This article addresses the basic mechanisms of Norway’s current Development Assistance policy. The author analyses the strengthening of the financial policy and principal mechanisms for justifying Norway’s participation in the ODA as well as the country’s foreign policy objectives attained through assistance. The article examines specific features of Norway’s development policy, which are crucial to understand contemporary international aid practices. The country’s development policy implemented bilaterally and multilaterally is an effective mechanism of promoting Norway’s economic and political interests. It is also an important subject for research. The author analyses the evolution of the ODA objectives, its institutions and their international expertise. Special attention is devoted to the current shift of the ODA policy to the issues of its effectiveness. The recent shift to social cooperation development by involving NGOs and private businesses and investing in the social sphere is also examined. The article analyses Norway’s official position on humanitarian assistance in crises and armed conflicts. The author examines a number of cases of Norway’s International Development Assistance policy.

Key words: ODA, donor, recipient, NORAD, Oil for Development

From its inception until the end of World War II, the Official Development Assistance (ODA) policy was aimed at developing and promoting foundations of the liberal order in periphery regions of the world. Its goal was the gradual convergence of developing states with the western models of political governance and economic development. The ODA policy was developed to promote the interests of world economic leaders and to contribute to national security [1, p. 79]. Current foreign policy strategies of developed states view ODA as an important tool to promote the inter-
ests of donor states in the least developed regions of the world and as a significant resource for donor states’ progress. When addressing students of the University of Virginia, the US Secretary of State John Kerry called ODA a long-term ‘investment in a strong America in a free world’ [22, p. 41].

Traditionally, ODA includes loans, technical assistance, and financial support for national budgets of developing countries to secure economic growth and establish democracy in the periphery space. Motivation of donor countries encompasses numerous objectives. As C. Neal and S. Markova emphasise, most motives fall into one of the three categories: 1) moral and development values; 2) economic and commercial interests; 3) national security [2, p. 66].

For a long time, ODA developed under the influence of colonial interests of donor states and their geopolitical ambitions, being guided by the altruistic logic of the international community [6, p. 1388]. Today, as ODA is becoming a foreign policy tool in the service of rapidly developing states, new approaches to understanding assistance emerge. An important international aspect of this phenomenon is the appearance of new mechanisms translating non-Western models of international process regulation to the global level [25, p. 1, 9]. Rapidly growing economies — China, India, Brazil — eagerly take advantage of ODA opportunities in the world.

Moreover, ODA principles and criteria, which developed throughout half a century of the OECD Development Assistance Committee’s operation, are partly renounced and partly blurred by such ‘new donors’, as they embark on economic expansion into the least developed regions of the world. Traditional donors interpreted growing competition from non-Western players as a signal for modernising ODA tools.

An important impetus for modernising development assistance practices was the changes caused by a significant increase in the macroeconomic performance of developing countries. In 2014, growth rates of developed economies hovered around 2%, whereas developing economies grew at a rate of 4.8%. According to the World Bank, this trend will continue. In 2010, the contribution of non-OECD member states into the world GDP exceeded that of member states for the first time [26, p. 10].

The increasing influence of developing economies urges traditional donors to draw up a new agenda. This includes introducing international criteria of assistance efficiency into the foreign policies of developed states, engaging new ODA agents through recruiting civil society, NGOs, and private business, widening the scope of humanitarian programmes (increased financing of educational, healthcare, and human development policy), strengthening ODA through developing the multilateral component, etc.

A more tangible contribution to the development of the poorest states is made through foreign direct investment (FDI) and private funds. Usually, recipients view development and economic growth as their central objective. An important stimulus is the interrelated processes of economic integration, international trade, and foreign investment in the economy of weaker countries. In the 21st century, ODA is no longer the only source of growth for
most recipient countries. The significance of ODA in regulating international process is decreasing. ODA accounted for 63% of all investment in developing countries in 1990 and 21% in 2013.

At the same time, ODA is often perceived as a major financial flow, alongside commerce, domestic and foreign investment, international lending, etc. However, it is premature to say that recipient countries can do without the support provided within ODA.

An ardent advocate for strengthening ODA is Norway. Being a classical donor and a member of the Development Assistance Committee, the Nordic state actively supported the idea of reforming the established ODA model.

This study focuses on ODA justification and motivation in the context of Norway’s foreign policy. It strives to examine the key areas of Norway’s activities in international development assistance and to analyse how the country promotes its development and participates in ODA reforming using the relevant policy.

The country’s ODA performance is so remarkable that Norway is often labelled as one of the most efficient participants in international cooperation between developed and developing economies. The amount of Norway’s ODA has accounted for 0.93% of its GDP in recent years.

Norway’s 2016 ODA budget is unprecedented, reaching NOK 33.6 billion, which accounts for 1% of the country’s expected GDP. Norway is one of the three OECD member states that has attained such a high level of ODA financing, the other two being Sweden and Luxembourg [8].

Norway’s high amounts of aid provided to African, Asian, and Latin American countries require justification and legitimisation in the context of foreign policy. Recently, Erna Solberg’s government developed and submitted to the Parliament principal documents setting the strategic goals and identifying the priority areas of Norway’s ODA policy. These documents include ‘Education for development (2013—2014)’ [7], ‘Opportunities for All: Human Rights in Norway’s Foreign Policy and Development Cooperation’ (2014—2015) [21], and ‘Working Together: Private Sector Development in Norwegian Development Cooperation’ (2014—2015) white papers. They acquired strategic significance and became a foundation for evaluating, revising, and developing political strategies for Norway’s participation in development processes and assistance to the least development states and regions. The revisions of Norway’s ODA policy partly contributed to an increase in foreign policy spending in general and ODA amount in particular.

The official justification of a budget increase is based on several arguments. Firstly, it is the special role of ODA in Norway’s foreign policy. The ambition to remain a competitive player in systemic international processes amid globalisation urges this Nordic state to employ traditional tools of Western politics. These tools include ensuring national security in the context of North-Atlantic relations, supporting Western values and European identity within international organisations, strengthening the international development assistance policy through increased funding, reforming ODA tools, and stimulating the convergence of potentials of bilateral assistance and global development strategies.
Secondly, when analysing the motivation of Norway’s development assistance policy, specialists often mention the ‘humanitarian internationalism’ factor [3, p. 144], which suggests high moral responsibility accepted by Norway as a developed state rendering assistance to less developed countries. The ‘humanitarian internationalism’ factor is one of the most distinctive characteristics of Norway’s ODA policy, which emphasises the exceptional priority of social development objectives in Norway’s foreign policy.

Norway’s position on international development and its active ODA policy are also affected by the need to coordinate foreign policy initiatives with the Nordic countries in both the European North and the European region in general. This is the third, less important, motive behind the increased ODA financing. Moreover, Norway participates in numerous European partnerships striving for better coordination of development policies and promoting national interests in development assistance. Such stable associations include the Nordic Plus group comprising Nordic countries committed to common approaches to cooperation in development assistance. Another group is the EnDev partnership bringing together six European countries coordinating cooperation with recipient countries’ energy companies. The Association of European Development Finance Institutions consists of 15 financial institutions supporting private companies in developing countries [12, p. 16—18].

The institutional structure of Norway’s ODA is undergoing significant transformations. It is flexible and capable to adapt to current challenges. The assistance policy is coordinated by the country’s Ministry of Foreign Affairs. The Ministry is responsible for strategy decisions regarding Norway’s cooperation in development assistance. Norway’s foreign policy and development assistance are closely connected and they form a single political phenomenon.

The assistance policy is the responsibility of the Minister of Foreign Affairs. Before Erna Solberg assumed office in October 2013, there had been a position of a minister of international development in the Ministry of Foreign Affairs and up to 70% of ODA had been supervised by the said minister [19, p. 57].

Norway’s development assistance policy is supported by three major agencies — NORAD, FK Norway, and Norfund. They are completely funded by the state and they promote public interests in development assistance.

The leading agency and partner of the Ministry is NORAD — the Norwegian Agency for Development Cooperation founded in 1962. It employed 230 people in 2015. It is difficult to overestimate NORAD’s contribution to the development assistance. In 2014, 17% of Norway’s aid (NOK 31.7 billion) was provided via NORAD [15].

An important component of NORAD’s operations is assisting the Ministry of Foreign Affairs in analysing the results and possible variants of cooperation within ODA. According to Eva Margareth Bratholm, Director of NORAD’s Department of Communication, NORAD’s principal objectives are controlling expenditure on and efficiency of the development assistance policy. The organisation also contributes to the analysis of development policy and independent evaluation of projects receiving public funding

1 Eva Margareth Bratholm, Leader of Department for Communication. An interview of 30.09.2015 (Oslo, NORAD).
The Agency also plays an integrating role in the country’s development policy. NORAD coordinates development assistance initiatives launched by different ministries. One of NORAD’s key achievements is Norway’s International Climate and Forest Initiative (NICFI). In the course of the project’s implementation, NORAD was directly accountable to the Ministry of Climate and Environment.

At the same time, NORAD launched several projects in the key areas of Norway’s ODA policy — post-conflict regulation and social development, primary and secondary education, higher education and research, human rights and gender equality, good governance and fight against corruption, oil and development, energy industry, support for civil society, etc.

Alongside special problems solved by NORAD in the framework of thematic programmes, the agency coordinates the interests of the Norwegian state and society. To attain this, it explains the legitimacy and reasonableness of Norway’s policy emphasising the moral significance of ODA for the country’s political image, ensuring an integrated perception of Norway’s foreign and domestic policy and a close connection between ODA objectives and the national development targets.

Norway’s assistance has a broad geographical scope. The priority areas are sub-Saharan Africa, Middle East, and Southeast Asia. The country’s presence in Latin America is rather limited. Top ten recipients of Norwegian aid are African states (Tanzania, South Sudan, Mozambique, Uganda, Somaliland, Zambia, and Malawi), Afghanistan (top recipient of bilateral aid in 2014 — NOK 757.8 million), Pakistan, and structures supporting the Palestinian Autonomy (ranked 2nd, receiving NOK 740 million) [15].

The list of Norway’s long-term priority classes includes 12 countries in the extremely low development level category and three countries are classed as slightly above extremely low level2. Moreover, by 2011, more than half of bilateral aid (59%) was allocated for countries with extremely low and low development levels [19, p. 49—50].

Deeply committed to bilateral ODA cooperation, Norway strives to strengthen the multilateral component of official development assistance. In 2011, Norway’s contribution to multilateral development assistance organisations accounted for 25% of the total amount of aid. Norway allocates funds for UN and WB structures and other regional development banks. In 2012, Norway was top donor of the UN Development programme [19, p. 54—55].

Norway’s 2012 foreign policy white paper paid special attention to the problem of institutional partnership with the UN in development assistance. The document entitled ‘Norway and the United Nations’ specifies Norway’s responsibilities for improving assistance development in strategic and practical cooperation with multilateral ODA institutions [19, p. 37]. Normative functions of the UN suggest that this organisation plays a key role in sup-

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2 Norway’s long-term partners include 15 states: Afghanistan, East Timor, Ethiopia, Liberia, Malawi, Mozambique, Sudan, South Sudan, Sri Lanka, Uganda, Zambia, Tanzania, Pakistan, Nepal, and the territory of Palestine.
porting and strengthening international legal norms, which serves as a basis for peace and humanism. The UN is an important political platform for Norway. Ideas promoted by the organisation lie at the foundation of national and international politics. The UN is Norway’s major partner in development, state-building, and governance [21].

Support for the multilateral vector of development policy is an important component of reforming Norway’s ODA in line with the need for a new international development agenda for the period after 2015. Norway considers forwarding the UN Millennium Development Goals and supporting Rio+20 solutions as ODA priorities.

A vast list of initiatives to attain these social development goals covers gender equality and women’s rights, global health (including women’s reproductive health, children’s health, and protection of disabled persons), universal education (including universal primary education and development of educational technologies), etc. [20, p. 93].

An increase in expenditure on social sectors is an obvious trend in the evolution of ODA politics in the modern world. Leading donors recognise the persistency and urgency of solving developing countries’ problems relating to an efficient social policy. On average, aid to social sectors increased from USD 2 billion per year in the 1960s to USD 50 billion in the 2000s [4, p. 1352, 1362]. At the same time, according to OECD, aid to healthcare increased fivefold in 1990—2011, aid to education by 360% in 1995—2010, and to basic education by 630% [10, p. 1423]. The turn to social sphere, which was not a priority for many ODA participants, seems to be the mainstream today.

A special component of Norway’s ODA policy is education policy as part of global agenda and an important element of Millennium Development Goals. Norway considers this area as a priority tool of influence in the world, which also marks a new stage in the development of Norway’s ODA policy.

2012 OECD reports emphasise the country’s considerable contribution to bilateral aid to education. Germany is the world leader in assistance to education development accounting for 21% of global aid to education. Japan ranks fourth with 10% and the US fifth with 7%, followed by Norway with 3.2%. At the same time, Norway’s assistance to healthcare and education comprises 20% of the total ODA [14, p. 21].

Norway is a consistent advocate of the Millennium Development Goals in education. Norway’s contribution to solving the problems of primary, secondary, vocational, and higher education was stressed at the ‘Education for Development’ global summit held in Oslo in July 2015. At the summit, Norway’s Minister of Foreign Affairs Børge Brende signed an agreement with a UNICEF representative Anthony Lake on the additional NOK 1.3 billion financing of educational programmes in 2015—2016. In the recent years, Norway has been one of the major UNICEF partners in education across the world [17].

The country consistently attains objectives of ensuring universal access to education for all school-age children, equality of boys and girls in education, access for disabled children, high-quality education of all levels, etc.
Minister Børge Brende, when analysing the significance of education development across the world, emphasised, ‘This is a major challenge for our global community. The Government is giving high priority to education in its aid budget’ [9].

The ‘Education for Development’ summit was a convincing proof of Norway’s increasing role in ODA educational policy. The Summit’s primary goal was ‘to establish a joint platform based on agreed principles and concrete recommendations as to how education in crises and conflicts can be supported in a more coordinated and effective way’ [23].

For Norway, cooperation in global education is an important tool to strengthen its positions in strategic areas of international cooperation with developing countries. Just as the other donor countries, Norway is looking for new resources for developing this cooperation, primarily, through attracting a wide range of participants from business and the private sector.

An important component of the general metamorphoses of Norway’s ODA policy in the 2010s is the country’s competitive advantages in development supported by business. Foreign direct investment and private capital is starting to play a more significant role in rendering aid to the least developed states than public monetary financing does. ‘Support for private sector development is an important component of Norwegian aid. In 2014, Norway provided a total of NOK 3.6 billion to the most relevant sectors and areas for private sector development’ [26, p. 8].

Considerable interest in the opportunities of private business in the context of development policy relates to the remarkable ability of private companies to penetrate markets of developing states. According to the World Bank, private sector accounts for nine out of ten jobs in third world countries. Norwegian companies have created 250,000 jobs abroad. As the Norwegian minister of EEA and EU Affairs Vidar Helgesen³ stressed, ‘Business is a key partner for achieving development objectives’ [11].

Through strengthening the private segment of development policy, the Norwegian government identifies a number of partners and cooperation areas. A logical territory for business to contribute to development policy is the countries traditionally considered as Norway’s partners — Ethiopia, Malawi, Mozambique, Tanzania, etc. At the same time, Norway tries to focus its aid on concrete recipients, in particular North African states. Moreover, the most important intention of the government is reducing the total number of recipients to 85 [26, p. 14].

However, reducing the number of recipients requires a new approach to the development policy, namely, promoting the ‘private area’ through optimising the regional level of cooperation between states, supporting regional infrastructure and intergovernmental commercial institutions, etc. The priority areas of private sector development include energy, information and communications technology, agriculture, fishery and marine resources [26, p. 17—19].

³ On 16.11.2015, Vidar Helgesen assumed the office of Minister of Climate and Environment and Elisabeth Aspaker of Minister of EEA and EU Affairs.
For Norway, strengthening the private sector development is crucial, since the growing influence of private business and opening new markets for Norwegian companies contributes to the development of the non-extractive sectors of Norwegian economy. Moreover, the increasing role of public-private partnership in infrastructure development projects provides additional resources for coordinating the interests of private and public players in the economic policy [26, p. 15—16].

For the Norwegian government, cooperation with business is significant, since the state, through investing in the private sectors of developing countries, is becoming a stable and reliable partner for businesses both at the local level and in monitoring the efficiency of Norwegian investment. In the countries where Norway’s investment presence is the strongest, development assistance projects are implemented in the framework of public-private partnership.

Such understanding of the role of private business in activating and strengthening development policy requires a revision of the whole structure of aid financing. In this connection, the position of Norwegian Investment Fund for Developing Countries — a major channel for private sector development — will be strengthened in the near future. The funding structure based on application-based grant distribution will be replaced by a competitive scheme stimulating private business [26, p. 21—22].

The priorities of Norway’s development assistance policy also include thematic project initiatives. Many of these initiatives are global. The country’s ‘niche’ in the international development policy is programmes implemented in the framework of ODA — Oil for Development, Taxes for Development, etc. The 2014 annual NORAD report on ‘Oil for Development’ identifies this programme as an advanced cooperation model of assistance development policy [13, p. 4].

The central element of ‘Oil for Development’ is disseminating the Norwegian practices of extractive industry regulation and developing a reference system for respective national models. The Programme aims to create a safe space for development and resource consumption for future generations through introducing universal principles of effective management — transparency, accountability, and anti-corruption efforts.

The Programme opens up considerable opportunities for NGOs in developing public control mechanisms and ensuring transparency in distributing revenues from extractive industries. In 2014, NOK 30 billion was allocated within the Programme for support for six Norwegian and four international NGOs, including Friends of the Earth Norway, Norwegian People’s Aid, Norwegian Church Aid, and others [13, p. 4].

Involving NGOs and international NGOs in Programme activities, Norway attaches major social significance to this policy due to both the diversity of actors and the transformations in the social policies of recipient countries. The Programme leads to more considerable transformations than industry development would, since ‘well-functioning institutions in this sector alone are not enough; they need to be supported by strong institutions and good governance in society at large’ [24].
The central feature of the Programme is a combination of two major areas of the development policy — the so-called development with a capital D and development with a lowercase d. The D concept interprets development policy as a targeted project activity, which is not aimed at basic changes in social institutions. On the contrary, the d concept views development as a permanent process leading to considerable changes in social relations, economy, and politics [5, p. 8].

In the framework of ‘Oil for Development’, the Norwegian government combines vast social opportunities of NGOs (d) and public interests in the process of development cooperation (D).

In the Norwegian government, the Programme is supervised by four ministries — the Ministries of Foreign Affairs, Finances, Environment, and Petroleum and Energy, which emphasises the comprehensive governmental approach to international aid. The Programme was launched in 2005. In 2011, ‘Oil for Development’ included 22 states, 11 of them classed as unstable by the OECD [18, p. 124—128].

Active participants are developing countries, rich in natural resources. Fourteen African states — Ghana, Uganda, Sudan, South Sudan, Tanzania, Mozambique, Angola, and others — are Norway’s leading partners within the Programme. In 2006—2014, the Programme’s budget increased almost fourfold — from NOK 60 to 242 million [20, p. 34].

Within the Programme, Norway cooperates with international institutions — WB, IMF, Extractive Industries Transparency Initiative (EITI), Global Gas Flaring Reduction Partnership (GGFR), African Centre for Economic Transformation, etc. The Programme also suggests cooperation in environment. For instance, Norway cooperates with the International Association for Impact Assessment.

In October 2015, at the celebration of the Programme’s 10th anniversary, State Secretary of the Ministry of Foreign Affairs Tone Skogen stressed that Norway’s international cooperation within the Programme is one of the best partnerships in the context of development policy [24].

The efficiency of such programmes for donors largely depends on the stability of political and military development of the recipient country, national level of education, and many other socioeconomic characteristics of states. All these factors created a solid foundation for an increase in the funding in 2016. Minister of Foreign Affairs Børge Brende, when commenting on the governmental position on increasing the amount of aid, emphasised Norway’s commitment to regulating current conflicts, primarily, those in Syria and Ukraine. ‘Norwegian investments in education, healthcare and job creation play a part in stabilising countries where the central government is not able to meet people’s basic needs’ [8]. Since 2011, Norway has been one of the key donors in Syria. In 2016, the Norwegian government plans to allocate NOK 1.5 billion for assistance to the population of Syria and neighbouring countries, including Iraq. Moreover, according to Børge Brende, Norway is committed to increasing relevant budgets. The humanitarian component of Norwegian aid is increasing; a large proportion will be allocated for the projects of UN High Commissioner for Refugees and the World Food Programme.
Justifying the increase in humanitarian aid, the Norwegian government is emphasising the country’s responsibility for supporting peaceful development in crisis regions and ensuring protection of human rights. Norway identifies protection of human rights as a necessary condition for receiving donor’s help [21, p. 17]. Norway places special emphasis on human rights when providing assistance to the unstable states with weak political regimes incapable of controlling their territory [8].

An obvious indicator of the legitimacy of Norway’s participation in the development of a recipient country is the dependence of assistance provision on the observation of human rights. Human rights policy can be interpreted as Norway’s efforts in the civil sector aimed at establishing non-governmental institutions and civic organisations, raising awareness in human rights protection, financing human rights projects targeted at minorities and gender equality, etc. Alongside the positive tool, Norway uses negative mechanisms of affecting the authorities in recipient countries, such as open criticism, international condemnation, limitation and termination of funding, sanctions, etc. [21].

Therefore, the idea of international legitimacy of donor’s participation in the development of a recipient country in the framework of ODA is based on emphasising the exclusive priority of human rights in international relations. Of course, this is an indication of the foreign policy goals of donor countries, i.e. securing additional controlling resources in recipient countries through legal universalism.

It is important to stress that an increase in the amount of Norwegian aid and pronounced specialisation of ODA are indicative of a tendency towards increasing the role of the state in global and regional processes. Increasing the ODA budget, Norway strives to participate in resolving international crises and looks for additional resources to promote the interests of Norwegian business in cooperation with developing countries.

To increase the efficiency of its development policy, Norway disseminates its practices through implementing sustainable and effective development programmes, such as ‘Oil for Development’. At the current stage, Norway’s ODA is assuming considerable social significance in recipient countries, primarily, through expanding the range of participants and involving non-governmental institutions in ODA processes.

For Norway, this policy opens up opportunities for economic growth, emphasises the country’s western identity through stressing the universality of human rights and active financing of multilateral structures in ODA, and secures its presence in the markets and infrastructural project of developing states.

This is very important, since Norway does not have a historical experience of political and economic influence on remote territories. It was neither an empire nor a political or economic leader. International development assistance policy is a crucial tool used by the Nordic state for expanding its presence and participating in the development of recipient countries.

Norway develops its identity as a sovereign actor and as a petrostate. At the same time, it strives to increase its presence in non-extractive sectors of international cooperation.
economy through exporting technology, governance models, social standards, knowledge, and educational and research practices. For Norway, it is an important change necessary to strengthen its position in current international processes.

References


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