

## KEY QUESTION

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## What are important decision-making opportunities in Norway's annual budget process?

### **Indicative ministerial budget ceiling is set in March; budget details are determined from April to August**

The Ministry of Finance starts its work on the state budget approximately one year before it is presented to Parliament. The decision-making process follows the budget calendar, which stays the same from year to year.

- **Ministries prepare initial internal budget drafts:** From November to February, Norad and Norwegian embassies give their budget suggestions to ministries, which in turn start their preparations for developing their budget for the following year. Key stakeholders during this period are leaders at the Norwegian embassies, Norad, and Ministry for Foreign Affairs' leadership.
- **First budget conference – Cabinet decides on indicative ministerial budget ceilings:** By March, Norwegian embassies and Norway's development agency Norad have prepared their preliminary internal budgets for development programs. MFA and Norad leadership ultimately make decisions on budget allocations. However, civil servants within the MFA and Norwegian embassies are important influencers at this time regarding funding to specific countries. In addition, embassies start to identify bilateral projects for the coming year. Ministerial budget proposals are presented to the Cabinet at its first budget conference in March, on the basis of which the Cabinet sets indicative budget ceilings for each ministry.
- **The MFA further refines internal budgets:** Once the Cabinet has set ceilings, the MFA further develops its budget from April to July. Requests for increases need to be strategically targeted towards the MFA's Departments for Regional Affairs and Development, UN and Humanitarian Affairs, and Economic Relations and Development.
- **Second budget conference – Cabinet makes final decision on overall draft budget:** Usually in late August, the Cabinet holds its second budget conference to agree on final ministerial budget caps. At this stage, the Cabinet approves the overall ODA volume and funding for major initiatives; it usually does not debate further details of the ODA budget.
- **Parliament debates draft budget:** From October to November, Parliament debates the government's budget draft. The Standing Committee on Finance and Economic Affairs can amend the proposed ceilings and detailed allocations for main expenditure areas up until November. Under the current government, amendments to the ODA budget are negotiated between the members of the coalition parties (Conservative Party and Progress Party) and the two supporting parties (Liberal Party and Christian Democrats). The Standing Committee on Foreign Affairs and Defense may propose amendments. However, in practice, the Committee on Finance leads on reallocations between budget lines.
- **Parliament approves budget:** By mid-December, the Parliament signs off on the budget for the upcoming year.

