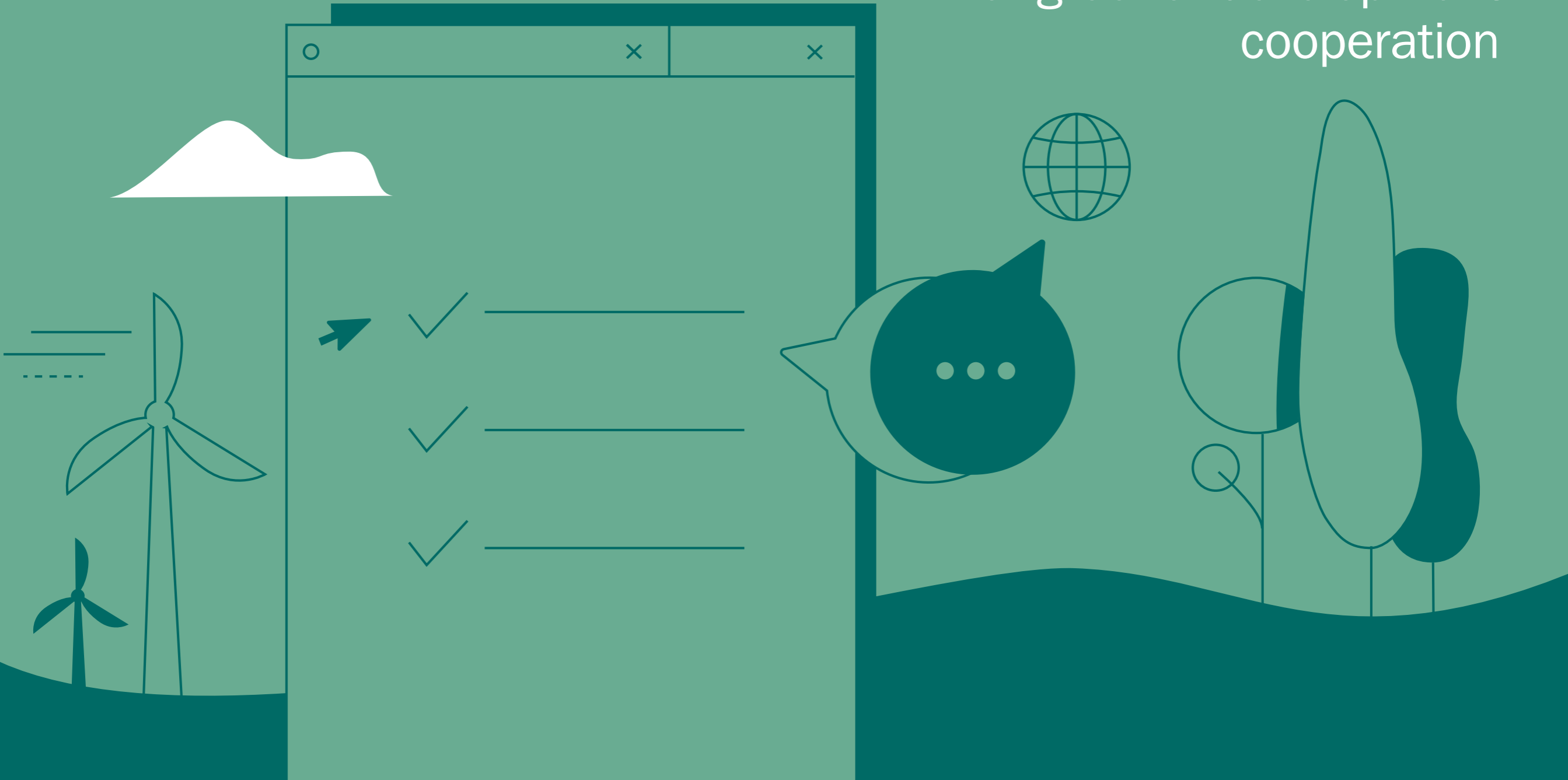


Norad's action plan for greener development cooperation



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Introduction

Combating climate change and protecting the environment contributes to the fight against poverty, and vice versa. Most people living in poverty are dependent on local natural resources for their survival and are severely impacted by the destruction of nature. Deforestation affects access to water, drought harms agricultural production, and pollution threatens people's health.

Global climate change impacts people living in poverty first, and most severely. In sub-Saharan Africa, home to the majority of those living in extreme poverty, agriculture is dependent on rainfall. Even moderate changes in precipitation can lead to harvest loss and famine among millions of farmers. Efforts to halt climate change must therefore go hand in hand with the fight against poverty.

Norad has long known that poverty cannot be eliminated if the natural world is not cared for, and that all environmental conservation must be seen through the lens of poverty.

This is more important than ever. People living in poverty are increasingly impacted by climate change, and there is an acute need for investment in climate resilience.

The need to reduce emissions is just as pressing: this decade is humankind's last chance to prevent global climate change that will threaten billions of people living in poverty. If this is not achieved, many decades of progress in the fight against poverty will be lost.

Environmental issues are highly prioritized in Norad's strategy towards 2030. Environment and climate considerations must be integrated in all the work that Norad does, within the framework of the directives from the Norwegian parliament and Norwegian government ministries. Norad's environmental policy states that Norad will be an ambitious and leading change agent. The aim is for Norwegian development cooperation, and Norad's own operations, to promote global and Norwegian environmental goals for climate, biodiversity and other environmental issues. This is also consistent with Norway's international commitments: The Sustainable Development Goals require that all development should take place within planetary boundaries, and one of the main objectives in the Paris Climate Agreement is "to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development." Development cooperation is an element of these financial flows.

This action plan shows how Norad will deliver on this. Norad will reduce the environmental footprint of its operations, and aims to halve its own emissions by 2030, in line with the 1.5 °C target set out in the Paris Agreement. Norad will ensure that its development assistance better supports international environmental goals. Norad will also promote and support the green transition of the major development actors with whom it cooperates. Most of these actors have placed environment and climate higher on their agenda in recent years, and this also applies to the multilateral organizations that are key partners in Norwegian development policy. This will have significant consequences for development cooperation in the years ahead.

The action plan builds on Norad's strategy towards 2030 and Norad's environmental policy, and forms part of Norad's system for environmental management. It also constitutes a response to the request from the Norwegian Ministry of Foreign Affairs in 2020 that Norad should begin work to enable Norwegian development cooperation to support the goals of the Paris Agreement to an even greater extent.

How will Norad contribute to greener development cooperation?

NORAD WILL

1. reduce the environmental footprint of its own operations
2. make environment and climate assistance even more effective
3. support international environmental goals in all development cooperation sectors
4. contribute to a green transition among major development actors
5. support national implementation of international environmental agreements

Norad manages approximately half of the Norwegian development cooperation budget. Some of this assistance is specifically earmarked for environmental and/or climate purposes. Norad works continuously to make environment and climate assistance as effective as possible. Norad will further strengthen this assistance through more knowledge, better use of resources and increased synergy between priority areas and actors.

The majority of development assistance has other objectives than to contribute to an improved

environment and climate situation. Norad will reduce the negative environmental impact of development assistance. The positive effects that development assistance may have on the environment and climate will be reinforced when possible while maintaining the impact of the main project goals. To achieve this, Norad will:

- implement small changes in current management procedures to reduce the negative effects on environment and climate in all development cooperation

- ask partners to focus on environmental considerations, and prioritize applicants and projects that demonstrate sound environmental management and good environmental performance where relevant
- invest additional time and resources in selected projects and partnerships where the opportunity for improvements is particularly significant, in order to reap the greatest possible environmental benefits from Norad's limited resources
- promote and support cooperation partners' green transition in order to contribute to improvements far beyond the activity that is directly supported through Norwegian development assistance
- strengthen partner countries' efforts to fulfil their national commitments under the Paris Agreement and other international environmental goals.

To achieve this, Norad will undertake a number of steps to strengthen its internal capacity on environment and climate issues. Norad has established an environmental management system, set internal environmental goals and is enhancing cooperation within Norad to optimize environmental, sectoral and country competence in working for greener development cooperation.

Environment and other development policy goals

For development cooperation to be sustainable in the long term, the environment must be considered in all assistance focused on reducing poverty and promoting development. However, conflicts may arise between environmental goals and poverty reduction or other development objectives. Environmental considerations can be costly and may affect the cost-effectiveness of development cooperation. The effectiveness of development assistance may also be reduced when projects attempt to achieve multiple goals simultaneously across focus areas. Such conflicts will be addressed through the overarching directives

for development cooperation, and the goals set for individual budget lines and grant schemes.

Frequently no such dilemma exists, but rather a win-win situation whereby Norad can achieve considerable environmental gain without undermining other goals. For example, solutions involving low emissions will often be worthwhile in the long term. Efforts to reduce poverty also can also contribute to good climate adaptation, and often only minor changes are needed to better equip a target group to deal with future climate change. Nature-based solutions can yield significant environmental

benefits, both for greenhouse gas emissions and other environmental objectives, as well as providing vulnerable groups with more secure living conditions.

Experience also shows that the need to include environmental and climatic considerations often leads to innovation which provides improvements and better results, not only in terms of environmental impact. Many progressive businesses across a variety of sectors have already demonstrated this. Greener development cooperation therefore represents an opportunity for all development cooperation.

DEVELOPMENT COOPERATION AND THE PARIS AGREEMENT

The goals of the Paris Agreement are threefold:

1. To reduce the risks and impacts of climate change (Article 2.1a)
2. To increase the ability to adapt to climate change in a manner that does not threaten food production (Article 2.1b)
3. To make finance flows consistent with climate-resilient, low-emission development (Article 2.1c)

Norwegian development assistance will support developing countries in their work to realize these goals in numerous ways. The third goal covers development assistance directly, as it is one of the main finance flows to many low and middle-income countries.

In recent years, several large development actors have worked on the question of what it means in practice for development assistance to be Paris-aligned. An [OECD report in 2019](#) included a general discussion of this question, while a number of donor countries and development banks are in the process of restructuring their development assistance in order to better align it with the Paris Agreement.

Paris-aligned development assistance is characterized by the fact that it does not undermine the goals in the agreement, but rather fosters necessary transformation. Development assistance is strategically designed to contribute to the broad societal change that

is needed for climate-resilient, low-emission development, and supports developing countries' commitments and plans for how they themselves will follow up the Paris Agreement. This applies to financing, support to competence and capacity development, support to the development of framework conditions and instruments, and other contributions to climate-resilient, low-emission development.

Paris alignment is not primarily about the climate footprint of the project itself. The main question is what role development assistance can play in the green transition.

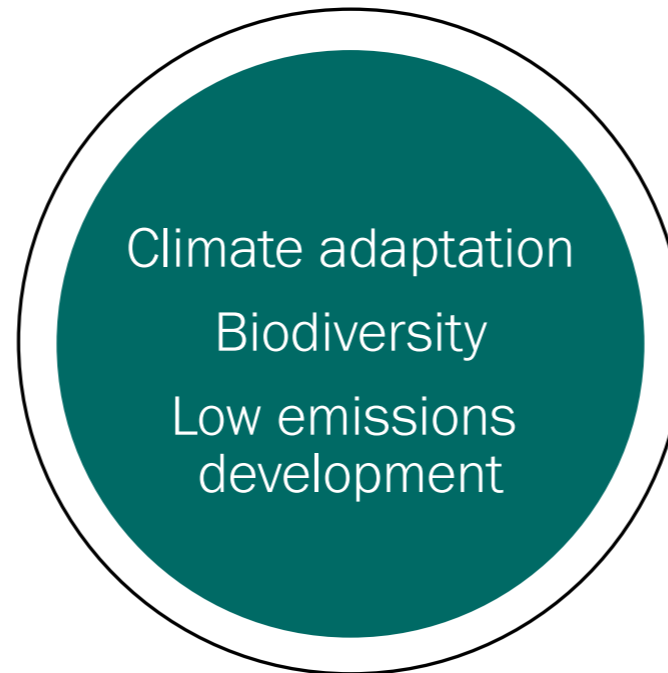
Priority areas

1 Reduce the environmental footprint of Norad's own operations

[Read more](#)

2 Make environment and climate assistance even more effective

[Read more](#)



3 Support international environmental goals in all development cooperation sectors

[Read more](#)

4 Contribute to a green transition among major development actors

[Read more](#)

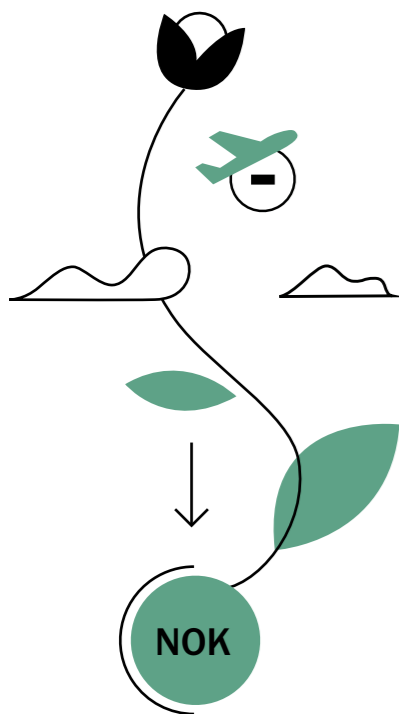
5 Support national implementation of international environmental agreements

[Read more](#)

1

Norad will reduce the environmental footprint of its own operations

Sustainability starts at home. The climate challenge must be solved collectively, where everyone contributes, including the public sector. Norad will reduce the environmental footprint of its operations, with the aim of halving emissions by 2030, in line with the global emission target for the 1.5°C temperature goal. Air travel is necessary to carry out Norad's work, but can be planned and prioritized better. Norad can thus reduce its emissions from travel without it impacting the ability to manage development assistance effectively. Norad will also establish environmental requirements for procurement of goods and services and reduce the environmental impact of the management of its offices. Norad will monitor its emissions and general environmental impact to ensure that the target is reached.



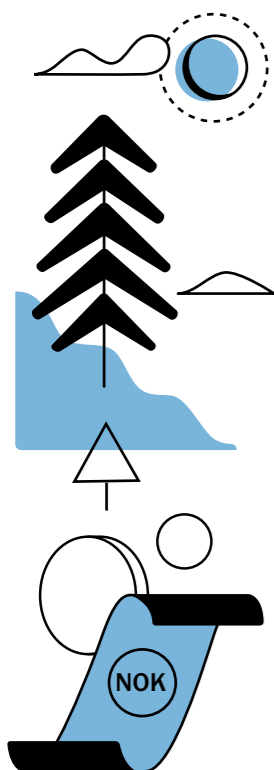
ACTIONS

- Emission targets and guidelines for duty travel.
- Environmental impact assessments and requirements for procurement of goods and services.

2

Norad will make environment and climate assistance even more effective

The Norwegian Parliament decides how much development assistance is allocated for environment and climate purposes. Norad's mandate is to ensure that the funding allocated is implemented in line with the overarching strategic directives from the government ministries. Norad will increase its knowledge base on effective environment and climate assistance and enhance cooperation across thematic and priority areas. Norad will pave the way for better coordination and interaction between various actors in order to optimize collective resources. Norad will emphasize development assistance that can contribute to broad societal change far beyond the activities funded. In working to reduce emissions, a balance must be found between different development policy considerations. This means that Norad will not necessarily support activities that result in the lowest emissions, but those that best help reduce poverty while also reducing emissions in the long term.



ACTIONS

- Enhance Norad's knowledge of how environment and climate assistance can be as effective as possible within the relevant goals and directives for Norwegian development policy.
- Identify and develop methods for calculating the emission reduction effects of development cooperation.
- Develop coherent portfolios within the area of climate and environment assistance in order to increase synergies between priority areas and foster a more strategic dialogue with Norad's cooperation partners. Collectively this will yield the best effect from the funds, based on directives from the various ministries.
- Prioritize efforts that are most likely to help slow climate change, when these also contribute to poverty reduction and other objectives for Norwegian development assistance.
- Emphasize development assistance that can be scaled up, or in other ways can have large ripple effects in the transition to climate-resilient, low-emission development.
- Develop new instruments, particularly those that pave the way for innovation in partnership with the private sector.

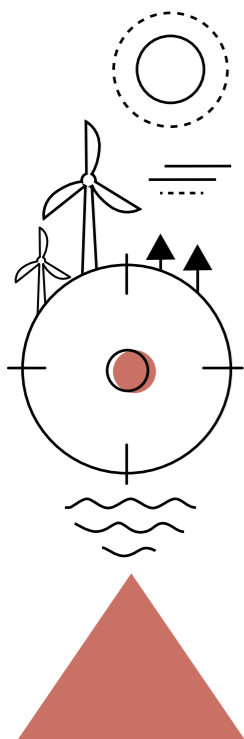
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Norad will support international environmental goals in all development cooperation sectors

In development assistance that does not primarily target the environment and climate, Norad will aim to reduce the environmental footprint and consider environmental improvements whenever these can be achieved without significantly reducing effectiveness as defined by the main project goals.

The environmental impact of all development assistance can be improved, but the potential for improvement varies. In order to use Norad's limited resources in the best way, Norad will differentiate its efforts: moderate resource use in the bulk of the development assistance, and extra effort where the largest environmental gains can be achieved.

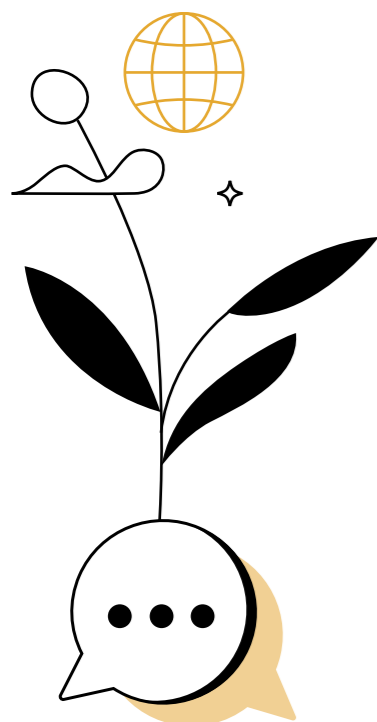
In practice, this means that in most development assistance projects the environmental footprint will be reduced whenever this can be done without significant cost increases, and Norad will ensure that development cooperation is equipped to meet climate challenges. Norad expects partners to increase their environmental efforts. In relevant grant schemes Norad will prioritize applicants and projects that demonstrate environmental commitment and action. In a limited number of projects and partnerships Norad will devote extra resources to promote climate adaptation, low emissions development, biodiversity and other environmental goals.



ACTIONS

- Encourage all grant recipients to emphasize the environment and climate in their work.
- Prioritize projects that contribute to climate adaptation and/or low emissions development, and applicants that can document good environmental performance where relevant.
- Further develop procedures to assess the environment and climate as a cross-cutting issue and risk in grant management. These assessments will form the basis for our dialogue with partners on improvements.
- Conduct sector-specific studies and portfolio reviews to identify projects and partnerships that are best able to foster climate resilience, low emissions development or other environmental goals. In the longer term Norad will further develop procedures and tools for undertaking similar assessments of new projects.
- Invest extra time, technical assistance and/or additional funding in projects and partnerships that have a particular potential for environmental improvements. Initially, priority will be given to projects that can produce rapid results with limited additional investments or contribute lessons that can benefit other types of development cooperation. In the longer term, the possibility to contribute to broader societal change and/or attract additional funding beyond grants will be emphasized.

4



Norad will contribute to a green transition among major development actors

Large parts of Norwegian development assistance are channeled through organizations that play key roles in international development cooperation. This applies especially to multilateral organizations and funds, but also includes large international civil society organizations. Norad will promote and support a green transition in these organizations.

Norad will emphasize its cooperation with UN agencies, because the UN has recently raised its environmental ambitions and because these organizations are major recipients of Norwegian development funding. The UN will both reduce negative environmental impacts from its own operations and ensure that all programs integrate environmental and climate concerns. Norad will help realize the environmental ambitions of the UN organizations with which we cooperate.

A key principle for Norwegian cooperation with multilateral organizations is to limit the additional burden that follows from having numerous donors and member countries with diverging expectations and requirements. Norad's environmental engagement with these organizations must take this into account. Board meetings, grant management and other forms of cooperation must therefore be coordinated and in line with directives from Norwegian government ministries. The effort to strengthen the environmental ambitions of multilateral organizations is mainly pursued through contributions to board meetings. Norad's management of funding to these organizations is based on the adopted environmental goals and strategies of these organizations, and emphasis will be given to supporting their implementation. Norad will prioritize environmental efforts at the system level, rather than in individual projects. This work is coordinated with other donors and member countries, and Norad will seek to influence these to give higher priority to environment and climate.

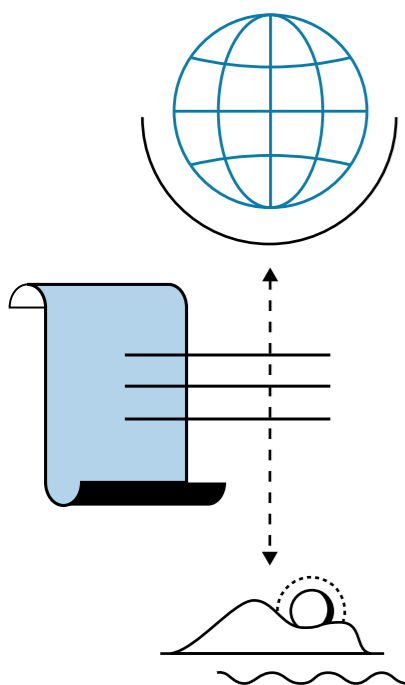
ACTIONS

- Dialogue with major development actors that channel Norwegian aid funding about their role in the green transition and how they can support the transition to climate-resilient, low-emissions development.
- Communicate that Norad expects continuous improvement of organizations' environmental performance and contributions to climate adaptation.
- Request that organizations that play a key role in the development of individual countries ensure that their activities do not undermine but support the national implementation of the Paris Agreement and other environmental agreements.
- Take into account all Norwegian contact points with multilateral organizations, including board positions, grant management, technical cooperation and other Norwegian involvement, to ensure that involvement in environmental issues is well coordinated in line with directives from the ministries.

5

Norad will support national implementation of international environmental agreements

The Paris Agreement requires that all countries contribute based on their circumstances. Wealthy countries have committed to support the costs incurred by developing countries as a result of climate challenges. Norad will support partner countries in their implementation of the Paris Agreement and other relevant environmental agreements where this is natural in light of the type and extent of Norwegian development assistance. This includes development and follow-up of nationally determined contributions (NDC) and low-emissions development strategies (LTS) under the Paris Agreement, national climate adaptation strategies and plans (NAS and NAP) under the United Nations Framework Convention on Climate Change, as well as national follow-up of other environmental agreements where relevant, for example national biodiversity strategies and action plans (NBSAP) under the Convention on Biological Diversity.



ACTIONS

- Review the development assistance to Norwegian partner countries that is particularly relevant for countries' emissions or climate robustness in order to ensure that the assistance does not undermine, but supports these countries' ambitions, commitments and plans under the Paris Agreement.
- Strengthen the capacity of developing countries to realize their ambitions and plans under the Paris Agreement and other environmental agreements. This can be achieved through research and higher education, development and use of various instruments, exchange of experience or competence and capacity development.
- Help increase partner countries' own ambitions in the area of climate and environment, for example in dialogue with the authorities or through support to the advocacy work of civil society organizations.

ENVIRONMENTAL ASSESSMENTS OF DEVELOPMENT ASSISTANCE

Development assistance can affect the environment and climate in a variety of ways. Projects can in themselves have both a negative and a positive impact on the environment. Equally important is the role that development assistance plays in a wider context, by not undermining, but rather supporting the transition to climate-resilient, low-emissions development. Assistance that has no major environmental impact can also play a role in this transition. For example, assistance can enhance knowledge and competence that ease the transition, or on the contrary slow down the transition by funding “business as usual”, with no incentives for change.

In addition, assessments need to be made of the effects of development cooperation in the long-term considering climate challenges.

Climate risk is about the extent to which climate change in itself might impact the results of assistance or diminish its usefulness. Future changes in temperature and precipitation patterns may represent a high climate risk for many types of development cooperation. Taking this into account in the design of programs could be crucial for the livelihoods of people living in poverty.

Transition risk is about the way in which development assistance is affected by the very transition to climate-resilient, low-emissions development, such as technological development or stricter environmental regulations. This could happen if assistance facilitates the use of technology which is about to be phased out or competencies that will be less in demand after the green transition.

In some projects relatively high emissions must be accepted. Emissions-intensive activities may be necessary to cover basic needs. The Paris Agreement also allows low-income countries to choose development strategies that generate increased emissions in a transition period. The main question is thus not always the amount of emissions a specific project will have, but whether the emissions can be cut at an acceptable cost. Investment in emission cuts will in many cases lead to cost savings and thus contribute to more effective development cooperation in the long-term.



Some questions that should be asked include:

- **Environmental impact:** Are the greenhouse gas emissions unacceptably high? Can they be reduced without incurring significant additional costs?
- **Environmental benefits:** In what way does the assistance contribute to climate adaptation and climate resilience, low-emissions development or other environmental goals? How can these environmental benefits be enhanced?
- **Contribution to social change:** What role does development cooperation play for wider social change towards climate-resilient, low-emissions development?
- **Climate risk:** Will the results of assistance be reduced or less useful considering

future climate change? Can assistance lead to increased vulnerability in society or for individuals, especially for poor and marginalised groups?

- **Transition risk:** Is the assistance and its results equally relevant and useful considering new technology, new regulations or other aspects of the transition to climate-resilient, low-emissions development? Is there a risk that the assistance will undermine the necessary transition, perhaps by fostering emissions-intensive development strategies?
- **National plans:** Assistance that plays a significant role in individual countries should be appraised considering the country's own ambitions, commitments and plans under the Paris Agreement and other applicable environmental agreements.

In terms of resource use, it is not feasible to assess all types of environmental and climate concerns in all interventions. The scope or type of most projects mean that their environmental aspects are limited and can be assessed using a few simple questions and approximately the same amount of resources that are used to assess environmental risks as a cross-cutting issue in development assistance today. Norad will ensure that certain categories of projects are subject to more comprehensive assessments.

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