	1		Indonesia	44	43	1	
Nepal	38	26	1		Liberia	37	31	1		Uganda	37	36	1	
India	36	25	1		Indonesia	35	29	1		Mozambique	33	32	1	
Top 15 recipients	**1 398**	**949**	**35**	**47**	**Top 15 recipients**	**1 010**	**828**	**28**	**41**	**Top 15 recipients**	**923**	**903**	**28**	**36**
Liberia	35	24	1		Myanmar	34	28	1		Nepal	32	31	1	
Sudan	34	23	1		Iraq	32	26	1		Jordan	31	30	1	
Viet Nam	32	22	1		Democratic Republic of the Congo	30	25	1		Myanmar	30	30	1	
Zimbabwe	31	21	1		Lebanon	29	25	1		Nigeria	25	24	1	
Pakistan	29	19	1		Ukraine	29	25	1		Democratic Republic of the Congo	24	23	1	
Top 20 recipients	**1 559**	**1 058**	**39**	**51**	**Top 20 recipients**	**1 164**	**958**	**32**	**46**	**Top 20 recipients**	**1 065**	**1 042**	**32**	**40**
Total (117 recipients)	**2 129**	**1 445**	**53**		**Total (120 recipients)**	**1 653**	**1 358**	**46**		**Total (112 recipients)**	**1 450**	**1 417**	**44**	
Unallocated	1 884	1 280	47	34	Unallocated	1 970	1 635	54	43	Unallocated	1 863	1 826	56	49
Total bilateral gross	**4 013**	**2 725**	**100**	**100**	**Total bilateral gross**	**3 624**	**2 993**	**100**	**100**	**Total bilateral gross**	**3 312**	**3 243**	**100**	**100**

1. 2016 data.

Table B.5. Bilateral ODA by major purposes

at constant prices and exchange rates

Commitments - Two-year average

Norway	2012-13 average		2014-15 average		2016-17 average		DAC
	2016 USD million	%	2016 USD million	%	2016 USD million	%	2016-17 %
Social infrastructure & services	**1 070**	**39**	**1 161**	**35**	**1 097**	**33**	**34**
Education	207	8	360	11	345	10	7
of which: basic education	111	4	251	8	204	6	2
Health	134	5	155	5	147	4	5
of which: basic health	49	2	65	2	79	2	3
Population & reproductive health	86	3	41	1	40	1	6
Water supply & sanitation	23	1	23	1	21	1	4
Government & civil society	566	21	534	16	488	15	10
of which: Conflict, peace & security	176	6	170	5	140	4	2
Other social infrastructure & services	54	2	48	1	57	2	2
Economic infrastructure & services	**287**	**11**	**274**	**8**	**260**	**8**	**17**
Transport & storage	1	0	1	0	1	0	9
Communications	1	0	2	0	3	0	0
Energy	199	7	94	3	64	2	6
Banking & financial services	62	2	9	0	10	0	2
Business & other services	23	1	168	5	182	6	1
Production sectors	**219**	**8**	**130**	**4**	**143**	**4**	**6**
Agriculture, forestry & fishing	158	6	87	3	109	3	4
Industry, mining & construction	46	2	34	1	19	1	1
Trade & tourism	15	1	10	0	15	0	1
Multisector	**454**	**17**	**807**	**24**	**531**	**16**	**9**
Commodity and programme aid	**64**	**2**	**44**	**1**	**28**	**1**	**2**
Action relating to debt	**263**	**10**	**348**	**11**	**501**	**15**	**1**
Humanitarian aid	**0**	**0**	**2**	**0**	**17**	**1**	**13**
Administrative costs of donors	**187**	**7**	**221**	**7**	**237**	**7**	**5**
Refugees in donor countries	**169**	**6**	**320**	**10**	**472**	**14**	**12**
Total bilateral allocable	**2 713**	**100**	**3 307**	**100**	**3 286**	**100**	**100**
For reference:							
Total bilateral	*2 763*	*77*	*3 338*	*76*	*3 277*	*72*	*77*
of which: Unallocated	*50*	*1*	*31*	*1*	*-9*	*0*	*1*
Total multilateral	*804*	*23*	*1 041*	*24*	*1 257*	*28*	*23*
Total ODA	***3 566***	***100***	***4 379***	***100***	***4 534***	***100***	***100***

Commitments

	2012-2013		2014-2015		2016-2017	
	Constant 2016 USD million	% Bilateral Allocable	Constant 2016 USD million	% Bilateral Allocable	Constant 2016 USD million	% Bilateral Allocable
Gender equality	780	*33*	752	*27*	687	*27*
Environment	691	*29*	775	*28*	641	*25*
Rio markers						
Biodiversity	346	*15*	575	*21*	499	*19*
Desertification	15	*1*	22	*1*	22	*1*
Climate change Mitigation only	399	*17*	545	*20*	428	*17*
Climate change Adaptation only	129	*5*	44	*2*	63	*2*
Both climate adaptation and mitigation	100	*4*	122	*4*	52	*2*

Table B.6. Comparative aid performance of DAC members

	Official development assistance			Net disbursements					Commitments
	2017		2011-12 to 2016-17 Average annual % change in real terms	Share of multilateral aid 2017				Grant element of ODA commitments 2017	Untied aid % of bilateral commitments 2017
				% of ODA		% of GNI			
	USD million	% of GNI		(b)	(c)	(b)	(c)	% (a)	(d)
Australia	3 036	0.23	-4.3	20.5		0.05		100.0	100.0
Austria	1 251	0.30	7.4	52.0	25.2	0.16	0.08	100.0	50.1
Belgium	2 196	0.45	-0.3	41.0	12.2	0.18	0.05	99.9	95.6
Canada	4 305	0.26	-1.5	27.4		0.07		94.5	93.9
Czech Republic	304	0.15	7.5	73.5	17.1	0.11	0.03	100.0	55.9
Denmark	2 448	0.74	-0.4	29.7	18.2	0.22	0.13	100.0	100.0
Finland	1 084	0.42	-3.0	44.8	21.8	0.19	0.09	100.0	98.3
France	11 331	0.43	-0.7	41.3	20.1	0.18	0.09	81.6	96.0
Germany	25 005	0.67	15.1	20.7	8.8	0.14	0.06	90.2	85.5
Greece	314	0.16	3.1	73.0	12.0	0.11	0.02	100.0	90.6
Hungary	149	0.11	9.4	73.5	16.5	0.08	0.02	100.0	..
Iceland	68	0.28	14.8	20.7		0.06		100.0	100.0
Ireland	838	0.32	0.8	41.2	17.0	0.13	0.05	100.0	100.0
Italy	5 858	0.30	12.2	49.2	19.1	0.15	0.06	98.8	90.9
Japan	11 463	0.23	6.3	29.5		0.07		85.4	82.5
Korea	2 201	0.14	7.8	26.6		0.04		93.2	50.2
Luxembourg	424	1.00	2.7	28.3	19.5	0.28	0.19	100.0	98.8
Netherlands	4 958	0.60	-0.7	28.7	16.9	0.17	0.10	100.0	94.9
New Zealand	450	0.23	1.4	17.6		0.04		100.0	74.6
Norway	4 125	0.99	5.1	24.2		0.24		100.0	100.0
Poland	679	0.13	13.9	67.3	9.5	0.09	0.01	99.6	60.3
Portugal	381	0.18	-8.8	69.9	21.7	0.13	0.04	97.2	68.6
Slovak Republic	119	0.13	10.0	70.3	8.5	0.09	0.01	100.0	62.2
Slovenia	76	0.16	8.0	67.1	11.9	0.11	0.02	100.0	99.6
Spain	2 560	0.19	5.5	73.3	27.8	0.14	0.05	99.1	83.5
Sweden	5 563	1.02	2.8	31.2	23.9	0.32	0.24	100.0	87.8
Switzerland	3 138	0.46	3.9	25.7		0.12		100.0	96.5
United Kingdom	18 103	0.70	7.8	37.4	27.8	0.26	0.19	95.5	100.0
United States	34 732	0.18	0.8	13.6		0.02		100.0	63.5
Total DAC	**147 160**	**0.31**	**4.3**	**28.3**		**0.09**		**93.7**	**82.0**

Notes:

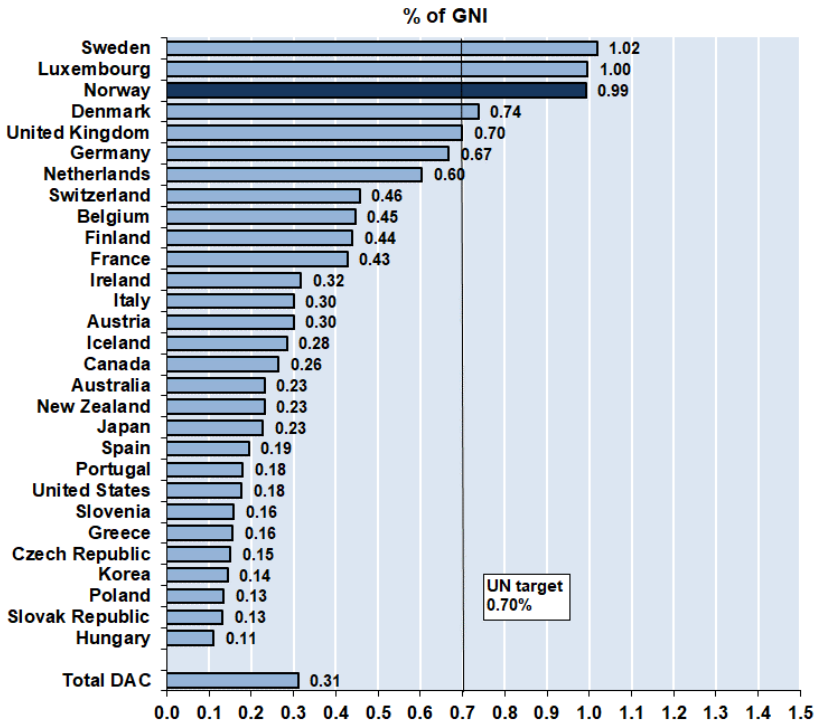
a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
d. Excluding administrative costs and in-donor refugee costs.
.. Data not available.

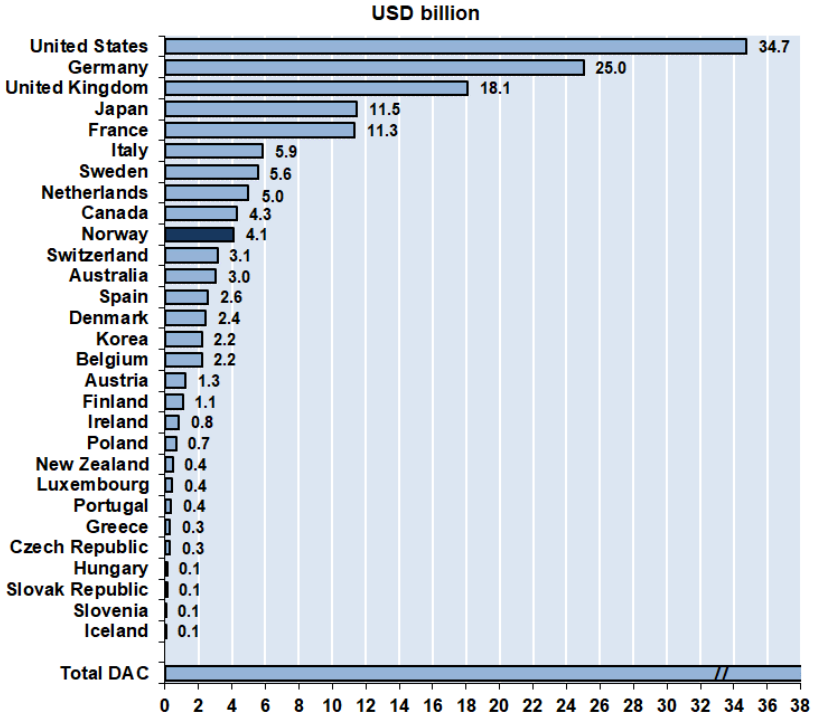
Table B.7. Comparative performance of aid to least-developed countries (LDCs)

	Net disbursements						Commitments		
	Bilateral ODA to LDCs			Total ODA to LDCs (Bilateral and through multilateral agencies)			Grant element of bilateral ODA commitments[a] to LDCs (two alternative norms)		
	2017	2017		2017			Annually for all LDCs Norm: 90%		3-year average for each LDC Norm: 86%
	USD million	% bilateral ODA	% of GNI	USD million	% total ODA	% of GNI	2016	2017	2015-2017
Australia	665	27.6	0.05	851	28.0	0.07	100.0	100.0	c
Austria	63	10.5	0.02	293	23.4	0.07	100.0	100.0	c
Belgium	402	31.0	0.08	645	29.4	0.13	99.3	99.8	c
Canada	958	30.6	0.06	1 469	34.1	0.09	100.0	100.0	c
Czech Republic	13	15.8	0.01	65	21.5	0.03	100.0	100.0	c
Denmark	472	27.4	0.14	715	29.2	0.22	100.0	100.0	c
Finland	166	27.7	0.06	326	30.1	0.13	100.0	100.0	c
France	1 131	17.0	0.04	2 754	24.3	0.10	80.9	75.2	n
Germany	2 423	12.2	0.06	4 081	16.3	0.11	95.9	99.8	n
Greece	0	0.2	0.00	57	18.2	0.03	100.0	100.0	c
Hungary	4	11.0	0.00	29	19.4	0.02	100.0	100.0	c
Iceland	14	25.4	0.06	20	28.8	0.08	100.0	100.0	c
Ireland	248	50.4	0.09	355	42.3	0.13	100.0	100.0	c
Italy	327	11.0	0.02	1 162	19.8	0.06	98.8	97.5	c
Japan	3 358	41.6	0.07	4 974	43.4	0.10	91.5	87.8	n
Korea	588	36.4	0.04	774	35.2	0.05	93.0	94.6	c
Luxembourg	141	46.4	0.33	178	42.0	0.42	100.0	100.0	c
Netherlands	546	15.5	0.07	1 024	20.7	0.12	100.0	100.0	c
New Zealand	102	27.6	0.05	125	27.7	0.06	100.0	100.0	c
Norway	733	23.4	0.18	1 127	27.3	0.27	100.0	100.0	c
Poland	14	6.4	0.00	114	16.7	0.02	80.4	85.0	n
Portugal	43	37.8	0.02	124	32.5	0.06	92.2	94.4	n
Slovak Republic	4	9.9	0.00	22	18.8	0.02	100.0	100.0	c
Slovenia	0	1.8	0.00	13	16.8	0.03	100.0	100.0	c
Spain	99	14.5	0.01	588	23.0	0.04	100.0	100.0	c
Sweden	1 023	26.7	0.19	1 669	30.0	0.31	100.0	100.0	c
Switzerland	574	24.6	0.08	887	28.3	0.13	100.0	100.0	c
United Kingdom	3 319	29.3	0.13	6 046	33.4	0.23	100.0	100.0	c
United States	10 010	33.4	0.05	12 062	34.7	0.06	100.0	100.0	c
Total DAC	**27 439**	**26.0**	**0.06**	**42 548**	**28.9**	**0.09**	**97.0**	**96.2**	..

Notes:
a. Excluding debt reorganisation. Equities are treated as having 100% grant element, but are not treated as loans.
b. c = compliance, n = non compliance.
.. Data not available.

Table B.8. Net ODA from DAC countries in 2017





Annex C. Field visit to Uganda

As part of the peer review of Norway, a team of examiners from Poland and the United Kingdom, together with the OECD, visited Uganda in September 2018. The team met with Norway's Ambassador in Uganda, Norwegian development co-operation professionals, representatives from the Government of Uganda, other bilateral providers, multilateral agencies, civil society and private-sector organisations, and Norway's development finance institution, the Norwegian Investment Fund for Developing Countries (Norfund).

Uganda faces a number of development challenges

Uganda is a low-income country, ranked 162nd (out of 189 countries) in the 2018 United Nations Development Programme (UNDP) Human Development Index. At 60.2 years, life expectancy is marginally below the sub-Saharan African average of 60.7 years (UNDP, 2018). With one of the fastest-growing populations in the world, a high fertility rate (5.6 in 2016) and a declining mortality rate, population growth reached 3.4% per year over 2012-16 (United Nations Population Fund [UNFPA], 2017). The recent slowdown in the economy has further constrained growth per capita, with a subsequent increase in poverty levels. While the proportion of Ugandans living below the national poverty line declined significantly between 2006 and 2013, this trend has recently reversed.[1] According to results published by the Uganda Bureau of Statistics in early 2018, approximately 8 million people now live in poverty, 21.4% of the population (Uganda Bureau of Statistics, 2018).[2]

Voice and accountability, which improved between 2003 and 2008, are declining (Mo Ibrahim Index, 2018). Corruption represents a significant challenge for governance, and while policy and legal frameworks have improved, notably through the *Public Financial Management Act (2015)*, there remain significant gaps in the Act's implementation. In an effort to accelerate growth, the Second National Development Plan 2015-16 to 2019-20 (NDP II) made industrial development an integral part of the government's development strategy (OECD, 2017).[3] Uganda has an emergent petroleum sector, with oil production expected to come on-line for the first time from 2022.

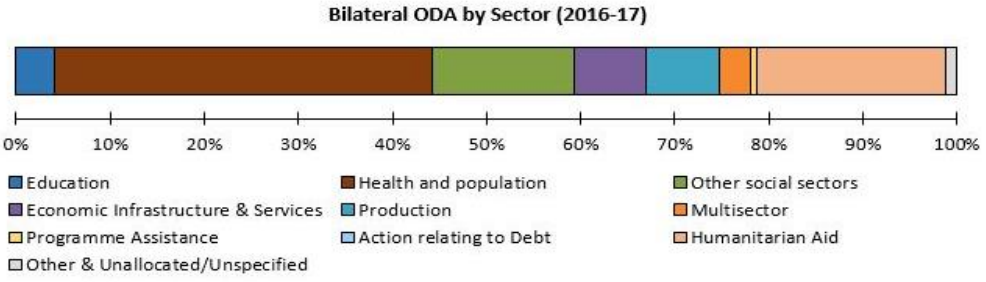
Recent budgets have focused increasingly on infrastructure and the security sector, while social-sector spending – namely on health, education, social development and justice – has declined. Several of Uganda's development partners including Norway have voiced their concern over this development. Considering that 55% of Ugandans were below the age of 18 and a further 23% under 30 in 2016, improving access to and the quality of education to support the development of a skilled labour force remains an important development challenge.

Figure C.1. ODA to Uganda

Receipts	2015	2016	2017
Net ODA (USD million)	1 628	1 757	2 008
Bilateral share (gross ODA)	58%	60%	63%
Net ODA / GNI	6.1%	7.4%	7.9%
Other Official Flows (USD million)	2	198	45
Net Private flows (USD million)	1 353	215	66
Total net receipts (USD million)	2 983	2 170	2 120

For reference	2015	2016	2017
Population (million)	40.1	41.5	42.9
GNI per capita (Atlas USD)	670	630	600

Top Ten Donors of gross ODA (2016-17 average)		(USD m)
1	United States	591
2	International Development Ass	224
3	United Kingdom	166
4	Global Fund	156
5	EU Institutions	115
6	African Development Fund	102
7	Japan	66
8	Germany	57
9	Sweden	51
10	Denmark	44



Source: OECD - DAC, World Bank; http://www.oecd.org/dac/stats

As of July 2018, Uganda was host to 1.19 million refugees, predominantly from South Sudan, and from the Democratic Republic of Congo, Somalia and Burundi (Office of the United Nations High Commissioner for Refugees [UNHCR], 2018). The majority of refugees have settled in Northern Uganda, historically the country's least-developed region. Uganda is a pilot country for implementing the United Nations Comprehensive Refugee Response Framework (CRRF), and by law provides refugees with a plot of land, the right to work and access to education. Norway supports the CRRF, notably through its contributions to UNHCR, as well as in partnership with the Norwegian Refugee Council (NRC). Norway has also started to address development needs in Northern Uganda in partnership with the World Bank.

Norway's development finance institution, the Norwegian Investment Fund for Developing Countries (Norfund), is actively and strategically engaged in Uganda. As of 2017, Norfund's investments in Uganda totalled USD 211 million (NOK 1.7 billion). This includes direct investments and indirect investments through funds or platform companies. 50% of this amount was invested in energy projects, 41% in financial institutions, 2% in food and agribusinesses and 7% in SME Funds (Stigen, 2018; Norfund, n.d.),[4] in line with Norfund's mandate (Norfund, 2016). Investments such as in the Bujagali hydropower plant have mobilised additional private capital and Norwegian competence and this focus on the electricity sector is in line with Uganda's development needs. SME funds, and food and agriculture are also priority issues for Uganda.

Given the range of actors in Uganda's energy sector, Norway could consider formalising the way in which Norfund's sizeable investment capacity remains aligned with Norwegian development policies. This would also facilitate learning and knowledge management, wherein the knowledge gained through Norfund's local engagement with the private sector and facilitated by its regional offices is fed back into the wider Norwegian development

co-operation system. Given the challenging business environment in Uganda (including complex land-rights challenges, high levels of corruption and a relatively unstable foreign-investment environment), capitalising on synergies within and outside of Norway's own system and capitalising on opportunities for collaborative risk management – including among other development partners working in the same sector – would be valuable.

Norway's policies, strategies and aid allocation

The Storting endorsed the white paper proposing 16 partner countries, including Uganda, in December 2018 and the Ministry of Foreign Affairs is now in the process of developing multi-year strategies for these countries. However, in the absence of such a strategy to date, the embassy has formulated a comprehensive annual work plan, which provides staff with a good picture of the embassy's strategic objectives. As a result, embassy staff have an understanding of Norway's priorities and the context in which they operate. Shifting the work plan's focus from inputs to results and ensuring coverage of Norway's overall engagement in Uganda would improve capacity for strategic planning and foresight.

Norway's priorities, notably on education, clean energy and the petroleum sector, are aligned with Uganda's

While Uganda became the biggest recipient of Norwegian official development assistance (ODA) to education in 2013, receiving NOK 73 million (Government of Norway, 2014), more than half of Norwegian aid targeting education is based on agreements at the global level, with the United Nations Children's' Fund (UNICEF) and the Global Partnership for Education serving as the main partners in 2017. In Uganda, the bilateral Norwegian Programme for Capacity Development in Higher Education and Research for Development is an innovative way to support the education sector, strengthening local capacities by using country systems throughout the programming cycle and creating avenues for South-South co-operation. Education is also an important objective, and an integrated part of Norwegian humanitarian assistance in crises and conflict. In Uganda, Norway's support to UNICEF, the UNHCR, the World Bank and the NRC (among others) has enabled the provision of education to refugee and host-community children, reflecting Norway's commitment to education.

Norway has also been involved in the development of the Ugandan electricity sector since the mid-1990s, focusing on power generation, transmission and technical capacity-building (Norad, 2016a). Energy is a priority of the Government of Uganda. More recently, Norway has demonstrated significant involvement in and commitment to clean-energy development, reflecting its global priorities. Norway has succeeded in building a portfolio that reflects its comparative advantage, which it deploys through multiple components of its development co-operation system in Uganda. This strategic engagement in the energy sector is acknowledged and appreciated by the Ugandan government.

Oil for Development would benefit from a more holistic understanding of, and response to, corruption risks in the sector

Norway plays an important advisory role in the management of petroleum resources, given the sector's revenue and developmental potential. The Ministry of Energy and Mineral Development and the Ministry of Finance, Planning and Economic Development are among Norway's most important bilateral partners in Uganda. Norway's long-term engagement and approach to supporting the petroleum sector in Uganda is highly valued. Its support for

strengthening institutional capacity and legislative frameworks through the Oil for Development programme has contributed to building domestic capacity, and is laying an important foundation for domestic resource mobilisation once production comes online. Nevertheless, overall Norway's Oil for Development programme in Uganda would benefit from a more granular and carefully calibrated understanding of, and response to, corruption risks in the sector, including the potential for state capture. In this respect, institutional partnerships such as those between the Ugandan Auditor General Office and the Norwegian Auditor General Office, and the private sector, will be instrumental.

Norway's approach to cross-cutting issues is inhibiting implementation

As noted during the peer review's visit to Oslo, Norway is struggling with its approach to crosscutting issues. Norway's "do-no-harm" approach reflects a move away from mainstreaming towards a risk management approach. This shift does not seem well understood by Norway's partners in Uganda. Guidelines from Oslo that clarify implementation of the "do-no-harm" approach for both staff and partners could help translate these priorities into programming. They should also consider the variations in understanding of and approaches to different cross-cutting issues. More systematic use of scenario-based training, providing practical examples of how to detect and respond to corruption incidents, may also strengthen staff capacity to identify and understand risks and turn any guidance into practice. Tailored in-country support for staff operating in countries with high levels of corruption (tending towards state capture), as evident in Uganda, is also warranted and would assist Norway to begin to implement a more nuanced, graduated approach to corruption risk management.

Norway's bilateral aid to Uganda has fluctuated over the past decade, and reflects a growing emphasis on working through the multilateral system

The total ODA allocation managed by the embassy in 2017 was USD 10.4 million in current prices (NOK 86.2 million), spread over three budget lines. This reflects a sizeable reduction from 2014 when it was USD 47.9 million (NOK 301.7 million) over seven budget lines. In 2016-17 Norway was the tenth-largest donor in gross ODA to Uganda. The United States, the United Kingdom and the European Union were the largest bilateral donors (Figure C.1).

Working through the multilateral system, as well as with like-minded multilateral partners, is an important element of Norway's engagement in Uganda. Norway ceased providing budget support to Uganda in 2012 following a significant corruption case related to reconstruction funds, following the conflict in Northern Uganda and involving the Prime Minister's Office.[5] This shift away from budget support requires new ways of working in Uganda, both in terms of donor co-ordination, and engagement and policy dialogue with the government. As one of its priorities, Norway provides significant support to the health sector in Uganda and channels it through multilateral mechanisms, resulting in limited government recognition of Norway's engagement. Considering these factors, there is scope for Norway to work with its partners more closely, to leverage its contribution in its priority sectors, and achieve better outcomes and increased opportunities for policy dialogue.

Opportunities exist to strengthen linkages between development, trade and foreign policy aims

The embassy has made an effort to develop linkages between the four goals in its work plan – including aligning private sector development with its engagement in the energy and petroleum sector, and linking civil-society strengthening with building more accountable

institutions. However, there is scope to further explore the opportunities for alignment across the programme and to strengthen linkages between development, trade and foreign policy aims at both the bilateral and global levels, to ensure they are mutually reinforcing. Norway's whole-of-government approach would be further strengthened by development of a country strategy encompassing all Norwegian country-level activities, strengthening Norway's overall portfolio.

Organisation and management

Investing in the professional development of locally engaged staff

Locally engaged staff play a critical role in the embassy, providing in-depth understanding of the national context and continuity in managing key relationships. National staff benefit from opportunities for training and skills development. This could be strengthened further with clear professional development plans and efforts to ensure adequate embassy capacity as Norway's programme evolves.

Norway could do more to ensure that country-level lessons are shared both across the administration and with its partners

The embassy has strengthened its grant-management processes in response to the 2017 grant-management review of the embassy. The creation of a dedicated financial advisory position should be recognised as good practice across Norway's aid delivery. Norway's zero-tolerance approach to corruption is also clearly communicated to both staff and partners at the country level. Nevertheless, greater clarity on what zero-tolerance means in practice – including possible implications for programme implementation and results – would help Norway and its partners – including other donors with or without a zero-tolerance policy – to better manage risks, particularly in contexts where corruption and political risks are high.

Partnerships, results and accountability

Norway is seen as a reliable and valued partner

Development partners, multilateral organisations and CSOs in Uganda consistently recognised Norway as a reliable and valued partner, and more than just a donor. This appreciation is based on Norway's long-term engagement, constructive dialogue and consistent focus on capacity-building. Norway is also making strategic use of the sectoral working groups and other donor co-ordination mechanisms in Uganda on issues relevant to its priorities, including energy and gender, and democracy and human rights.[6] There exists an opportunity for Norway to better leverage its strong relationships, engagement in strategic sectors and perceived neutrality, to scale up its dialogue with the government on sensitive issues, such as corruption and human rights. Magnifying its voice through a co-ordinated approach with like-minded partners may also help achieve greater impact in a sensitive political environment.

Significant room to improve monitoring throughout project implementation

Norway has clear guidelines in Uganda with regard to results frameworks and end-of-programme evaluations. Nevertheless, there is significant room to improve monitoring throughout implementation. This would enable partners to adapt better to evolving contexts – particularly in high-risk sectors – and implement programmes more effectively. It may also help Norway feed this knowledge back into its development co-operation systems.

Humanitarian assistance

Humanitarian assistance and development co-operation could be linked more systematically

Through its humanitarian engagement in Uganda, Norway has demonstrated that it can respond rapidly to evolving needs, providing resources to its partners in a timely manner. There is, however, scope for Norway to engage its transition funds more systematically and to ensure that development funds mobilised within the CRRF translate into benefits for the affected population in Northern Uganda.

Notes

[1] The number of Ugandans living below the national poverty line declined significantly, from 31.1% to 19.7%, between 2006 and 2013; however, this trend has recently reversed.

[2] The Uganda Bureau of Statistics released a second version of the Uganda National Household Survey 2016-17 in February 2018, substantially revising the poverty figure downwards, from 27.7% of the Ugandan population to 21.4% (Uganda Bureau of Statistics, 2018).

[3] According to the 2017 African Economic Outlook, industrial-sector development remains at a nascent stage: the sector accounted for approximately 18% of GDP in 2015-16, dominated largely by manufacturing, followed by construction, electricity, water, and mining and quarrying (OECD, 2017).

[4] "Norfund: Investing for development," slide presentation by regional director, September 2018, Kampala, Uganda.

[5] Prior to 2012, budget support to Uganda has also been periodically suspended. In 2002, most donors suspended general budget-support payments after the Government of Uganda announced budget cuts to increase defence allocations. Between 2005 and 2007, smaller budget-support suspensions or cuts were enacted. In 2012, the involvement of the Prime Minister's Office in a corruption scandal, and government plans to implement a law criminalising homosexuality, led donors to suspend and later exit budget support (see Orth, Birsan and Gotz, 2018).

[6] As of 2018, the Norwegian Embassy in Kampala chaired the Energy Development Partner Group, having done so for 4 years, and started chairing the Gender Development Partner Group, in addition to the Democracy and Human Rights Working Group.

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Annex D. Organisational charts

Figure D.1. Norwegian Ministry of Foreign Affairs – Leadership

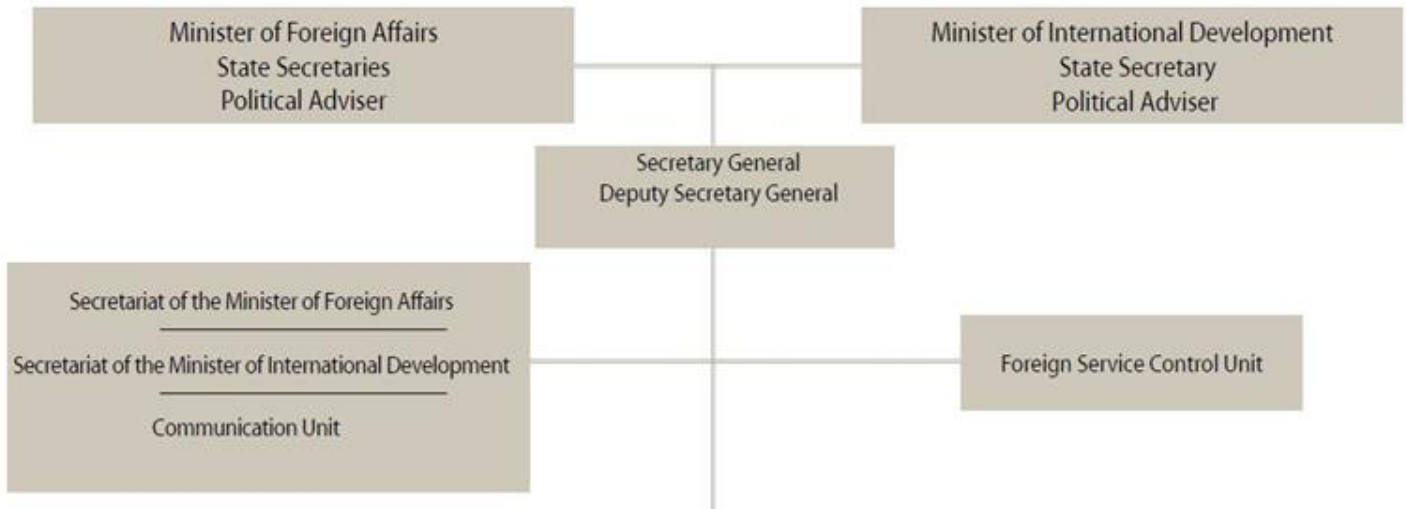


Figure D.2. Norwegian Ministry of Foreign Affairs – Departmental structure

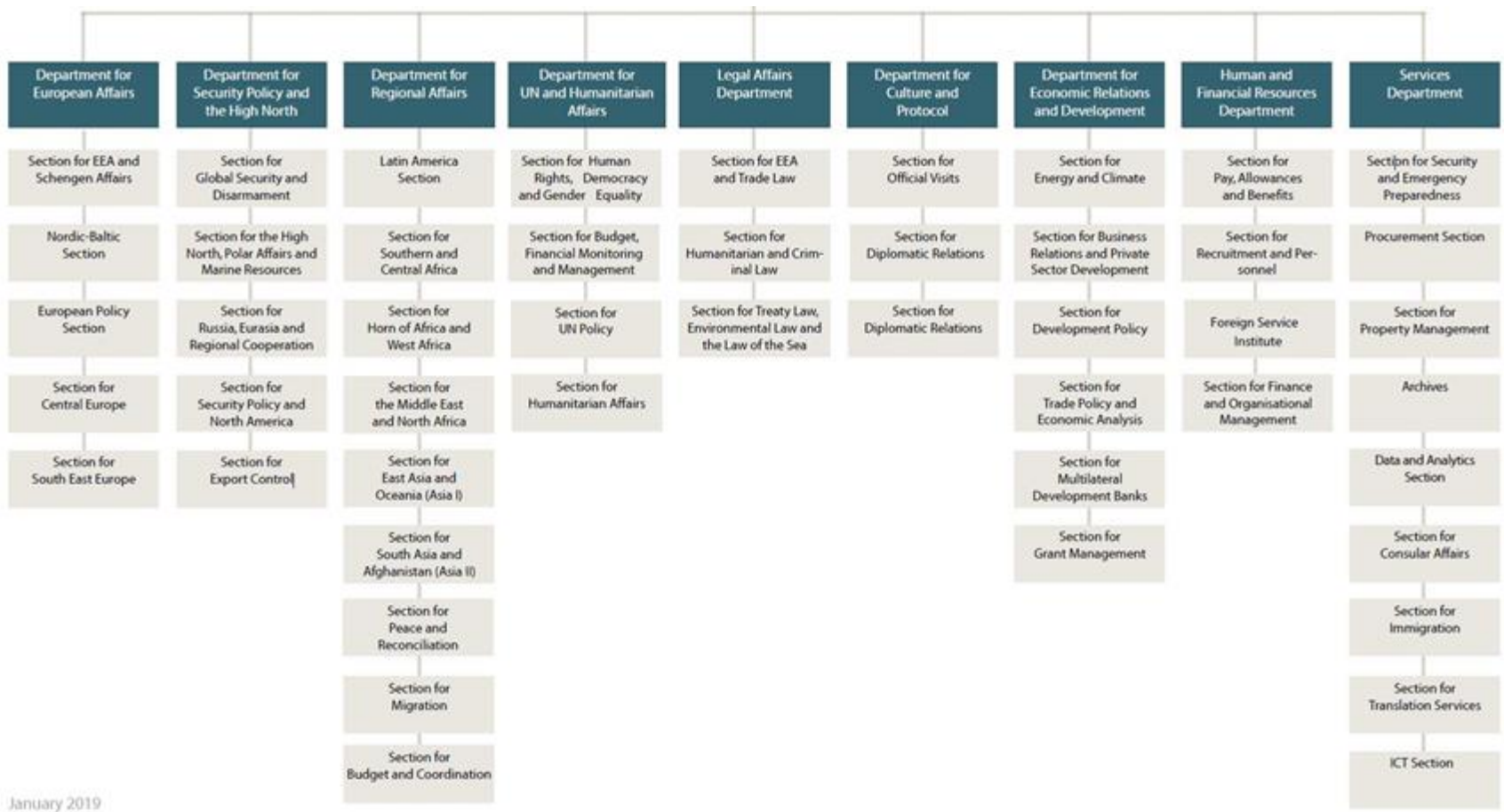
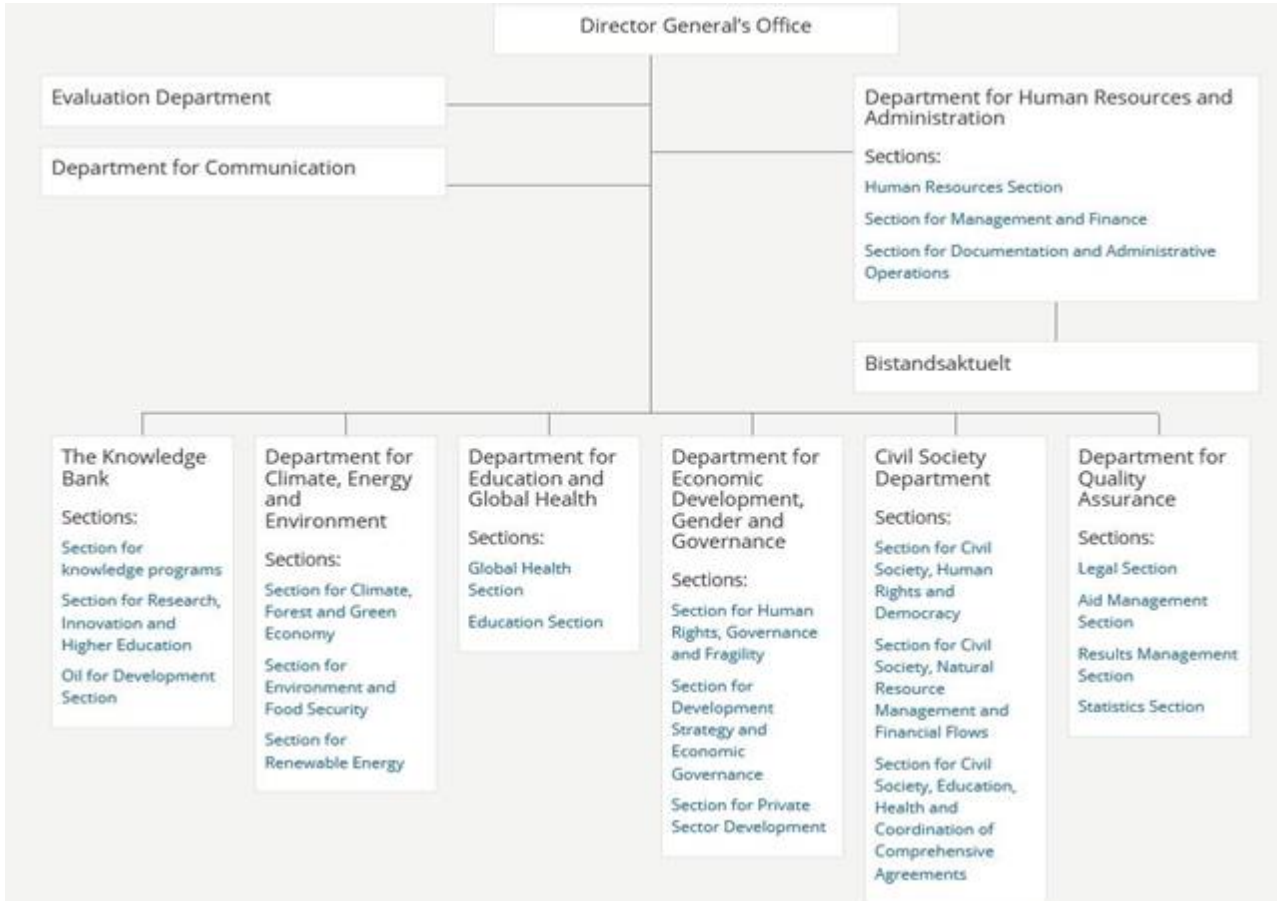
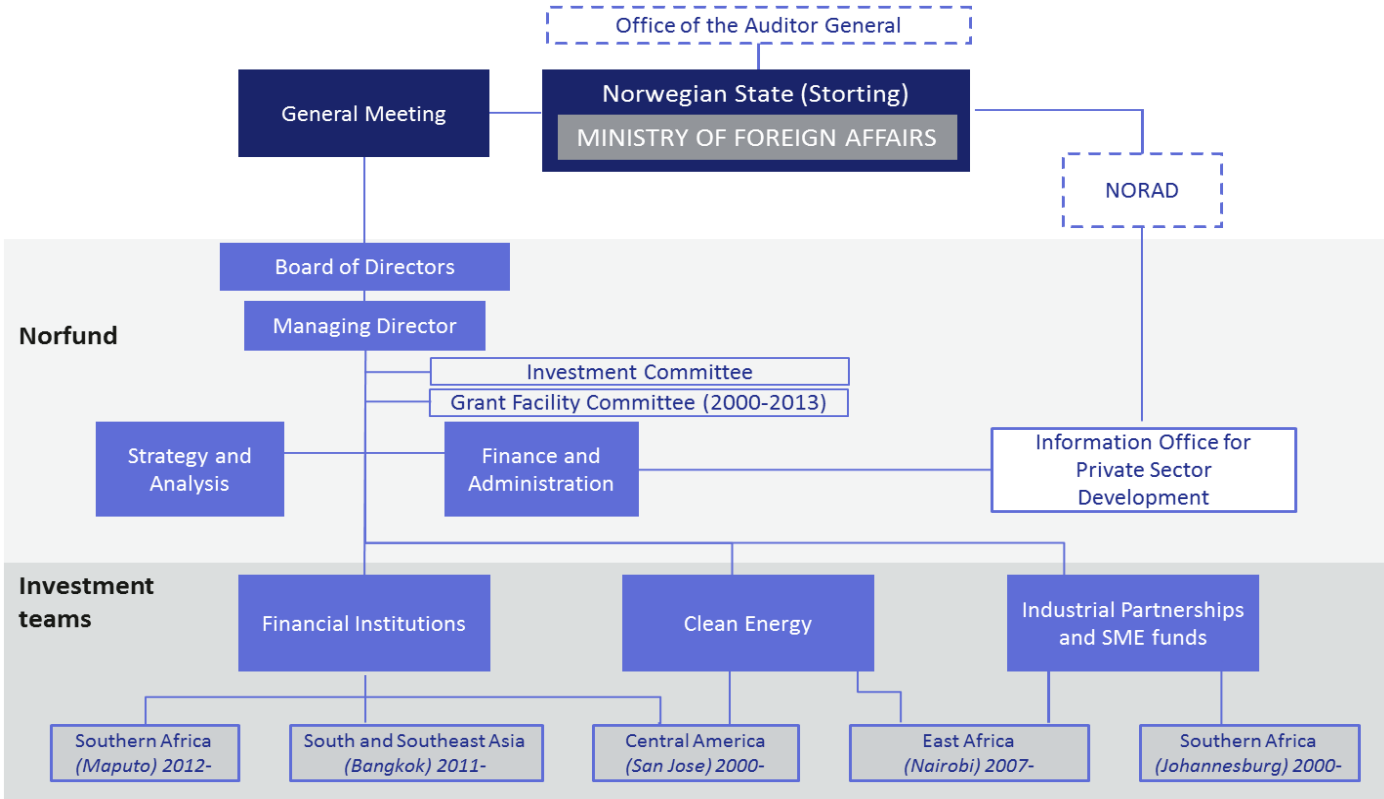


Figure D.3. Norwegian Agency for Development Co-operation (Norad)



Source: Norad (n.d.), *Organisation Chart,* Norwegian Agency for Development Co-operation, https://norad.no/en/front/about-norad/organisation-chart/ (accessed on 11 February 2019)

Figure D.4. Norwegian Investment Fund for Developing Countries (Norfund)



Source: Norad (2015), Evaluation of the Norwegian Investment Fund for Developing Countries (Norfund), Norwegian Agency for Development Co-operation, Oslo.

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