

KEY QUESTIONS

the big six

6



How is Norway's ODA spent?

Norway significantly contributes to the multilateral system

Norway considers multilateral organizations an effective way to pursue its theme-focused development agenda. In 2016, core contributions to multilateral organizations accounted for a relatively low share of total ODA (21%, or US\$929 million) in comparison to other DAC members (average: 38%). This is mostly due to high costs of hosting refugees in Norway, which is reported as bilateral ODA. However, Norway provides large shares of ODA as earmarked funding to multilateral organizations, which is also reported as bilateral ODA. Such financing amounted to US\$980 million in 2016, or 22% of total ODA, well above the average of members of the OECD's Development Assistance Committee (DAC) of 11%. In total, funding for and through multilaterals together amounted to US\$1.9 billion, or 43% of total ODA (DAC average 59%).

Since 2011, much of the additional funding for ODA has been channeled through earmarked funding to multilaterals, in support of Norway's thematic initiatives. Between 2013 and 2016, earmarked funding increased by 23%, up from US\$797 million in 2013. Alongside multilaterals, civil society organizations (CSOs) implement a large share of Norway's bilateral assistance: in 2016, 22% of bilateral ODA was channeled through CSOs (well above the DAC average of 16%). The remaining share of bilateral ODA was mostly implemented in country programs by Norwegian embassies and the Norwegian Agency for Development Cooperation (Norad).

Since 2014, Norway has channeled all its bilateral ODA as grants. It does so to reduce the debt burden of low-income countries.

In parallel, the government's increasing focus on private-sector development has driven higher level of investments through Norfund. Norfund is a state-owned investment fund that supports private-sector activities in partner countries through equity investments and other tools. These investments are not reported as ODA to the OECD, but are an increasing channel through which Norway contributes to sustainable growth in developing countries.

Who are Norway's ODA recipients?

Norway's bilateral assistance has a major focus on low-income countries

Norway focuses its bilateral ODA strongly on low-income countries. Because of the high share of bilateral ODA that is not reported as being allocated to a specific country (56% between 2014 and 2016 due to high costs of hosting refugees in Norway, earmarked funding to multilaterals, and support to CSOs), low-income countries officially accounted for less than one-quarter of bilateral ODA over that period (23%). However, when only considering bilateral ODA allocated to specific countries, low-income countries received just over half (52%) of bilateral ODA. Geographically, sub-Saharan Africa receives by far the largest share of bilateral ODA (19% between 2014 and 2016), followed by the Middle East and North Africa (MENA) region and Asia (each 9%).

According to the Ministry of Foreign Affairs (MFA)'s 2017 white paper on the Sustainable Development Goals (SDGs), Norway will focus its bilateral cooperation on 20 to 25 partner countries, excluding funding for humanitarian assistance or ODA through civil society and Norfund. Partner countries are divided in three categories:

- Countries for long-term development cooperation, with which Norway has a long-standing engagement (including Ethiopia, Malawi, Myanmar, Nepal, and Tanzania). Uganda and Liberia have also been proposed as members of this group.
- Countries directly or indirectly affected by conflict, including Afghanistan, Haiti, Mali, Palestine, Somalia, and South Sudan. Niger, Syria, Jordan, and Lebanon have also been suggested as members of this group.
- Countries in which efforts to address common global challenges (e.g., climate change, global health, global security) are particularly impactful, including Brazil, Colombia, Indonesia, Nigeria, Tunisia, and South Africa. For example, Norway's on-going forestry investment as part of the Norwegian International Climate and Forest Initiative (NICFI) drives high levels of ODA to certain middle-income countries with large rain forests, e.g., Indonesia and Brazil. Between 2014 and 2016, nearly all of Norway's funding to Brazil – the second-largest beneficiary of Norway's ODA – was channeled through the NICFI.

How is bilateral funding programmed?

Embassies lead programming of bilateral cooperation

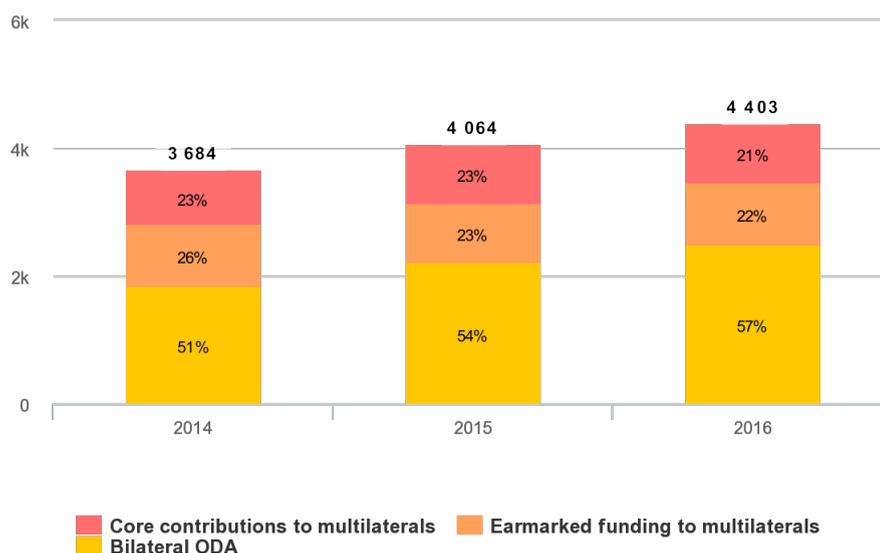
Annual appropriation letters from the MFA to the Norwegian embassies form the basis for ODA programming. The letters outline priorities for the following year. The MFA develops the letters (with input from embassies, Norad, and experts), and sends them to the embassies once the budget is approved. During the budget drafting period, funding priorities for the coming year can still be influenced, although Norway usually focuses on the same long-standing priority sectors. Key influencers include leadership and program officers in Norwegian embas-

sies, and regional sections within the MFA's Department for Regional Affairs and Development.

Programming of bilateral ODA is led by the Norwegian embassies. Embassies have ample financial and programming authority within the priorities set by the annual appropriation letters. They develop annual work plans and agreements for bilateral programs, which are then reviewed by Norad. Embassies usually make commitments to partner countries over a three-year period. However, exact annual funding levels are only determined in the appropriation letters, and such multi-year commitments are only made for programs directly administered by the embassies.

NORWAY'S BILATERAL AND MULTILATERAL ODA

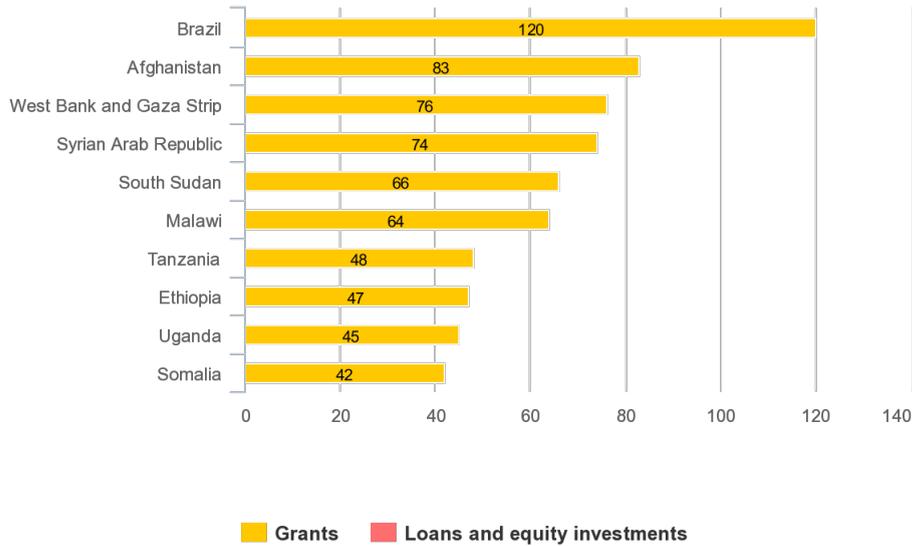
US\$ millions



OECD DAC 1 table. Gross disbursements; in 2016 prices.

THE TOP 10 RECIPIENTS OF NORWAY'S ODA

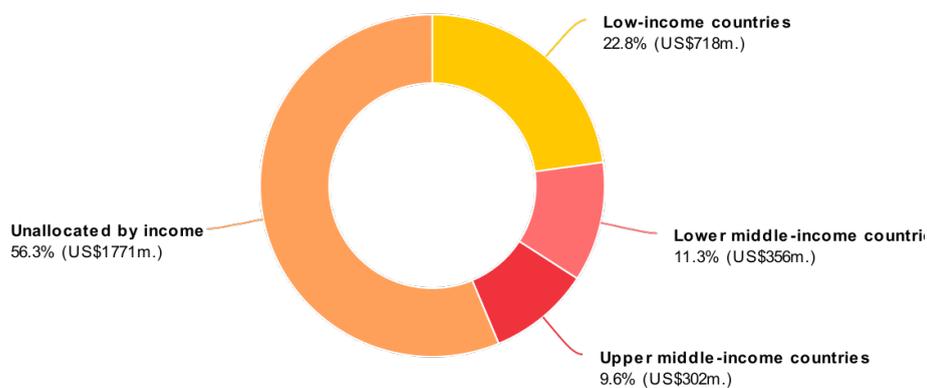
Average 2014-2016, excluding debt relief; US\$ millions.



OECD CRS. Gross disbursements; in 2016 prices.

NORWAY'S BILATERAL ODA BY INCOME-GROUP, 2014-2016

Average 2014-2016: US\$3.1 billion



OECD CRS. Gross disbursements, in 2016 prices.