NORWAY’S DEVELOPMENT ASSISTANCE POLICY:
LEGAL FRAMEWORK, CONCEPTUAL GROUND AND CURRENT TRENDS

Abstract

Goal – the goal of the present article is to put into perspective the conceptual framework of Norway’s development assistance policy. It argues that the Norwegian approach to development assistance stems from the welfare-state ideology, the position of moralism and the humane internationalism formed due to Norway’s identity as a small state. In this vein, Norway regards development assistance as a crucial way to promote its socio-political values and maintain international stability. Being one of the most generous donors of ODA in proportion to the size of its economy, Norway demonstrates its readiness to have a moral responsibility for the global common good.

Research methodology – the methods used in the article are external research of official documents and reports of Norwegian governmental agencies and international organizations, as well as historical analysis of key pillars and trends of Norwegian development assistance.

Score/result – the article is distinguished by a high scientific level.

Originality/value – the article represents the original complex approach to the problem of Norwegian development assistance providing substantial analysis of its legal framework and conceptual ground.

Keywords: development assistance, legal framework, socio-political values, foreign aid patterns, the COVID-19 global challenge
1. Introduction

Donors of international assistance can be motivated by different objectives. While many countries that provide foreign aid appear to be at least partly motivated by self-interest considerations, Norway, as well as other Nordic donors, tends to be considered as exception. Apropos its motivation, the Norwegian government states: “Our development policy is designed to promote economic development, democratization, implementation of human rights, good governance and measures that can lift people out of poverty for good” [MFA, 2020: 1–3]. Thus, Norway demonstrates its commitment to promote development and alleviate poverty on the global scale.

This paper analyses the legal framework of Norway’s development assistance policy, its conceptual ground and the trends and patterns of current aid allocations. With recourse to the available data on aid disbursements during the period 2010 to 2019, the paper examines the trends of Norwegian ODA and Norway’s policy response to the COVID-19 challenge. The essential question addressed in the paper is why Norway chose to become actively and deeply engaged in development assistance policy efforts when it had other options. This paper assumes that the answer to this question is Norway’s domestic identity and a structural context wherein its foreign policy was formed.

This paper is organized as follows: Section 2 analyses legal framework of Norwegian ODA. Section 3 focuses on the determining factors of the Norwegian approach to development assistance through a multifaceted explanation for its existence. Section 4 provides insight into the trends and key patterns of current Norwegian ODA, including those concerning the COVID-19-related efforts. Section 5 concludes.

2. Legal framework of Norwegian development assistance

Norwegian development assistance is subject to regulation by the annual budget and letters emanating from government to the agencies concerned with the activities in the relevant spheres. Norway’s ODA is also regulated by the country’s commitments under United Nations and OECD. As Norway considers the UN millennium goals as a reference point for its foreign, it tends to focus its aid on the relevant spheres such as climate change, poverty, conflict mediation, health and education. The main oversight organ which “objectively and neutrally” con-
controls the appropriation of assistance funds is the Office of the Auditor General of Norway. Two principal agencies responsible for the implementation of ODA policy in Norway are Norad and Norfund.

2.1. Norad

The Norwegian Agency for Development Cooperation (Norad) established in 1968 is the main implementing agency for development cooperation in Norway [Selbervik, Nygaard, 2006: 8]. The delivery of Norway’s development cooperation is shared between the Ministry of Foreign Affairs and NORAD with a latter being a directorate under the Ministry [OECD, 2020: 1]. The Norad budget and short-term mandate are determined by references and annual letters of allocation issued by the Ministry of Foreign Affairs and the Ministry of Climate and Environment [Norad, 2021: 2]. Norad has five main responsibilities: to provide expert advice about development and aid to foreign services, to ensure quality assurance and monitoring, to manage support schemes to organisations in poor countries, to communicate with the Norwegian public, and to conduct independent evaluation of activities funded over the Norwegian development budget [Norad, 2021: 1]. Since 2016–2017, NORAD gained more responsibility in managing Norway’s support to health, education, climate and renewable energy programmes, private sector development, and support for civil society organisations [OECD, 2019: 12]. The evaluation department of Norad issues evaluation reports on an annual basis which are important instruments for facilitating foreign aid.

2.2. Norfund

The Norwegian Investment Fund for Developing Countries (Norfund) established in 1997 is the state-owned investment fund for commercial activity in developing countries [Norfund, 2015: 2]. The agency receives most of its funding from the Ministry of Foreign Affairs and regulates projects on the attraction of private investments in developing countries and alleviation of poverty therein. The mission of Norfund is “to create jobs and to improve lives by investing in businesses that drive sustainable development” [Norfund, 2021: 1]. In order to achieve this, in its current strategy Norfund focuses on investments in spheres relevant to the UN’s Sustainable Development Goals: clean energy, financial institutions, green infrastructure and scalable enterprises [Norad, 2019: 5].
One of the most distinctive features of Norfund is its nature of an investor which is ready to accept high risks and invest in areas where the effects on development would be greatest. To this end, Norfund provides guarantees and loans to enterprises and companies in recipient countries. Similarly to other government agencies, Norfund is subject to monitoring by the Office of the Auditor General of Norway.

3. The conceptual ground of Norwegian development assistance policy

3.1. The welfare state ideology

The sociopolitical values related to the welfare state lie at the bottom of Norway’s development assistance policy. Norway’s welfare state model is derived from the ideology of egalitarianism that called for actions directed at achieving equality and social justice through public regulation and redistribution policy. Norway’s first welfare programs date back to the beginning of the 20th century when Norway became the first country to introduce the first sickness insurance law and in the mid-20th century it was among the first countries that adopted the principle of universal social programs [Kunhle, Hort, 2004: 45]. Based on the solidarity standards, Norway’s model of the welfare state reflected the Social Democratic ideology. Little wonder the main driver of Norway’s aid policy was the Labour party that had a history of participation in trade union internationals and philanthropic efforts. Welfare principles institutionalized at the national level became the underlying rationale for Norway’s active participation in the development assistance regime reflecting its perception of international aid as a response to disparities between rich and poor. The fact that currently Norway is one of the most generous donors of development assistance, can serve as a bright example to prove the thesis that a state with a welfare state ideology is highly likely to provide a substantial amount of assistance to developing countries in need. Thus, development assistance becomes an extension of Norway’s welfare state responsibilities on the global stage.

3.2. Moralism and humanitarian internationalism

Norway’s development assistance policy is strongly influenced by the moralist and humane internationalist ideas that became a projection to the international
stage of its domestic welfare state values. The ethical imperatives and morality to help derived from the Christian tradition became the prerequisite of Norway’s foreign policy position of moralism – a marker of its particular approach to developing relations with the South. The Norwegian Christian tradition dates back to the activities of the Norwegian Missionary Society engaged in evangelization efforts in South Africa, Madagascar, Cameroon, Tanzania, Mali and Ethiopia within the conceptual framework of “christianizing” and “civilizing” African countries [Simensen, 2005: 47]. The Norwegian Christian missions guided by moral and Lutheran church values became an instrument of contact with other cultures due to their active role in a range of development-oriented activities, such as building, trade, agriculture and education. Norway’s current development assistance discourse seems to preserve the spirit of the above-mentioned activities of the first Norwegian Christian missions reflected in the use of the following terms: technical assistance, poverty orientation, and promotion of human rights.

Since the middle of the 20th century, the main driver of the humane internationalism in Norway has been the Norwegian NGOs that, focusing on the need for Christian solidarity with the poor, gave a political force to the idea of ethical responsiveness to the needs of underdeveloped countries. Considering the international distribution of income and resources as indefensible and embracing a concern with the development needs, Norway has sought to reduce the gap between rich and poor countries and actively promoted the idea of creating an economic system that would have been more responsive to the challenge of global poverty.

The altruistically motivated development assistance policy of Norway that embraced a concern with the development needs, reflected the state’s adherence to cosmopolitan values attuned to the ideas of the humane internationalism – a concept premised on the perception of the principle of the moral obligation of developed countries towards people who suffer and live in extreme poverty [Thérien, 2002: 461]. Being both morally compelling and in the long-term interest of Norway, humane internationalism became a determining factor of the Norwegian development assistance policy due to the combination of the state’s altruistic motives with the foreign policy interests-related motives [Stokke, 1989: 13]. The demonstration of a commitment to promote the domestic socio-political values in the international scene became a way for Norway to gain a reputation of a state that embraces a concern with the development needs.
3.3. The foreign policy interests

Since 1905, when Norway became an independent state, its foreign policy has been dominated by the positions of moralism, neutralism and realism [Riste, 2005: 14]. Although being a reflection of ad hoc stances of the Norwegian standing in the international environment, these positions could coexist and thus accommodate different political interests within the country. While in the interwar period Norway’s foreign policy was dominated by neutralism, after World War II, Norway’s foreign policy gained a marked international orientation reflected in its endeavors towards making a distinctive contribution to the international scene via the activities for attainment of the common good congruent with its political culture and policy values. As a small country with an open economy, Norway was concerned with the establishment of an international regime under which international peace and economic stability could be maintained most effectively [Stokke, 1989: 45–47]. Acknowledging the United Nations as the most influential actor in this regard, Norway considered cooperation with the UN system as one of the pillars of its foreign policy.

Following the establishment of the first UN development decade, Norway, despite being a not very rich country, realized its aid policy in concordance with the UN standards of development strategy and the development philosophy of the Bretton Woods Institutions, therefore seeking to demonstrate its commitment to the global aim of intensifying economic growth and social advancement in the developing countries. The overarching interest stemming from the Norwegian domestic environment related to the promotion of foreign policy values within the framework of moralism wherein development assistance could play a crucial role. The incomes from the North Sea oilfields that made Norway a rich state contributed to strengthening its position as an actor that could step up to the plate affording much more spending on the development needs. It’s important to stress that whereas development assistance could play an important role in promotion of Norwegian exports and investments in developing countries, in the case of Norway, the economic and private sector interests cannot be considered as a decisive factor in shaping foreign aid policy since they had a relatively marginal impact on its assistance performance. The altruistically motivated Norwegian development assistance policy has been instrumental for promotion of the domestic socio-political and humane values that contributed to Norway’s gaining the status of an active actor that has a perception of moral responsibility towards the least developed countries.
4. Current trends of Norway’s ODA

4.1. Norway’s ODA in 21st century

In the first decade of the 21st century Norway demonstrates its commitment to the Sustainable Millennium Development Goals (SDGs) with a focus on the relevant areas of development. Norway stresses the importance of increasing aid effectiveness through the so-called “positive conditionality” measures that provided for targeting aid to institutions, groups or activities considered likely to achieve the objectives defined in Norwegian development assistance programs [Stokke, 2019: 63]. In 2013, for the first time, Norway’s aid budget exceeded NOK 30 billion. Since then, Norway has consistently increased the volumes of ODA with a slight decrease in 2014 and 2017-2018; its latest aid budget became record high (see Figure 1).

*Figure 1. Norway’s ODA volumes in NOK millions (2010–2019)*

Following the declaration of Sustainable Development Goals (SDGs) that are the basis of Norwegian development assistance policy, Norway has reiterated the intention to increase aid effectiveness and contribute to global development with a particular emphasis on the following cross-cutting issues:
human rights, women’s rights and gender equality, climate change and environment, and the fight against corruption [Norad, 2019: 23]. This intention is reflected in the country’s present development policy assistance agenda that focuses on the set of priorities that includes climate change, education, health, private sector development and humanitarian assistance. Norway has reformed its development assistance policy in several ways to make it more adequate to achieve the SDGs and Rio+20 decisions and address the global challenges.

The first pattern has been Norway’s concentration on fewer countries with a greater focus on results and division of partner countries into categories. This reform became a result of the evaluation of the previous aid scheme as insufficiently effective that was in part due to the excessive number and disbursement of recipient countries. While in 2013 Norway provided aid to 116 countries, in 2014, it significantly reduced their number, allocating development assistance only to 84 countries [OECD, 2019: 12]. At the same time, Norway’s share of bilateral country programmable ODA decreased. Norway sought to support changes that would help recipient countries to take responsibility for their populations, claiming that their authorities should not consider aid as compensation for poor governance. Such a perception concerning developing countries’ responsibility, together with the efficient trade policies and creation of favorable conditions for investment and job creation, became the critical elements of the Norwegian new model of development assistance. Besides, Norway defined 12 focused countries and divided them into two categories – fragile countries and countries undergoing a process of development. Since then, Norway has put a particular emphasis on assisting fragile countries because of the high costs of not getting involved therein. As Norway sought to strengthen fragile countries’ ability to safeguard their own security, it mainly allocated aid to support the security and justice sector – an area that was paid insufficient attention by OECD. Since 2017, Norway has concentrated on such categories of partnerships as long-term development cooperation and cooperation for stabilization and conflict prevention [MFA, 2017: 9]. Furthermore, Norway has pursued an idea of international legitimacy of donor participation in the development of recipient countries that reflected its steadfast advocacy in support of human rights.

Second, there has been a relevantly stronger emphasis on multilateral development policy. Until 2017, the proportion of Norwegian multilateral funding was lower in comparison with the share of bilateral assistance. In 2017, for the
first time, Norway provided more than half of its foreign aid through multilateral organizations [Donor Tracker, 2021: 5]. The country also increased the proportion of bilateral funding channeled through the multilateral system and began to provide more bilateral ODA through intermediary funds. In recent years, Norway has focused on the provision of foreign aid through multilateral channels because such aid is catalytic as multilateral organizations have a better ability to mobilize efforts and resources for development assistance in developing countries and to influence their use by authorities of such countries. Among multilateral organizations, Norway relies in particular on the UN system that is the country’s traditionally important arena for international policy work and a key channel for development assistance. In 2019, the largest recipients of Norway’s core funding were UNICEF, UNDP, UNFPA, UNHCR, WFP and UN Women [Permanent Mission..., 2019: 6]. Norway is deeply committed to multilateral funding for three strategic sectors – climate, education and health. This commitment is translated into its strong support for UNDP, UNICEF and GAVI, which are the largest recipients of Norwegian aid. Norway’s position as a significant and principled supporter of the UN is demonstrated by the fact that its aid channeled to and through multilateral institutions is mostly provided as core and earmarked funding.

The third pattern has been greater involvement of new participants of ODA policy – civil society and NGOs, and private business. The Norwegian government has traditionally had strong linkages with NGOs; such close cooperation has been characterized as “the Norwegian model” [Forster, Stokke, 2005: 53]. Nowadays, Norway’s social accent in development policy is becoming even stronger than in the previous decades. In 2019, 26.6% of all Norwegian aid has been channeled through the civil society organizations – the Norwegian Refugee Council, Norwegian Red Cross, Norwegian Church Aid, Norwegian People’s aid and Save the Children Norway [Donor Tracker, 2020: 3]. The Norwegian civil society support is broadly relevant to the needs, priorities and possibilities in developing countries as they can be engaged in the activities that governments are not always able to carry out. Another important partner in the realization of Norway’s development policy is a private business that is particularly active in the development of sectors of renewable energy, agriculture, and marine resources in developing countries. To stimulate private business activities, the current government proposed a new Norfund grant facility scheme that allows Norwegian private business to co-finance improvement initiatives that support development in developing countries.
Fourth, Norway has increased focus on the special programs – Oil for Development and Tax for Development. Initiated in 2005, the Oil for Development (OfD) Programme is directed at improving petroleum sector management in partner countries. Currently, the programme cooperates with 15 countries in Africa, Asia, the Middle East and Latin America using the peer-to-peer approach that provides for long-term institutional cooperation and support for civil society organisations in their efforts to hold the local authorities to account [Norad, 2020: 7]. Almost half of the total program total disbursements from 2006 to 2019 were allocated to African countries. The second Norwegian initiative called the Tax for Development program was launched in 2011 with an aim of “improving financing for national development priorities and the SDGs through increased tax revenue and a strengthened social contract” in developing countries [Norad, 2020: 12].

Recognizing the importance of increasing domestic resource mobilization to realize the SDGs, Norway took a portfolio approach to its performance that covers grant agreements with a different thematic and geographic focus. Nowadays, the programme includes cooperation with Tanzania, Rwanda and Nepal (the previous partner countries were Mozambique and Zambia). The emphasis on special programmes becomes a sort of Norwegian ‘niche’ in ODA through which Norway demonstrates its particular commitment to sustainable development in developing countries.

4.2. Norwegian response to the COVID-19 pandemic

Since the onset of the coronavirus outbreak, Norway took on a leading role in international activities to fight the pandemic. The prioritized region of the Norwegian response to the COVID-19 challenge became Sub-Saharan Africa. The Norwegian policy response to the pandemic has been dominated by the three pillars: prioritizing multilateral funding, increasing earmarked funding for health and vaccine projects, and facilitating greater flexibility and rapid disbursements of funds in current health-related projects and programs [Norad, 2020: 14]. There are several patterns of the Norwegian approach to projects and allocation of funds to developing countries in the context of the COVID-19 challenge. A first feature is an increasing focus on global health, especially pertinent to vaccine research and health-related issues, humanitarian support and funding to the UN Response and Recovery Fund (see Figure 2).
Figure 2. Main issues of Norwegian COVID-19 – related support

Source: authors’ calculations using data available at Norad database [date of access: 6.03.2021].

Figure 3. Disbursement channels of Norway’s COVID-19 projects

Source: authors’ calculations using data available at Norad database [date of access: 6.03.2021].
Norwegian COVID-19-related aid is primarily channelled through multilateral organizations and global funds. The assistance allocated through the Norwegian public sector constitutes the fifth part of the total COVID–19-related aid and is mainly channelled through the Research Council. It is important to note that there has been little or no additional funding through Norwegian NGOs or any significant new bilateral initiatives in Norway’s focus countries (see Figure 3).

Second, there is a special emphasis on multilateral organizations as regards social and economic issues and the far-reaching consequences of the pandemic which translated into additional funding to the World Bank and the IMF. Moreover, Norway played a key role in initiating and funding the UN COVID-19 Response and Recovery Multi-Partner Trust Fund established to address the COVID-19 challenge [Kanter, 2020: 1]. Third, the Norwegian humanitarian allocations responded to the global appeals from the UN and the International Red Cross with most funding being channelled to the UN agencies considered most likely to address the COVID-19 challenge [MPTF, 2021: 1] (see Figure 4).

**Figure 4. Norway’s funding to the UN agencies**

![Figure 4](image.png)

Source: authors’ calculations using data available at Norad database [date of access: 6.03.2021].

Consistently highlighting the importance of investing in the health sector, after the beginning of the pandemic, Norway significantly increased funding for
international health efforts in the budget for 2021. In May 2020, the Revised National Budget of Norway provided COVID-19 related increases in aid allocations with a predominant focus on global health (see Figure 5).

Figure 5. Increases in Norway’s Aid Budget Related to COVID-19

Norway brings into focus the fact that the pandemic, being particularly dangerous to humanity per se, can lead to even more severe challenges for the poorest countries, such as human rights violations, increased inequality, food shortages, and lack of attention to other communicable and non-communicable diseases (measles, malaria, tuberculosis and maternal and child mortality).

To address this challenge, Norway invokes the UN Building Back Better (BBB) strategy by directing its efforts across different sectors to reduce threats to public health through the activities in the areas of climate change, education and smart food production [MFA, 2020: 17]. Furthermore, in its efforts to fight the COVID-19, Norway focuses on combatting corruption and illicit financial flows, improving the social safety net for the most vulnerable groups and supporting women’s rights and gender equality. Thus, Norway demonstrates the holistic approach to the global health challenge caused by COVID-19.
5. Conclusions

The paper has examined legal framework, conceptual ground and current trends of Norwegian development assistance policy. To analyze the prerequisites and peculiar features of Norway’s sustained and active involvement in development assistance endeavors Norway’s strategic documents, the studies of Norwegian authors and OECD, Norad and Donor Tracker statistics were used.

This paper defines the following factors as the determinants of the Norwegian approach to development cooperation: the welfare state ideology, moralism and humane internationalism and foreign policy interests related to the maintenance of international peace and economic stability and promotion of Norway’s foreign policy values.

The paper reveals that Norway’s development assistance policy in recent years has been dominated by the holistic stance to development challenges with a focus on climate change, education, health, private sector development and humanitarian assistance. It finds strong evidence that Norway predominantly provides foreign aid to the poorest countries and democracies with open trade policies and high aid effectiveness. Current patterns of Norwegian foreign aid policy include concentration on fewer countries and division of partner countries into categories, increasing focus on multilateral development policy, greater involvement of NGOs and private business in the realization of projects in developing countries, and an emphasis on Norad special programs. In light of the COVID-19 pandemic, Norway proved itself as a state that has moral responsibility the most vulnerable countries and groups of people. As the initiator of the UN Response and Recovery Fund and one of the most generous donors of additional global health-related assistance, Norway makes a remarkable impact on contemporary world politics in terms of its contribution to fighting pandemic and its possible consequences in the poorest countries. Stressing the point that not only the pandemic but developing countries’ measures to fight it can lead to even more severe challenges to their further development, Norway highlights the importance of the protection of human rights, increasing gender equality, smart food production, and combatting other communicable and non-communicable diseases.

Addressing the question of why Norway highlights the development assistance policy efforts as a key priority of its foreign policy, this paper proposes to explain the case of Norwegian aid from a perspective of Norway’s domestic identity as a welfare state the political and economic context. Through the pro-
vision of its development assistance as untied aid and in form of grants, Norway
gains a reputation of an altruistically motivated state that is strongly committed
to the attainment of the common good on the global level.

Starting from this research, future studies might be conducted in order to
analyze the motivation of key donors of development assistance and current
trends of their ODA policy, in particular, in response to current global challenges.

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