

## NORWAY

### Development challenges as investment and business opportunities: Norway's policy and practices

Norway has been placing greater emphasis on private sector development in recent years and continues to strengthen its approach. This growing commitment is reflected in the government's new white paper "Working together: Private sector development in Norwegian development cooperation" (Meld. St. 35, 2014-15). The main focus of this paper was to identify how Norway's private sector development co-operation should be organised and which measures the government will pursue to use development assistance strategically to mobilise private investments that promote development, job creation and poverty reduction.

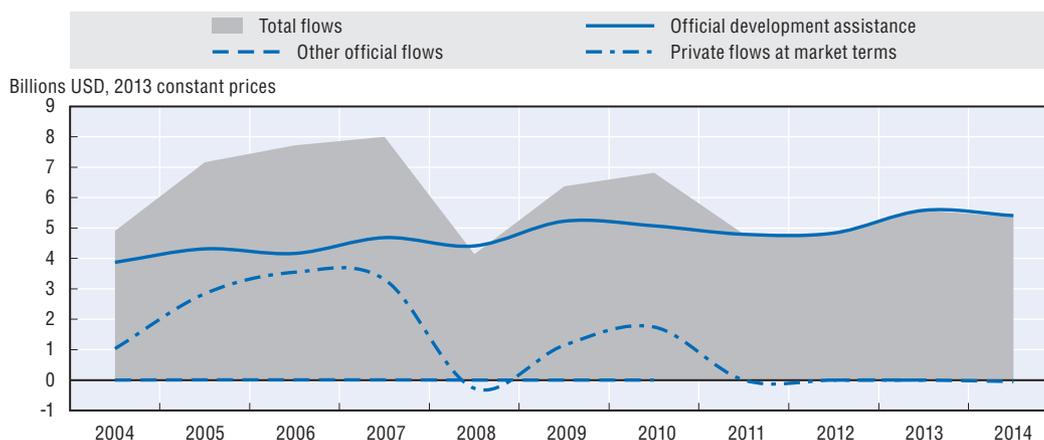
Norway is engaged in private sector development mainly through the operations of Norfund – the Norwegian Investment Fund for Developing Countries – its national development finance institution. Norfund was established by the Norwegian parliament in 1997, as the government's main instrument for combating poverty through private sector development. Norfund's objective is to contribute to sustainable commercial businesses in developing countries.

Norway has developed a range of aid-funded support programmes to increase partnership with the private sector, including equity investments in renewable energy, finance and agribusiness. Through its Oil for Development programme, it assists countries in managing their petroleum resources in a sustainable way.

According to the 2015 DAC Survey on Mobilisation (Benn et al., 2016), Norway mobilised USD 104 million from the private sector through shares in collective investment vehicles in 2012-14, of which 21% targeted climate-related projects.

### Financial flows from Norway to developing countries

Figure 28.1. Net resource flows to developing countries, 2004-14, Norway



Note: Data on private grants are not available; data on other official flows are not available for 2011; data on private flows at market terms are not available for 2014.

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### Norway uses ODA to mobilise other resources for sustainable development

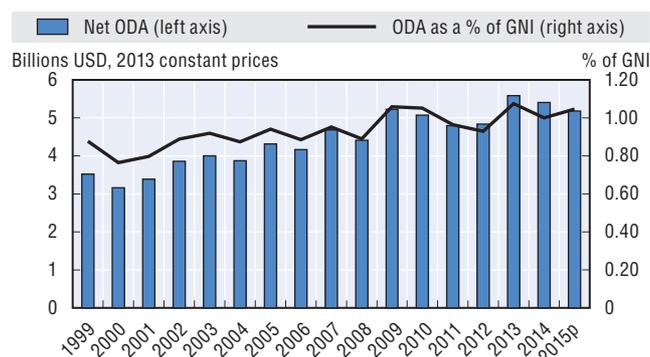
- **Norway contributes to the mobilisation of domestic resources in developing countries by supporting their tax systems.** In 2014, it is estimated that Norway committed USD 6.5 million of its official development assistance (ODA) to tax-related activities in partner countries.
- **It promotes aid for trade to improve developing countries' trade performance and integration into the world economy.** It committed USD 684.1 million (18.7% of its bilateral allocable ODA) to trade-related activities in 2014, a 17.1% decrease in real terms from 2013. The trend has been fluctuating over the past few years.
- **Norway has pledged USD 258 million (NOK 1.6 billion) to the Green Climate Fund,** which plays a key role in channelling resources to developing countries and catalysing climate finance at the international and national levels.

## Norway's official development assistance

In 2015, Norway provided USD 4.3 billion in net ODA (preliminary data), which represented 1.05% of gross national income (GNI) and an 8.7% increase in real terms from 2014, due primarily to increased in-donor refugee costs. Norway is the second largest Development Assistance Committee (DAC) provider in terms of ODA as a percentage of GNI, and the ninth largest by volume. Norway is one of only six DAC members to have met the UN target of 0.7% and it has consistently maintained its level of development assistance, having spent about 1% of GNI on ODA every year since 2009. All of Norway's ODA was untied in 2014 (excluding administrative costs and in-donor refugee costs), whilst the DAC average was 80.6%. Its ODA was also fully untied in 2012 and 2013. The grant element of total ODA was 100% in 2014.

Norway reported USD 278.7 million of its in-donor refugee costs as ODA in 2014. These costs represented 5.5% of its total net ODA.

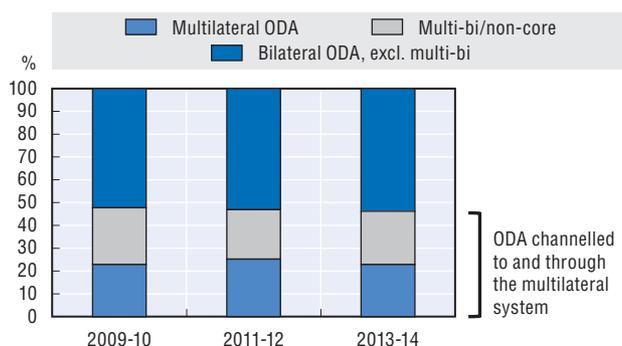
Figure 28.2. **Net ODA: Trends in volume and as a share of GNI, 1999-2015, Norway**



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In 2014, 76.6% of ODA was provided bilaterally. Norway allocated 23.4% of total ODA as core contributions to multilateral organisations, compared with the DAC country average of 28.3%. In addition, it channelled 34% of its bilateral ODA for specific projects implemented by multilateral organisations (multi-bi/non-core contributions).

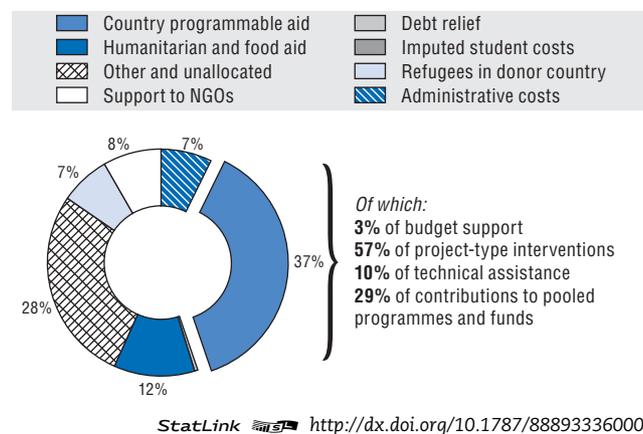
Figure 28.3. **Share of ODA channelled to and through the multilateral system, two year averages, gross disbursements, Norway**



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In 2014, 37.5% of bilateral ODA was programmed at partner country level. Norway's share of country programmable aid (CPA) was lower than the DAC country average (52.9%). Project-type interventions accounted for 57% of CPA. A large share (27.9%) of bilateral aid was classified as "other and unallocated".

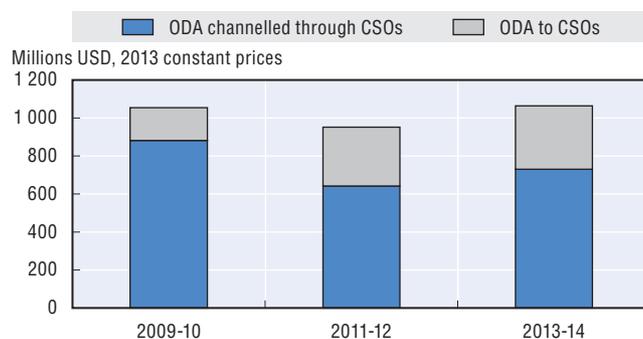
Figure 28.4. **Composition of bilateral ODA, 2014, gross disbursements, Norway**



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In 2014, USD 1 billion of Norway's bilateral ODA was channelled to and through civil society organisations (CSOs). Norway's ODA channelled to and through CSOs increased both in volume between 2013 and 2014 (+3.5%) and as a share of bilateral ODA (from 23.7% to 26%). This share was higher than the DAC country average of 17.4%.

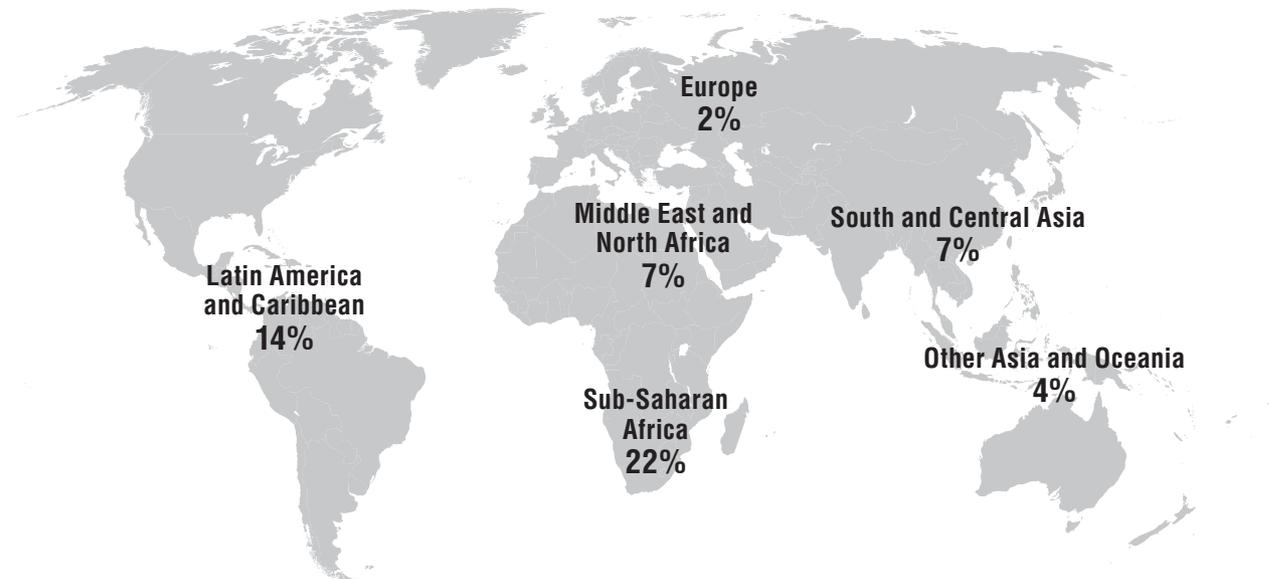
Figure 28.5. **Bilateral ODA to and through CSOs, two year averages, gross disbursements, Norway**



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**Bilateral ODA primarily focused on sub-Saharan Africa and Latin America.** In 2014, USD 841.8 million was allocated to sub-Saharan Africa, USD 342.7 million to Latin America and the Caribbean, and USD 290.3 million to south and central Asia.

Figure 28.6. Share of bilateral ODA by region, 2013-14 average, gross disbursements, Norway

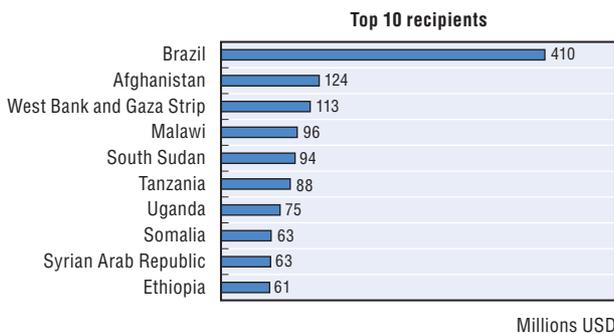


Note: 44% of bilateral ODA allocated was unspecified by region in 2013-14. This share is not represented on the map.

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**In 2014, 23.3% of bilateral ODA went to Norway's top 10 recipients.** Seven of its 12 focus countries are among its top 10 recipients. In 2014, its support to fragile states reached USD 1 billion (26.1% of gross bilateral ODA).

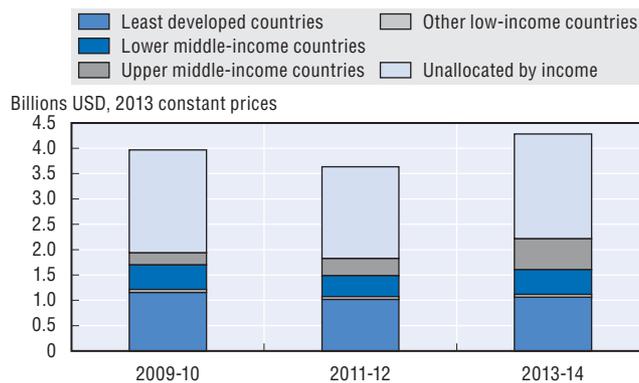
Figure 28.7. Bilateral ODA to top recipients, 2013-14 average, gross disbursements, Norway



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**In 2014, 25% of bilateral ODA was allocated to least developed countries (LDCs),** amounting to USD 978.5 million. The share has fallen, from 30% in 2011 to 25% in 2014, and is slightly below the 2014 DAC average of 25.6%. LDCs received the highest share of bilateral ODA in 2014, noting that 52.6% was unallocated by income group. At 0.28% of GNI in 2014, total ODA to LDCs far exceeded the UN target of 0.15% of GNI.

Figure 28.8. Bilateral ODA by income group, two year averages, gross disbursements, Norway



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In 2014, 37% of bilateral ODA was allocated to social infrastructure and services, reaching USD 1.6 billion, with a strong focus on support to government and civil society (USD 818.2 million) and education (USD 393.7 million). Humanitarian aid amounted to USD 468.9 million.

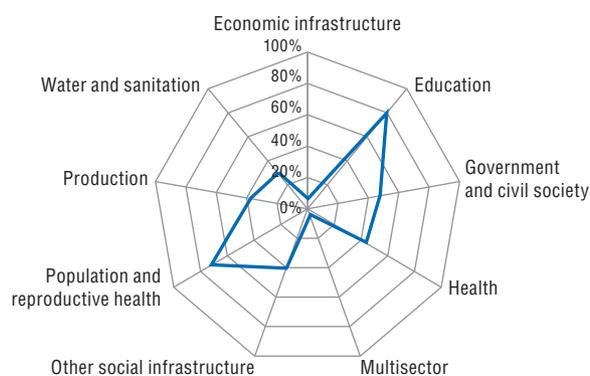
Figure 28.9. Share of bilateral ODA by sector, 2013-14 average, commitments, Norway



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**USD 1.2 billion of bilateral ODA supported gender equality in 2014.** Gender is a long-standing focus of Norway's development programme, both as a thematic priority and a cross-cutting issue (OECD, 2014). Norway has already geared up its support to important gender-related Sustainable Development Goal targets and is committed to include them in its development co-operation. In 2014, 31.7% of its bilateral allocable aid had gender equality and women's empowerment as a principal or significant objective, compared with the DAC country average of 34.7%. This is a decrease over 2013 (34.9%). Norway's aid to education and population and reproductive health focuses on gender.

Figure 28.10. Share of bilateral allocable ODA in support of gender equality by sector, 2014, commitments, Norway



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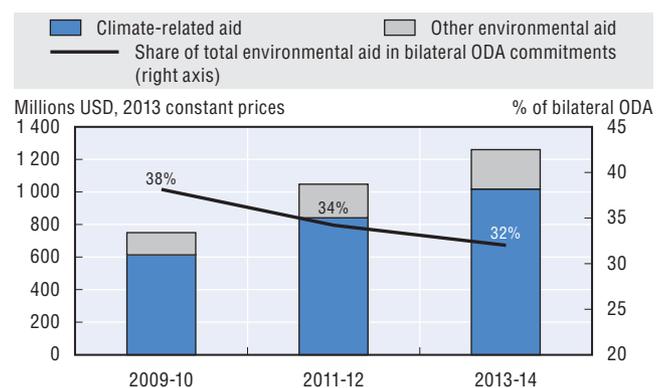
Note to reader: Annex B provides "Methodological notes on definitions and measurement for the Profiles of Development Assistance Committee members".

## Reference

OECD (2014), *OECD Development Co-operation Peer Reviews: Norway 2013*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264196315-en>.

**USD 1.3 billion of bilateral ODA supported the environment in 2014.** Norway is strongly committed to supporting environmental and climate change activities. It is making progress with mainstreaming these issues in its development co-operation (OECD, 2014). In 2014, 34.3% of its bilateral allocable aid focused on the environment and 27% (USD 987.9 million) focused specifically on climate change, compared with the respective DAC country averages of 32.2% and 23.9%.

Figure 28.11. Bilateral allocable ODA in support of global and local environment objectives, two year averages, commitments, Norway



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