



Norad

NORAD REPORT

Portfolio Review 2023

Governance and Public Finance

Portfolio Review 2023

Governance and Public Finance

Authors:

Section for Governance and Transparency

ISBN: 978-82-8369-186-3

Published: 15.12.2023

norad.no

Table of contents

Introduction	4
Portfolio in brief	6
1. Knowledge development	9
1.1 Reducing inequality	9
1.2 Environmental crime, corruption and illicit financial flows	11
1.3 Extractive industries and public finance	12
1.4 Gender equality	13
1.5 Anti-corruption in health	16
1.6 Public procurement	17
2. Convening partners	18
2.1 Civil society on tax and corruption	18
2.2 The Corruption Hunter Network	19
3. Global processes	21
3.1 Financing for Development	21
3.2 International tax governance	22
3.3 Anti-corruption	23
3.4 Financial Action Task Force	25
4. Conclusion and next steps	26
Annex 1: Theory of change	
Annex 2: Agreement	

Introduction

Developing countries have experienced massive economic shocks, increased debt burden and are facing huge economic development challenges in the wake of Covid-19. From 2020 to 2022, the share of low-income countries with fiscal deficits greater than 5 percent of GDP more than doubled to 56%.¹ The global trend of autocratisation and decline of democratic performance² also forms the context of this portfolio, and a disconnect between ruling elites and ordinary citizens is a feature of most of the countries where programmes and projects are implemented. The democratic basis for governments vary, as does their ability to govern the state apparatus effectively. Additionally, government institutions lack the necessary capacity and popular legitimacy to fulfil their mandates. Low capacity in government not only affects socioeconomic development, it also impacts negatively on democratisation as well. The portfolio is based on the premise that *sustainable* social and economic development is not possible without core government functions being in place.

For lower-income countries to deliver on development objectives, whether they be national goals or internationally agreed goals, such as the Sustainable Development Goals (SDGs) or climate goals, countries need to strengthen their capacities to collect more revenue better, design sound fiscal policies, improve their management of public finances and anti-corruption efforts, and spend well. Sustained progress on making core government functions more effective, accountable, and inclusive can facilitate inclusive growth, reduce inequality and poverty, and achieve social and development goals. Capacity development is often essential for countries to build up their institutional strengths and capacities, and to improve policy coherence. Not all challenges can be overcome by domestic interventions alone, and international collaboration on improving global financial and governance systems is also needed, with a particular focus on the responsiveness of international standards and norms to the needs and capacities of developing countries.

Norad's Governance and Public Finance Portfolio was established in 2022 and pulls together knowledge programmes on Tax for Development and Statistics and Registry data for Development, as well as efforts on anti-corruption and illicit financial flows, and support to strengthen public finance management. Recognising the interconnectedness of these policy areas, the portfolio approach aims to improve results through better use of knowledge, enabling improved decision-making, strengthening strategic partnerships and synergies between i) results areas and ii) between partners at global and national levels.

This is the first periodic review report on the Governance and Public Finance Portfolio and was developed for the annual portfolio analysis. The purpose of the review is to improve the quality of the knowledge base used to set priorities in the portfolio with the objectives of, firstly, assessing whether any new knowledge or contextual changes call for revisions to the underlying portfolio theory of change (ToC), and, secondly, feeding into the portfolio knowledge and learning plan. The annual portfolio analysis will also involve an assessment of progress, results, and portfolio composition, to provide

¹ World Bank Global Tax Program, Annual Progress Report FY 2023.

² See for example [The Global State of Democracy 2023](#), International IDEA 2023; [Autocratization Changing Nature? Democracy Report 2022](#), Varieties of Democracy Institute (V-Dem).

Norad's management with the knowledge base required to make decisions on future priorities in terms of partnerships and investments. While this report is part of an internal Norad management process, the report itself is based on our interactions with partners, partner reports, evaluations, and other knowledge products, and in the interests of transparency it is also being made available to partners and other stakeholders with the aim of contributing to a dialogue and feedback on our analysis and approach.

The report has four main chapters. Chapter one aims to answer the questions: "What have we learnt that could lead to changes in the ToC?" and "What specific issues should more attention be paid to in the portfolio knowledge plan in the coming year?" The chapter outlines lessons from six selected themes to highlight lessons learned and to summarise new knowledge that is relevant to the management and direction of the portfolio. Each of the six themes summarise work on relevant policy areas and try to capture lessons that cut across the five results areas in the portfolio (e.g. inequality), how the work of the portfolio connects with other Norad portfolios (e.g. healthcare systems) or explore emerging topics, such as extractive industries and public finance, which is gaining in relevance in light of increased global demand for minerals for the green transition. The chapter also raises issues that were omitted in the initial stages of the portfolio and that are deserving of more attention in the ToC or knowledge plan, such as gender equality and women's rights.

Chapter two focuses on Norad's role as a convener and presents lessons and take-aways from three different partner forums that were convened this year: (1) Civil society and investigative journalists on tax, corruption and environmental crime; (2) The Corruption Hunter Network; (3) Civil society engagement with the Financial Action Task Force.

Finally, the report highlights some key developments and upcoming priorities for Norad's contribution to relevant global processes in the international dialogue on tax, on financing for development and relevant global anti-corruption arenas.

Portfolio in brief

Portfolio objectives

The overall objective of the portfolio (impact level) is for governments to manage domestic resources to deliver on national development plans and the SDGs through strengthened core government functions (long-term outcome level), in line with human rights-based principles of inclusion, accountability, transparency and effectiveness.

The portfolio has five medium-term objectives³ (medium-term outcome/results areas). It aims to strengthen four aspects of governance in developing countries:

- Result area 1: domestic resource mobilisation
- Result area 2: public finance management
- Result area 3: production and use of statistics
- Result area 4: systems to prevent and tackle corruption and illicit financial flows.

Result area 5, Global standards for financial integrity adapted to developing countries' needs and capacities, supports and is expected to reinforce the first four objectives.

The portfolio contributes to SDGs 10 Reduced Inequalities; 16 Peace, Justice, and Strong Institutions; and 17 Partnership for the Goals.



Partners and agreements

In 2023, the portfolio had a total budget of NOK 416 million, 39 agreements and 32 partners and covered agreements managed by Norad's Section for Governance and Transparency. The two main budgets posts in the National Budget are the Knowledge Bank (161.73) and Civil Society (170.70). A complete list of agreements and partners can be found in Annex 2.

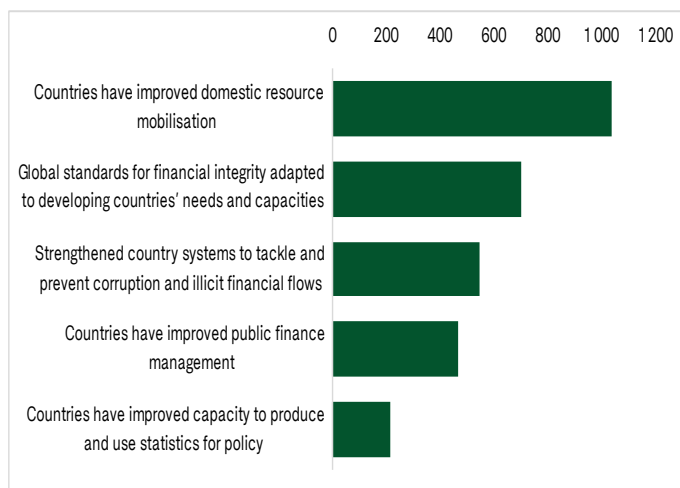
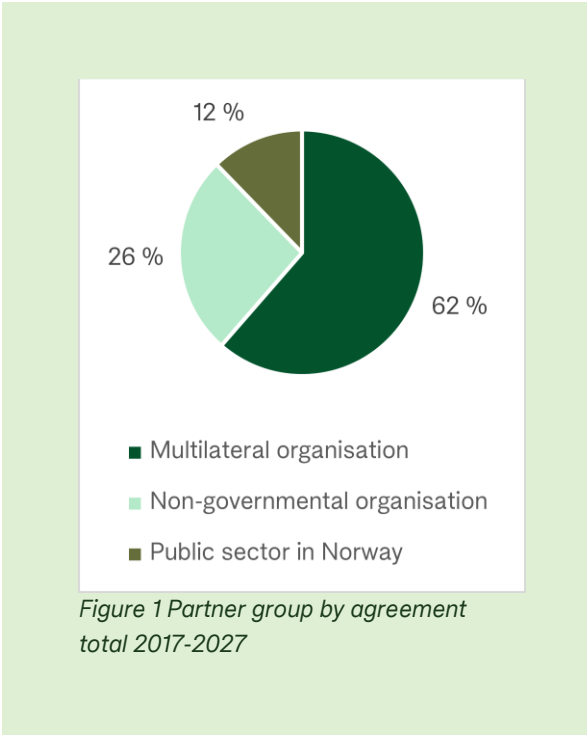


Table 1 Agreement totals per portfolio objective 2023 onwards (NOK, total agreement value).

³ Summary of the ToC in Annex 1

Multilateral organisations: The majority, 62%, of agreement partners are multilateral institutions, with the largest being United Nations Development Programme (UNDP), United Nations Office on Drugs and Crime (UNODC) the World Bank, the OECD and UNDESA, UNU-WIDER, World Customs Organisation, and the International Monetary Fund. The advantage of working through multilateral organisations is that they have a high level of technical expertise and often significant country knowledge. Improved donor coordination through multi-donor funding programmes has the potential to strengthen coordination at a country level as well. This is not always visible, but it is part of the strategic dialogue. Working through multilateral partners also enables us to reach more countries with technical and policy level support.



Civil society: Non-governmental organisations make up 26% of the portfolio. Following a call for proposals under Tax for Development in 2022, agreements were signed with ten civil society and investigative journalist organisations for 2022-2025:

- International Budget Partnership
- International Consortium of Investigative Journalists
- Tax Justice Network
- Tax Justice Network Africa
- Afrodad
- Natural Resource Governance Institute
- Global Financial Integrity
- Global Witness
- Oxfam Ibis
- Thomson Reuters Foundation

In addition to this, an agreement was signed with the International Institute for Sustainable Development (IISD)/Intergovernmental Forum (IGF) in 2022, as a new partner on tax, mining, and climate. Under the anti-corruption label, the International Centre for Asset Recovery (ICAR) is an

important partner at both global and country level engagement. Support for Open Ownership and Open Contracting Partnership, two other important non-governmental financial integrity actors, is channelled through the agreement with UNODC. Cooperation with SID, as the secretariat for the ECOSOC FFD civil society consortium the UNCAC coalition, is being continued with a focus on civil society participation in multilateral normative processes.

The Knowledge Bank: The Knowledge Bank focuses on partnering with Norwegian institutions. 'Public sector in Norway' makes up 12% of the portfolio, with the main agreements being institutional cooperation between the Norwegian Tax Administration and Statistics Norway and their counterparts in partner countries.

Research organisations: There is a continuing knowledge gap that evolves as global and domestic trends in governance and public finance change. Research and technical assistance through institutions like the EU Tax Observatory (with NMBU/Skatteforsk), the International Centre for Tax and Development (ICTD), UNU-WIDER and non-governmental actors and think tanks are therefore important components of the portfolio. Many of the research partners are also involved in capacity development in partner countries and outreach through policy briefs and distributing knowledge products.

The Knowledge Bank

The Knowledge Bank coordinates and strengthens technical cooperation between public sector institutions in Norway and developing countries in areas where Norway has relevant expertise and experience.

Under the Knowledge Bank, Norwegian institutions engage in long-term cooperation ('twinning') with government entities that have comparable functions and mandates in Norway's partner countries. The partners exchange knowledge and develop solutions together, with the aim of strengthening the competencies and capacity of the public institutions to deliver on their mandates.

Geographic focus

Overall, there is a concentration of activities and agreements in the portfolio in Sub-Saharan Africa, with some also covering Europe (Ukraine), Asia and Latin America. Most of the agreements in the portfolio are multilateral agreements that implement programmes in multiple low and middle-income countries under a global agreement. Civil society organisations cover multiple countries, sometimes with sub-grantees that focus on one specific country. There are a number of bilateral programmes (see box) through the Knowledge Bank programmes and cooperation with Norwegian institutions.

Bilateral programmes

Tax for Development:
Norwegian Tax Administration - Rwanda, Tanzania/ Zanzibar, Kenya
Statistics Norway - Ghana, Kenya

Statistics and Registry Programme:
Statistics Norway - Ukraine, Ethiopia, (Mozambique early inception phase).

To strengthen the portfolio's results at a country level, two priority countries have been suggested for 2023/24: Tanzania and Mozambique. These were suggested based on interest from the embassies and institutions in the respective countries engaged in a planned or ongoing bilateral institutional cooperation. The current levels of activity and partners in the two countries suggest that the potential exists to have an impact in relation to one or more of the strategic focus areas in the portfolio.

1. Knowledge development

Upon the inception of this portfolio, a knowledge plan was drafted based on identified knowledge gaps relevant to the portfolio ToC. The knowledge plan was drafted with the aim of testing assumptions and improving knowledge-based decision-making, where partners and interventions would contribute to achieving the objectives.

Six policy areas are covered in this chapter: i) reducing inequality; ii) strengthening the links between work on environmental crime, corruption, and illicit financial flows; iii) extractive industries and public finance; iv) gender equality in the portfolio; v) anti-corruption in the health sector; and vi) the role of public procurement. Under each

of these policy areas the report presents knowledge developed within the portfolio and explores how it interacts with the five results areas in the ToC. Furthermore, it identifies priorities in terms of further knowledge development and composition partners and interventions in the portfolio.

Cross-cutting policy areas

- Reducing inequality,
- Environmental crime, corruption, and illicit financial flows,
- Extractive industries and public finance
- Gender equality
- Anti-corruption in the health sector
- Public procurement.

1.1 Reducing inequality

In many countries, there is a large and growing gap between a rich elite and a poor majority, which is being fuelled by both international and domestic trends. This growing economic inequality is being exacerbated by political power and polarisation, where elites are using their economic power to influence political decisions in ways that suit their own interests but harm society as a whole. This is a threat to democratic institutions, trust, and stability in a society. The global economic outlook is fragile and particularly challenging for developing countries.

While inequality is a multi-faceted challenge, an emphasis on mobilising sufficient financing, responsible resource management and equitable redistribution is an integral element in reducing inequality. Inequality is integrated in the ToC of the entire portfolio. Reducing inequality requires systemic change and numerous different policy reforms, sometimes in a specific and deliberate order. Most of the changes that need to take place in a national context require public administration capacity, the right data to be available at the right time and a public dialogue on priorities.

One assumption underlying this portfolio ToC is that increasing domestic revenue and improving the management of public funds would give developing countries the fiscal space to invest towards achieving the SDGs. Actual progress will depend on political priorities and the capacity to implement social policies that reduce poverty and inequality, such as universal healthcare and basic education.

Research indicates a positive effect: a UNU-Wider paper⁴ found that increased fiscal capacity (the ability to collect revenue and carry out the functions of a state) and higher per capita income led to increased investment in social protection in developing countries, with a larger effect in more democratic and egalitarian countries. The World Bank also concludes that “taxes and spending reduce inequality in all economies but less in low-income than in high-income economies”.⁵

The link between taxation and inequality also depends on the progressivity of the tax system. While a country may have quite progressive tax policies, the effects when taking tax evasion into consideration can still be regressive. Taxation of non-renewable natural resources is a special case. These are resources that belong to a country and all citizens and so any revenues should also benefit the country as a whole. The significant economic rents associated with these sectors also necessitates a more progressive taxation model.

However, if countries are leaking public revenues through tax avoidance, corruption and illicit financial flight, the effects of any redistribution policy will be limited. These leakages, either through loopholes in national legislation and international treaties or through illegal means, are often facilitated by an industry of enablers (consulting on finance, law and auditing). Estimates of the magnitude of this international tax evasion and avoidance can be found in the recently launched Atlas of The Offshore World,⁶ a tool developed by EU Tax Observatory and Skatteforsk and financed by Norad under Tax for Development. The same instruments that enable tax evasion and tax avoidance are being used to facilitate corruption and other crimes that transfer wealth from the public to private hands. One example is environmental crime (see chapter 1.2. below). The commitment to regulation and accountability remains fragmented and the international response is piecemeal rather than systemic.

There is an emerging consensus that the international financial and monetary system is not fit-for-purpose with respect to addressing current challenges and is contributing to the trend of growing inequalities within and between countries. This includes increasing debt burdens, extensive secrecy, tax evasion and avoidance, macroeconomic volatility, limited private investment and job creation. This is reflected in the IATF Report 2023,⁷ which represents the views of UN agencies, the World Bank and the IMF. The Financing for Development conference in 2024 will be an important venue for these issues. The same findings were also highlighted in the FACTI panel report from 2021.⁸

Within the Governance and Public Finance Portfolio there will be a continued emphasis on highlighting concrete and specific contributions to reducing inequality and specifically collaborating with research partners such as UNU-Wider to develop the narrative. The portfolio will also strengthen the

⁴ <https://www.wider.unu.edu/sites/default/files/wp2017-60.pdf>

⁵ [Poverty and Shared Prosperity 2022: Correcting Course \(worldbank.org\)](https://www.worldbank.org), page 155

⁶ [The Atlas of the Offshore World \(atlas-offshore.world\)](https://atlas-offshore.world) launched 25th October 2023.

⁷ United Nations, Inter-agency Task Force on Financing for Development, Financing for Sustainable Development Report 2023. (New York: United Nations, 2023), available from <https://financing.desa.un.org/iatf/report/financing-sustainable-development-report-2023>.

⁸ [FACTI Panel](#)

collaboration with other portfolios on the expenditure side of public finances as it is clear that revenues alone are not sufficient to counteract the growing inequalities. The analysis also confirms that continued support for the international normative processes and highlighting the role of tax, anti-corruption and fighting illicit financial flows is needed. Contributing to developing the knowledge base on economic inequality in order to inform the process in the lead up to the Financing for Development conference in 2025 will also be a priority for 2023/2024.

1.2 Environmental crime, corruption and illicit financial flows

Illicit flows of goods and capital drain developing countries of public resources and undermine trust in the rule of law, institutions and democratic processes. Environmental crime is estimated to be among the most profitable proceeds-generating crimes in the world, generating around USD 110 to 281 billion in criminal gains each year.⁹ Inadequate cooperation and information sharing between public institutions across national borders, as well as domestically, inadequate regulation and enforcement nationally, and widespread secrecy and corruption are among the enabling factors. This often involves organised criminal networks, and in some contexts government officials and politicians may themselves have vested interests. Without proper financial control, proceeds from environmental crime are easily transferred between jurisdictions. through shell companies, secrecy and with the assistance of professional enablers. This makes mutual legal assistance more complicated.

Given this backdrop, and its relevance across the five results areas, environmental crime was identified as one of three strategic investment areas in the ToC. This is based on a recognition that integrating efforts on illegal financial flows and sector-specific efforts on environmental crime more strongly has the potential to result in transformative change. Challenges and solutions in this field are clearly linked to Norway's work on anti-corruption, financial transparency and illicit financial flows, including work with UNODC/UNCAC and FATF, in which Norad is already involved. Much of the work Norad supports on governance (including measures related to public procurement and investments, creating more effective tax policies and systems, targeted measures through better data and statistics, and management of resources in a responsible, open and inclusive manner) strengthens the prerequisites for combatting environmental crime, as well as the resource base for financing and investing in climate and environmental measures. Strengthening governance and public administration and reducing the loss of public resources through corruption and illegal financial flows are important prerequisites for a green transition.

There is need for further investment in strengthening the governance perspective, and a system and sector-wide approach in Norad's work on environmental crime, integrating it more with the work on anti-

⁹ [Money-Laundering-from-Environmental-Crime.pdf.coredownload.pdf \(fatf-gafi.org\)](#)

corruption, financial transparency and illicit financial flows, and investigative journalism. Going forward, the work will be centred on adjusting the way we work in this field to strengthen impact and emphasizing the financial governance aspects of environmental crime. It will start with mapping relevant partners, networks, and reports within Norway (Norad, Ministry of Climate and Environment and Ministry of Foreign Affairs) and further develop the collaboration with international networks, including the newly launched Nature Crime Alliance and the Transparency and Accountability Initiative (TAI). Knowledge gaps will continue to be explored and included in the portfolio's knowledge plan.

1.3 Extractive industries and public finance

The green transition is making the extractive sector an increasingly important source of income for developing countries given the critical role minerals play in renewable energy systems. Key focus areas for Norad include strengthening the ability of mineral-rich developing countries to benefit from their mineral resources through strengthening tax legislation and tax authorities/tax administrations, as well as public finance management of income from the sector. This cuts across the entire portfolio, including anti-corruption/IFFs and statistics/registries, and into broader governance aspects such as democracy and human rights. While resource wealth can yield prosperity, it can also, when mismanaged, cause acute social inequality, deep poverty, environmental damage and political instability.

Despite progress on transparency and accountability, the extractive sector remains hampered by weak governance and management, with concomitant risks for the development of other sectors in resource-rich countries. Strengthening the capacity of government authorities in partner countries, as well as democratic control and participation, will remain key to ensuring the sector's contribution to enhanced national resource mobilisation and avoiding the resource curse.¹⁰ The responsible and equitable management of income from the resource sector remains a prerequisite for success. Looking forward, key challenges will include managing natural gas resources (e.g. in Mozambique and Tanzania) and the significantly increased demand for critical minerals in Africa.

Norway has an important role to play and broad partnerships within supporting transparency, accountability and anti-corruption work in the extractive sector. These include civil society and journalists' organisations, oversight institutions, such as auditor-generals,¹¹ and government executive functions like ministries of finance, tax administrations and mineral departments. Through the Oil for Development Programme, Norway has played a central role in supporting the EITI. A recent evaluation of the Extractive Industries Transparency Initiative (EITI)¹² found a positive correlation between EITI core functions, dialogues, processes and data that support transparency and accountability in the extractive sector and trends in implementing countries. The evaluation made several recommendations, including

¹⁰ Addison, Tony and Alan R. Roe (eds) (2018): Extractive Industries. The Management of Resources as a driver of sustainable development. Oxford University Press/UNU-Wider.

¹¹ EI-Politics and Institutions Matters UNU-Wider 2020, 2023, The Role of Supreme Audit Institutions in EI, INTOSAI-IDI 2023

¹² Independent evaluation of the EITI. Study on the EITI's effectiveness, impact, relevance and sustainability. Voconiq & Square Circle. November 2022.

advising the EITI to cooperate better with other transparency and accountability actors to increase country ownership.¹³

There is still demand from partner countries for Norway to share its experiences from managing revenues from natural gas, such as, for example, the ongoing support for the government of Mozambique in relation to a new sovereign fund for natural gas revenues.¹⁴ Taxing and administering income from the extractive sector is important for the mineral sector to ensure that a fair share of revenues remain in the country. Recent work by Norad-partners IGF and ATAF, Handbook on The Future of Resource Taxation,¹⁵ explores how mineral-rich developing countries can tackle obstacles to taxing the sector and promote development. Challenges include the pricing of minerals; profit shifting from the country of extraction to tax havens; complex tax rules; paucity of information for tax administrations; and limited capacity for tax administrations to enforce existing legislation. The Handbook provides alternatives to royalties and corporate income tax (CIT) that, depending on the country, might be better suited for the green transition.¹⁶

There is sufficient evidence and demand for the portfolio to continue, and expand, the work on managing resources from the extractive sector. Going forward, the work will focus on strengthening capacity at national levels in partner countries and collaborating with relevant portfolios to ensure that support for the energy sector, support for the green transition and support for public finance mutually reinforce each other. Dialogue with partners and the embassies in Mozambique and Tanzania will be priorities and the reporting on results will increasingly focus on system changes at a country level, as well as the enabling factors that result from international collaboration.

1.4 Gender equality

Women's rights and gender equality is a cross-cutting concern for all Norwegian development assistance. Consequently, the portfolio should reflect cross-cutting concerns on gender equality and women's rights in the ToC and problem analysis. A better differentiated gender analysis as a basis for the ToC, as well as a differentiated gender approach within the results areas, will be priorities for the coming year. In order to incorporate these aspects into the ToC and the portfolio's knowledge plan, we will extract lessons learned from partner programmes and reports and enter into a dialogue with partners to better understand what interventions are more or less effective in delivering results in this area. There are several important gender equality issues relevant to the portfolio objectives, as well as

¹³ Review of EITI. Note to the MFA March 27. 2023 (Oppdrag 2-2023 Tildelingsbrev Norad)

¹⁴ See, for instance, *What mining can learn from oil*, Alexandra Readhead, Centre for Global Development, July 2018)

¹⁵ The Future of Resource Taxation: 10 Policy Ideas to Mobilize Mining Revenues. IGF, ATAF 2023.

¹⁶ including: (a) ensuring a minimum profit share for government; (b) production sharing agreements; (c) state equity participation in the mining sector; (d) commercial state-owned enterprises; (e) variable royalties; and other options

various good analyses and activities related to gender equality, in many of the portfolio projects and efforts. These will provide the basis for a stronger focus on gender in a forthcoming revision on the ToC.

Tax, public finance, and gender

Power and resources are not distributed equally between men and women. The problems are most pronounced where gender inequalities intersect with other inequalities based on race, class, religion, disability, and sexuality.¹⁷ Budgets are an important way for governments to redistribute money and reduce imbalances, including those related to gender. Well-designed macroeconomic, structural, and financial policies can support efficient and inclusive outcomes, and equitably benefit women, girls, and the society in general. Tax impacts gender equality in a number of different ways. Different taxes impact men and women differently, but there is also a gender equality dimension in public administration. Governments must look at existing explicit and implicit biases and directly remove the explicit biases, while gradually working to address indirect discrimination. The fight against implicit biases can be achieved by eliminating economic and societal barriers faced by women in education, the labour market, tax compliance and enforcement. Nordic Consulting Group has developed a thematic brief on tax and gender for Norad (forthcoming), which summarises the latest knowledge on the subject.

Several of the partners in the Governance and Public Finance Portfolio are actively working on gender and public finance issues. The issues range from tax policy and public administration to distributional analysis disaggregated by gender. Going forward, the portfolio will focus on strengthening the use of gender analysis and integrating measures for advancing gender equality in projects when opportunities are identified. The impact on gender equality should be a standard aspect of reporting and evaluations. There are clear links between the work on gender and on tax and statistics. This potential will be explored further.

Anti-corruption and gender

A series of expert group meetings, including UNODC and U4, were held in 2020 and the work resulted in the publication "The time is now – addressing the gender dimension of corruption".¹⁸ This found that corruption impacts women and men differently and that gender inequality impacts corruption, but there is a need for improved gender-disaggregated data and research in this field to improve policymaking.

There are at least three under-researched fields relevant to this portfolio: firstly, the role of women in criminal networks, where the criminal behaviour of women increases and coincides with increased female participation in the labour market, while women also often are excluded from criminal networks and therefore less likely to benefit from such networks. Exploring how this gender inequality impacts programming and anti-corruption efforts should be considered. Secondly, a highly under-reported area is the abuse of authority where sexual favours and where acts of a sexual nature are used as currency

¹⁷ [A Short Guide to Taxing for Gender Equality \(openrepository.com\)](#)

¹⁸ [THE_TIME_IS_NOW_2020_12_08.pdf \(unodc.org\)](#)

(sextortion). Studies have found that the prospects of successfully prosecuting sextortion increase if such prosecutions are based on abuse of authority laws rather than gender-based violence laws. Lastly, more gender-sensitive whistleblower reporting and protection systems to enable reporting persons to come forward. Studies have found that women are more fearful of coming forward due to a lack of protection and a fear of reprisals. This can affect the decision to report corruption. The preliminary findings of recent ICAR research in Mozambique indicate that gender and anti-corruption intersect with gender-sensitive corruption reporting and whistleblowing mechanisms, recognition of sexual corruption (sextortion) and appropriate sanctions for sexual crimes. The study also finds potential intersects within property rights and access to legal representation. The study will be published in early 2024.

Over the last few years, the United Nations Office on Drugs and Crime (UNODC), and its partners, have made a strong effort to address corruption and gender. A resolution on anticorruption and gender has been proposed at COSP10¹⁹ in December 2023 that could strengthen the UN Convention against Corruption (UNCAC) and contribute to the better integration of the gender dimension in anti-corruption work at a country level.

Statistics and gender

Gender-disaggregated and gender-differentiated data are unavailable within many key development areas in Norway's partner countries. Since the pandemic, development aid for gender and statistics has decreased more than support for other statistics. It is important that policymakers have this information available so they can assess the situation and develop appropriate, evidence-based responses and policies. Data should be collected by governments and analysed within the policymaking process, ideally covering several years to track changes and take corrective action. Civil society organisations, including NGOs and women's groups, are important allies in gathering information about the potential or actual impact of government policies, and they should be consulted regularly. Surveys, interviews, reviews, opinion polls and benchmarking are also effective methods for obtaining and analysing data on diversity policies, as are desk reviews, household interviews and focus group discussions. Finally, strengthening the awareness and expertise of civil servants through information campaigns and training is also important.²⁰

Our partners working on statistics have a strong focus on the importance of gender-disaggregated statistics, e.g. the United Nations Statistics Division and IMF. However, there is a need for better gender-disaggregated statistics and data in all areas and for economic policies and redistribution at the country level. This can be linked to strengthened efforts at a country level for gender perspectives within distribution analyses and to the need to look at the entire fiscal system (both income and expenditure), in order to reduce economic inequality.

¹⁹ [Conference of the States Parties to the United Nations Convention against Corruption \(unodc.org\)](https://www.unodc.org/convention-against-corruption)

²⁰ [Gender-disaggregated data - Organisation for Economic Co-operation and Development \(oecd.org\)](https://www.oecd.org/gender/data/)

1.5 Anti-corruption in health

Corruption undermines the human right to health. It affects the efficiency of healthcare systems, leads to loss of resources, inhibits patients' access to services and undermines financial protection.²¹ It also destroys the public trust that underpins effective, accountable, and inclusive healthcare systems. While there is extensive knowledge related to issues of corruption, a knowledge gap largely remains as to what works for anti-corruption and health systems strengthening in different governance contexts.²² Some global health actors have had a restrictive view of what constitutes anti-corruption. Beyond the fiduciary aspects of securing own funds, preventive/system strengthening for anti-corruption has been a second-tier concern. To better understand the reluctance to dealing with key governance challenges in partner countries by global health INGOs, Norad has commissioned a study through U4 to be completed in the first part of 2024 to understand how anti-corruption and health system strengthening can be made a key priority.

A planned Lancet Commission on Corruption in Health could be a landmark opportunity to take stock of knowledge and create momentum for more joined up work on corruption in health. Norad and Global Network on Anti-Corruption, Transparency, Accountability in Health (GNACTA)²³ will bring the issues to the COSP 10 in December 2023, in preparation for a possible resolution on corruption in health at COSP 11. A resolution would aim to improve the capacity of States to implement anti-corruption in health strengthening activities and to enhance cooperation among States.²⁴

A promising opportunity is integrating sector reforms more directly with broader public financial management reforms, in supporting processes, institutions and functions, such as procurement. There is also a case to be made for better health statistics and specific analysis of corruption risk as a basis for fostering a more informed public debate.

Corruption at country level often revolves around scandals, not systemic weaknesses and opportunities for reform. Norad would do well to contribute to knowledge generation, preferably through local think-tanks and academic institutions with a thorough understanding of local realities. In the near to medium-term, Norad could also consider how AI could be put to work to strengthen health systems and reduce corruption. There seems to be an information overload and knowledge deficit, the sheer volume of

²¹ Nahitun Naher and others (2020): "The influence of corruption and governance in the delivery of frontline health care services in the public sector: a scoping review of current and future prospects in low and middle-income countries of south and south-east Asia", BMC Public Health, vol. 20, No. 880.

²² [Health \(u4.no\)](#)

²³ [Home | Global Network for Anti-corruption, Transparency and Accountability in health \(gnacta.org\)](#)

²⁴ Corruption in health is relevant across multiple articles within the United Nations Convention against Corruption (UNCAC), including in Article 5 to promote preventive anti-corruption policies and practices, Article 9 to safeguard public procurement and management of public finances, Article 12 on the private sector, Article 13 on participation of society, among others.

relevant data that is generated would be ideal for AI to dig into and provide a map of risk, leakages and system weaknesses.

1.6 Public procurement

Public procurement remains governments' number one corruption risk. USD 13 trillion of government spending every year,²⁵ representing one in every three dollars spent, goes through public procurement. Procurement reform is the reform area that is most likely to yield the highest return on investment and could be a game-changer for the SDGs. Opaque and outdated paper-based systems remain the norm in many contexts. Other challenges include:

- Insufficient government buy-in (political will) capacity, technical and data know-how
- Weak or ineffective civic monitoring, advocacy and data use for change
- Lack of system integration. Procurement and wider PFM systems are not integrated, procurement systems and ownership registries are not made compatible, or the mandates of different public entities do not allow for exchange of information.

The relationship between public procurement reform and beneficial ownership transparency is important, to be able to do proper risk analysis in the assessment of bids. Without transparent and accessible beneficial ownership registries which can be connected to public procurement systems, challenges related to, for example, conflict of interests and state capture will continue. After years of struggle, the importance of open contracting and open ownership was recognised by the UN General Assembly Special Session (UNGASS) in 2021.²⁶

In Ukraine, much work has been directed at developing a fully transparent electronic platform to coordinate all stages of reconstruction project implementation. This system (DREAM) will provide Ukraine's citizens, the government, and donors with a one-stop platform to monitor and manage all stages of Ukraine's post-war reconstruction projects, creating a single pipeline from communities to funders, and build on the open public procurement system in place and the use of beneficial ownership information.

Inter-agency exchange of information is key to prevent, investigate and prosecute corruption and financial crime, but continues to be a challenge. Without inter-agency cooperation tax and law enforcement, investigators and public prosecutors have problems accessing information needed for their work. Public procurement entities need access to other registries such as beneficial ownership registries and asset declarations to be able to verify if bidders are facing any conflict of interest and for due diligence in general.

²⁵ [Global Procurement Spend - Open Contracting Partnership \(open-contracting.org\)](https://open-contracting.org)

²⁶ [N2113882.pdf \(un.org\)](#)

The portfolio will seek to strengthen awareness, collaboration and implementation of procurement reform by collaborating with other portfolios in Norad and key international stakeholders. Expanding and targeting the scope of work to include:

- 1) Stronger focus on procurement in health system strengthening.
- 2) Integration of procurement reform in climate mitigation efforts.
- 3) Widening the base of stakeholders in country and securing effective use of the data.

Norad has partnerships with the IMF, World Bank, UNODC, UNDP and several trust funds and a host of non-governmental institutions that are highly motivated to contribute. The next step will be to prioritise and scale up the work of Norad on public procurement in the governance portfolio as well as other portfolios.

Inadequate or weak global public goods and normative mandates are a problem. Expanding these norms into priority sustainable development fora beyond anticorruption should be a priority. A key ask is to promote and develop open-source public goods and digital tools that allow innovations to propagate faster. The support for the UNCAC Coalition and Open Contracting Partnership has been instrumental in helping the Government of France table a strong resolution at COSP10 in December 2023 urging parties to the UNCAC to adopt a stronger focus on public procurement.

2. Convening partners

Facilitating connections between partners is expected to be systematic and knowledge-driven, as part of the portfolio management approach. This section presents three different ways in which Norad worked to connect partners in the governance portfolio over the past year. In addition to identifying and funding the right partners, creating meeting spaces is important for achieving results, as well as for knowledge development and sharing lessons.

2.1 Civil society on tax and corruption

Norad signed agreements with ten civil society organisations working within the area of Tax for Development in late 2022. Shortly after the agreements were signed, we provided information to the organisations on which other organisations were working with Norad-support targeted at the same countries and the same local sub-grantee partner organisations. The organisations found the information useful and agreed to increase efforts to avoid overlaps and create synergies.

These partners were invited, together with other organisations working on anti-corruption and environmental crime, to a workshop in March 2023. The workshop covered topics related to Tax for Development, anti-corruption and environmental crime. This created an opportunity for the Norwegian Minister for International Cooperation and the State Secretary to meet with civil society and get input on Norway's engagement within international tax collaboration and illicit financial flows. One message

from the civil society organisations to them was to support the call for a UN Tax Convention. Afrodad, Eurodad, Tax Justice Network, Tax Justice Network Africa and others emphasised the importance of discussing international tax co-operation in a forum where developing countries are present, which means the UN. Eurodad presented a [Proposal for a UN Tax Convention](#). The report provides a full outline of what a UN Tax Convention could look like.

Norad conducted an evaluation after the seminar and found that several participants said that they found it particularly useful to meet with organisations working within thematic areas close to their own and to exchange experiences from their respective fields. The evaluation emphasised that transparency is important both for fighting corruption and environmental crime as well as for the reduction of illicit financial flows (IFF) and increased domestic resource mobilisation (DRM). Participants suggested that Norad should continue to convene partners but asked that it facilitate similar seminars at country or regional level. It was also suggested that it should invest more in connecting journalist organisations with civil society organisations, as well as to other partners, such as government agencies like tax administrations and national statistics offices, as well as to research institutions. These suggestions will be considered in the 2024 workplan for the portfolio.

2.2 The Corruption Hunter Network

Norad has hosted and facilitated the Corruption Hunter Network for almost 20 years, and it continues to be a valuable way to convene partners. It was established in connection with the negotiations on the UN Convention against Corruption (UNCAC) as a response to a need to share knowledge and experience from investigating and prosecuting grand scale corruption cases. The network consists mainly of investigators and prosecutors from around 20 countries, as well as cooperating partners in the field such as the UNODC, UNDP, International Centre for Asset Recovery (ICAR), U4 Anti-Corruption Resource Centre and other resource persons, depending on the agenda. Although the network still has a handful of the original members, the network members will vary over the years as people leave their positions, and as new cases of importance come to light. Guests are invited on a regular basis, such as investigative reporters, representatives of institutions of importance, civil society, and whistleblowers.

The network's objectives include sharing information and experience, connecting participants to resource persons and technical agencies, and to some extent, providing support, particularly moral support, to network members in their work. For Norad and Norway in general, the network serves as an important and active listening post that provides information about challenges and opportunities related to fighting corruption, particularly in relation to preventing, investigating, prosecuting and adjudicating corruption, as well as seizing assets and the recovery and return of these. It is an important voice and source of knowledge for the global debate and international process.

As success has been achieved and investigations and prosecutions has been taken forward, prosecutors have increasingly come under attack from politicians, powerful people in the private sector and criminal networks via so-called lawfare. Frequent interference in the execution of their mandate, reduced budget allocations and poorly resourced institutions, allegations and, in particular, physical pressure are part of the daily lives of many investigators.

“Participants provide each other with shared experience, common purpose, insights, moral support, contacts, and informal cross border cooperation. A unique element of the network is that it has stayed small, resisted the temptation to expand and implements a level of self-selection; individuals are invited to join the network’s meetings not based on their position in an agency but on the merit of the work they have done [...] The network provides contacts to other liked-minded investigators and prosecutors around the work who can provide general guidance and assistance. For CHN participant, Juan Argibay, the network enables cross-border information sharing that is very practical and useful, **“the Net make me see you can have no boundary. Before I thought my work was important for me and my country, but [I] realise the type of cases we deal with will have impact in other countries...which is difficult [to achieve] if we only have formal legal assistance”**. [...] A further critical component for the success of the intervention has been the long-term sustainment and coordination by Norad, as noted by CHN participants interviewed. Early on at the founding of the network, participants discussed the possibility of the network running itself. However, this was ruled out due to the impracticability of expecting a group of disparate, busy investigators and prosecutors all over the world to organise and fund themselves. Norad’s coordination and sustainment over the years has been essential to the network’s success and endurance.”

U4 Issue on Anti-Corruption Approaches in Justice Sector Programmes” (forthcoming)

The Corruption Hunter Network and the role it plays in feeding into both country and global processes is acknowledged. It is also a platform used to expose the members to other parts of Norad’s portfolio such as, for example, investigative reporters and tax administrations so they can make use of each other’s knowledge and roles. The support for the network makes it possible for the participants to form alliances and establish contacts that are necessary and important for their work. The continued use of the network will not only benefit the network members it will also benefit Norad.

3. Global processes

The portfolio ToC identifies fragmentation of global normative and standard setting processes as a challenge. It also emphasises that although significant progress can be made by targeting development in-country, there are challenges in the global financial and governance architecture that present real challenges for developing countries. This chapter summarises developments and insights from some key processes Norad has engaged with over the past year and outlines priorities for future action to meet the challenges identified.

What drives the engagement is the integration of the interests and capacity of developing countries into these global processes, and ultimately the impact of international regulations, standards, normative frameworks and conventions at the country level, and in turn more and better spending towards achieving the SDGs and national development plans. Norad engages in processes on international tax cooperation and global tax governance, Financing for Development, as well as the regular meetings under the UNCAC and other relevant international conferences on anti-corruption and financial integrity.

3.1 Financing for Development

In late 2022, two decisions on the ECOSOCs follow-up process to the Financing for Development process were passed at the UN and confirmed at the UNGA 2023: (1) the decision to organise a new conference in 2025, which will be the 4th FFD conference, and (2) the decision to start a process on tax at the UN. The latter will be reflected in the tax section. Following these decisions, Norway has decided to take a leading role in the workstreams related to tax, illicit financial flows and corruption. Spain has accepted responsibility for hosting and leading the process.

Since the pandemic, much attention has been paid to Financing for Development and the evidence of an ever-growing financing gap. Several processes are ongoing and can be seen as working in parallel (climate finance, G20, Macron process, reform of development banks and IMF reform as well as renewed focus on private sector and guarantees). The FFD4 process should be seen as a vehicle for bringing the various financing discussions together under a common umbrella that is both normative (transparency, integrity, and redistribution) as well as quantitative (mobilising and directing more financing to development).

From this portfolio we have established a working group at Norad that will work collaboratively on Financing for Development. This group will be set up as of August/September 2023. Further the work requires close collaboration with the negotiating delegations at the UN and the OECD, and close collaboration with the development bank system, in particular the World Bank. We need to look at partnership strategies within the Norwegian system, with our primary partners and identify potential new partners to advance the objective.

The Secretary General has released a number of policy briefs related to the implementation of Our Common Agenda. In particular, policy brief number 6 is relevant to understanding the process.²⁷

This process is particularly tied to outcome 5 in the portfolio ToC, regarding developing country interests being reflected in global standards for financial integrity, and our participation in the FFD forum 2023.²⁸

3.2 International tax governance

Mobilising tax revenue through domestic efforts will not suffice unless it is combined with a global effort on reducing the losses from tax-related illicit financial flows and improving the ability of developing countries to raise revenue from cross-border economic activities. Towards that end, two processes on international tax governance are crucial, both of which are in a decisive phase in 2023, under the auspices of the OECD and the UN. As a development issue, it is central that the process and the outcomes reflect the needs and capacities of developing countries.

In the multilateral processes, a key objective for Norad is to ensure that a broader set of perspectives and actors have the opportunity to engage in these international discussions and negotiations. Norad is a key partner of many of the key actors and stakeholders in international tax cooperation and governance. This provides an opportunity to facilitate connections and to ensure that the relevant stakeholders have the capacity and finances to continue to engage in the processes.

The portfolio supports both the OECD Centre for Tax Policy and Administration (CTPA) in its efforts on mainstreaming development into all aspects of its work, as well as the Committee of Experts on International Cooperation in Tax Matters (UN Tax Committee /UNTC), which is an important institution that develops guidance and recommendations on tax policy and administration with particular attention to developing countries. Furthermore, the portfolio supports the work of the African Tax Administration Forum (ATAF), which is the primary regional body with technical tax expertise in Africa, and which provides important input and technical guidance to African government representatives and tax administrations, both in the participation of policy negotiations in the UN and the OECD, as well as technical capacity building in the implementation of international tax standards.

Through its partnership with key academic institutions, such as UNU-WIDER and the EU Tax Observatory/Skatteforsk (NMBU), Norad also supports knowledge production in the area of international tax and development that plays an important role in informing policymakers and decision makers in these processes. Academic research can provide valuable independent insights into what developing countries have to gain or lose from different policy outcomes, which can be particularly useful in complex international negotiations on tax.

²⁷ [our-common-agenda-policy-brief-international-finance-architecture-en.pdf \(un.org\)](#)

²⁸ [Reiserapport FFD 2023.docx](#)

Civil society partners are important stakeholders and are involved in policy and advocacy work in relation to the OECD and UN processes on tax, including the Tax Justice Network and TJN-Africa, Oxfam, Global Witness, Afrodad and others. It is important for civil society perspectives to be included in these international discussions, as they often play a key role in raising awareness about important issues and pushing for more ambitious outcomes. Most of these CSOs have been strong advocates for an enhanced UN role on tax and the establishment of a UN tax convention.

Going forward, the portfolio will continue to facilitate constructive dialogue and promote a knowledge-based approach to identifying areas where an enhanced UN intergovernmental process on tax could have the greatest potential impact in terms of substantial and procedural outcomes for developing countries, while building on the strengths of existing arrangements.

3.3 Anti-corruption

The main follow-up process of the UNCAC is the conference of the state parties, which will take place in December 2023. Although a high number of resolutions (12) is expected, the negotiations are expected to be difficult given the present geopolitical situation. In the margins of CoSP10, there will be many side-events and Norad is involved in both environmental crime and corruption, health and corruption and interagency cooperation. The global discussions on anti-corruption that have gained momentum this year have in particular been: i) beneficial ownership transparency; ii) public procurement; iii) protection of whistleblowers; iv) measuring corruption; and v) role of the FATF. This section will highlight a few of these trends. New and innovative methods of investigating and prosecuting, such as non-conviction-based asset forfeiture ([NCBF](#)),²⁹ have also gained momentum internationally and produced results in terms of asset seizure and return. All of these discussions are of relevance to the four domestic results areas in the portfolio ToC.

Beneficial ownership (BO): The importance of beneficial ownership transparency (BOT) is being acknowledged both in terms of preventing corruption and economic crime, in the efficient collection and use of domestic resources, in risk assessments and public procurement as well as in sanctions, investigations, prosecutions and the recovery and return of assets. Using BO information in relation to public procurement is crucial in order to avoid monopolisation, level the playing field for the private sector and avoid companies controlled and owned by politically exposed persons or their relatives capturing the procurement and thus likely increasing conflict levels. When combined with other registries, such as the registry of politically exposed persons and asset declaration registries, this will increase the effectiveness and use of the tool, as long as access and transparency is ensured. According to Open Ownership, 70% of grand corruption cases from recent decades have involved anonymously owned companies.

²⁹ [Recovering criminal assets without a criminal conviction – lessons from 10 countries](#) | [Basel Institute on Governance \(baselgovernance.org\)](#)

In 2022, the [European Court of Justice decided that](#) the part of the EU Anti-Money Laundering Directive that instructed all EU member states to establish open public access beneficial owner registers was invalid. This is a setback as experience so far shows that the most effective BO registries are those that are transparent and open to the public. Following the court's decision, several EU member states that had established public BO registers restricted access to their registers. However, in other countries (Latvia, UK and Denmark) the government has maintained the decision that the registry shall remain open. Norway has not implemented a BO registry in spite of a decision in parliament in 2015.

Processes that involve BOT should be followed closely in other fora including the OECD, FATF, EU and the UN as the need for and use of such information will vary. There is a continued need to look at the coordination of these global processes and how they interact with capacity development and policy reform at country level.

Whistleblowers: The numerous leaks which have been followed up by the media have all relied on someone blowing the whistle. While an increasing number of countries have whistleblower laws, people in countries with weak governance and weak institutions for protecting whistleblowers face considerable risk in going public. The first global conference will be held in spring 2024 and will be an important follow-up for the portfolio.

Measuring corruption: The global process of measuring corruption will as of 2024 be led by the UNDP's anti-corruption team (based at Oslo Governance Centre) and the UNODC. It will also be a focus area in the coming years for Norad, and there are opportunities for Norad to engage in this area, both in the global discourse and in countries, particularly where Statistics Norway is engaged. Measuring corruption is not only an issue of numbers and monetary value, it also has a serious impact on society in terms of freedom of speech, freedom of the press, elections, the private sector and the effectiveness of systems, institutions and rule of law. Measuring corruption could provide valuable information required by policymakers and tell us what measures are effective. There is great scope for supporting countries wanting better data for policy decisions, as well as to verify whether anti-corruption activities are having the intended effect.

Non-conviction-based asset forfeiture (NCBF): Arising from the need to reduce impunity, the interest in and use of NCBF is growing. It has been used effectively in Malawi, where it is viewed as an important tool for combatting corruption,³⁰ and in Switzerland, USD 8.5 million had to be returned to Peru using NCBF.³¹ In Mozambique, the government has drafted a NCBF law with technical assistance from ICAR. This requires global financial governance standards and international cooperation but has the potential to both increase domestic revenue in developing countries and reduce impunity.

³⁰ [ACB applauded over use of non-conviction based forfeiture order – Yonoco FM](#)

³¹ [Switzerland to return USD 8.5 million to Peru in precedent-setting case of non-conviction based forfeiture | Basel Institute on Governance \(baselgovernance.org\)](#)

3.4 Financial Action Task Force

Grey-listing by FATF's review mechanism has a detrimental impact on developing countries as it puts up barriers to financial transactions. There is an opportunity to improve the connection between the global process and the country level implementation, both to support the preventative aspect and the evaluations. Norad became a member of the Norwegian delegation to FATF (Financial Action Task Force) in 2022,³² and has a particular responsibility in relation to the GNCG (Global Network Coordination Group) and is also taking active part in the FATF Working Group on the 'unintended consequences' of Recommendation 8 (Non-Profit Organisations, NPOs).

Many countries that end up being grey-listed request technical assistance.³³ Insufficient attention is being paid to FATF recommendations and the follow-up of these at the country level by donors, civil society, academia and not the least the government itself. The process surrounded FATF and UNCAC country reviews, and the follow-up mechanisms are to a great extent not inclusive, and civil society, media and other stakeholders do not have easy access to the processes, if any.

Norad will work with partners and use its knowledge to influence the standard setting with a view to looking at the recommendations from a corruption angle and from an 'early warning' of grey-listing perspective. Norad will encourage better cooperation/collaboration between anti-corruption practitioners and those responding to FATF recommendations at country level. Several of Norad's partners have an established relationship with FATF and are engaged in discussions about the recommendations, as well as in providing technical assistance to developing countries on their response to the recommendations (Open Ownership, Open Contracting Partnership, UNODC, StAR and ICAR). FATF recommendations and country peer review reports are on the agenda of the Corruption Hunter Network.

Country review mechanisms (i.e. the UNCAC review) have overlapping recommendations with FATF in terms of, for example, beneficial ownership and public procurement and several laws relevant to FATF/FSRB reviews. In the cooperation with the OECD/Anti-Corruption Task Force, work on further examining the consequences of being grey-listed so the risks are clear to all stakeholders is ongoing. One particular challenge that lies ahead will be improving awareness of the potential financial consequences of grey-listing, and the benefits for the private sector (as an ally) in avoiding this. We will also identify where the various review process' overlap and indices (e.g. the Basel AML Index³⁴) that can be used for early warning in order to guide and prioritise assistance.

³² [The Financial Action Task Force \(FATF\)](#) leads global action to tackle money laundering, terrorist and proliferation financing. The FATF's 40 recommendations are the principal standards to combat these crimes.

³³ ICAR: International Centre for Asset Recovery. StAR: Stolen Asset Recovery Initiative

³⁴ [Basel AML Index - Assessing money laundering risks around the world \(baselgovernance.org\)](#)

4. Conclusion and next steps

Norad's annual portfolio analysis is meant to provide guidance on future priorities in the portfolio. The knowledge review will provide guidance on revision of the portfolio knowledge plan and, where necessary, adjustments of the underlying portfolio ToC.

For priority policy areas in the portfolio, this report has described and analysed new knowledge, relevant partners, contextual factors, and opportunities where Norway or Norad can play a role. The report has also described and analysed recent and upcoming changes in the global normative frameworks that will shape the context of the portfolio in the years to come. Based on these factors, the chapters have discussed the implications for the portfolio priorities, underlying ToC and the portfolio knowledge plan. These are summarised below.

Reviewing the results and progress towards portfolio objectives also form part of the annual portfolio analysis. This will be done the first quarter of 2024. It will be based on periodic results reporting from partners, evaluations and other assessments. The report will draw on results achieved over the past few years, not necessarily only from 2023. Several of the portfolio partner agreements ended in 2022/23, and many will present results from multiyear agreements in their final reporting to Norad on these agreements. The portfolio report will also draw on reviews and evaluations to support results information. The report will aim to capture results achieved over the longer term and will also extract and reflect on lessons learned from partners' reporting.

Work plan 2024 – tentative priorities

Processes towards FFD4. From this portfolio we have established a working group at Norad that will collaboratively work on Financing for Development. The work will also require close collaboration with the negotiating delegations at the UN and the OECD, and close collaboration with the development bank system, in particular the World Bank. We need to look at partnership strategies within the Norwegian system, with our primary partners and identify potential new partners to advance the objective.

International tax cooperation and governance. Going forward, the portfolio will continue to facilitate constructive dialogue and promote a knowledge-based approach to identifying areas where an enhanced UN intergovernmental process on tax could potentially have the greatest impact in terms of substantive and procedural outcomes for developing countries, while building on the strengths of existing arrangements.

Country level dialogue. Dialogue with embassies and seeking coherence and synergies with embassy portfolios in selected countries will be a priority, as will dialogue with partners on specific country operations. Mozambique and Tanzania have been suggested in relation to this in the coming years, based on demand. The three strategic focus areas; the extractive sector and public finance; environmental crime; and agency information sharing may be themes to explore.

Civil society and investigative journalists. Based on demand from partners, Norad will consider facilitating a partner seminar or meeting at country or regional level, connecting journalist organisations with civil society organisations, but also to other partners, such as government agencies like tax administrations and national statistics offices, and to research institutions.

Public procurement. Prioritise and scale up Norad's work on public procurement in the governance portfolio as well as other portfolios. Based on partnerships with the IMF, World Bank, UNODC, UNDP and several trust funds and non-governmental institutions.

Inadequate or weak global public goods and normative mandates are a problem. Expanding these norms into priority sustainable development fora beyond anticorruption should be a priority.

FATF grey listing. Norad will encourage better cooperation between anti-corruption practitioners and responses to FATF recommendations at country level. Look at early warning mechanisms for grey-listing; clarifying and making known the consequences of being grey-listed to all stakeholders; identifying overlaps between FATF and the country review mechanism under the UNCAC and various indices in order to provide guidance and prioritise assistance.

Protection of whistleblowers. Global conference in first half of 2024 will be a priority. Gender dimensions and women whistleblowers require more attention.

Measuring corruption. This is expected to gain traction in 2024. Information for policymakers on the effectiveness of anti-corruption measures is in demand, and could lead to better policies.

Integrating governance aspects into other Norad portfolios. There is potential to do more to integrate relevant financial integrity aspects, public reform aspects in Norad's portfolios, and to further develop ongoing cross-sectional work on health, climate, extractive sector, and environmental crime.

Adjustments to the portfolio theory of change (ToC)

The portfolio ToC should be revised and further developed to better reflect:

1. Gender equality and women's rights concerns

Gender equality and women's rights could be better reflected in all five objectives in the portfolio ToC, at country and global levels. The gender chapter demonstrates that Norad's partners in the Governance and Public Finance Portfolio are relatively advanced in integrating gender equality and women's rights in their strategies and operations. A differentiated gender analysis as a basis for our portfolio ToC, as well as a differentiated gender approach within the results areas will be a priority in the year to come. Gender perspectives, linked to perspectives of income inequality, seem to make an even stronger case for looking at both the income side and the expenditure side in our engagements. Furthermore, more could be done to explore gender-related connections between work on tax and statistics.

2. Transparency in government functions in portfolio objectives

Knowledge development thematic chapters highlight transparency and accountability as a foundation for objectives in the portfolio. While this is integral to the ToC, it should be made more visible in the ToC model and summary.

3. Contextual factors of priority countries

A number of the chapters describe the need for more country and context-specific analyses and partner dialogue at country level. Underlying assumptions and cross-cutting policy areas of the portfolio ToC should be tried and tested in the political and socioeconomic realities of some priority countries. Mozambique and Tanzania have been suggested in relation to this in the coming years.

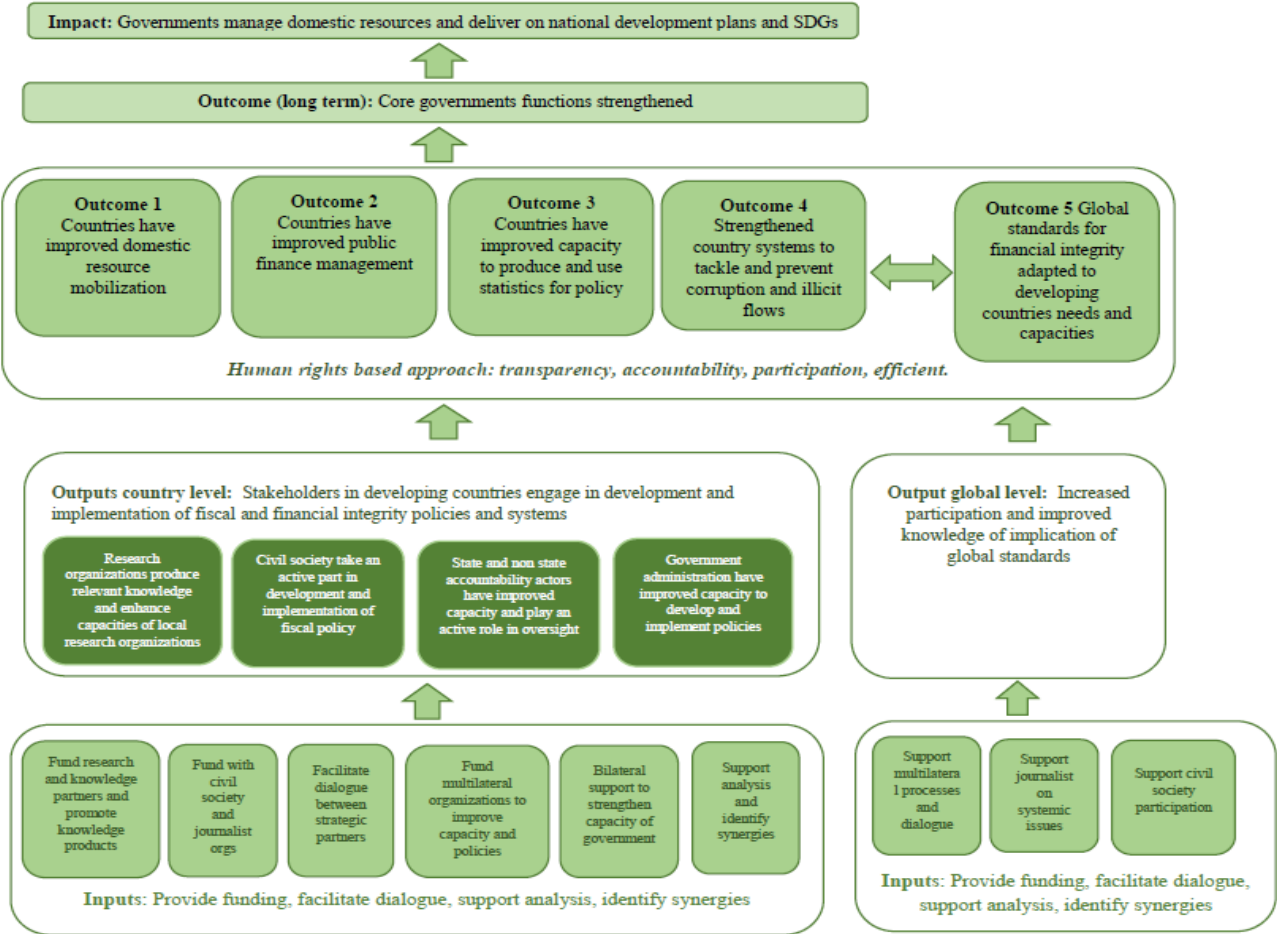
Revision of the portfolio knowledge plan

The report has identified priorities for knowledge development in the portfolio for the coming years. The knowledge plan includes both needs related to monitoring portfolio progress and results (internal needs) and needs related to closing knowledge gaps in the portfolio, whether they be thematic or contextual. The following issues are suggested:

1. **Inequality.** Develop the knowledge base on economic inequality to inform the process towards the Financing for Development conference 2025.
2. **Environmental crime.** Mapping of relevant partners, networks, and reports within Norway and further develop the collaboration with international networks. Further explore knowledge gaps.
3. **Extractive sector and public finance.** Focus on system change at a country level as well as enabling factors resulting from international collaboration. Links to clean energy and climate portfolios should be explored further.
4. **Gender equality and women's rights.** Strengthen the use of gender analysis. Impact on gender equality should be a standard aspect of reporting and evaluations. Explore connections between the work on gender on tax and statistics. In anti-corruption, issues to explore include gender dimensions in programming and efforts related to criminal networks; transactions of a sexual nature as abuse of authority (sextortion); and gender-sensitive whistleblower reporting and protection systems.
5. **Corruption in health.** Explore the integration of sector reforms in public financial management reforms, in supporting processes, institutions and functions, such as procurement. Knowledge generation to identify systemic weaknesses and opportunities for reform, through academic institutions with a thorough understanding of local realities. Better health statistics and specific analysis of corruption risk as a basis for fostering a more informed public debate. Use of AI to strengthen health systems and reduce corruption could be explored.
6. **Public procurement.** Promote and develop open-source public goods and digital tools to propel innovation.
7. **Beneficial ownership transparency.** Monitor the coordination of processes in OECD, FATF, EU and the UN regarding BOT, and how these global processes interact with capacity development and policy reform at country level.

8. **Anti-corruption and IFF at country level.** Early warning signs to prevent grey-listing by FATF; environmental crime and illicit financial flows; beneficial ownership registry implementation; how to reduce influence and role of enablers; health systems strengthening and anti-corruption efforts, possibly through the use of AI; and understanding legal, administrative, or other barriers to effective exchange of information and cooperation between agencies.
9. **Tax and DRM work at country level.** Extractive industries and public finances; emerging evidence of outcomes of Pillar One and Two domestication and implementation on tax revenue, use of tax incentives

Annex 1: Portfolio Theory of Change



Annex 2: Agreements

Agreement no.	Partner	Title	Period	Phase	Agr. type	Disbursed amount 2023 (NOK)
QZA-22/0226	UNODC - United Nations Office on Drugs and Crime	UNCAC Implementation Globally II	2022 - 2026	B	Frame	44 000 000
QZA-18/0197	IBRD - International Bank for Reconstruction and Development	Global Tax Program	2018-2028	B	Standard	40 000 000
QZA-18/0123	Skattedirektoratet	Institutional capacity building in tax administrations	2018-2023	B	Standard	36 272 175
QZA-22/0076	UNDP - UN Development Programme	Support to UNDP Global Policy Centre for Governance 2022-2026	2022-2026	B	Standard	26 000 000
QZA-22/0243	OECD - Organisation for Economic Co-operation and Development	Mainstreaming of Development in CTPA - Phase 2 & Ukraine Tax Programme	2022-2026	B	Standard	23 000 000
QZA-19/0141	UNDP - UN Development Programme	UNDP Tax Inspectors Without Borders	2019-2024	B	Standard	21 000 000
QZA-23/0114	UNU - UN University	UNU-WIDER Domestic Revenue Mobilisation Program Phase II	2024-2027	B	Standard	20 000 000
QZA-17/0153	ICTD - International Centre for Taxation and Development	ICTD - improving tax systems in developing countries through accessible high quality evidence	2020-2025	B	Standard	17 000 000
QZA-21/0343	UNDESA - United Nations Department of Economic and Social Affairs	UN Tax Committee Phase 2	2022-2025	B	Standard	15 000 000
QZA-17/0387	WCO - World Customs Organization	WCO - Anti-corruption and integrity promotion (A-CIP) program for customs	2018-2024	B	Standard	12 590 975
QZA-22/0172	IISD - International Institute for Sustainable Development	Global Mining Tax Initiative	2022-2025	B	Standard	12 365 625
QZA-22/0178	Global Witness	GW Promoting domestic resource mobilisation for a just energy transition	2022 - 2025	B	Frame	10 000 000
QZA-22/0173	ICIJ - International Consortium of Investigative Journalists	ICIJ Training and Capacity Building	2023 - 2025	B	Frame	10 000 000
QZA-22/0176	NRGI - Natural Resource Governance Institute	NRGI Developing capacity on extractive sector DRM amid the energy transition	2022 - 2025	B	Frame	10 000 000
QZA-22/0171	IBP - International Budget Partnership	International Budget Partnership	2022 - 2025	B	Frame	9 112 059
QZA-19/0347	Basel Institute on Governance	ICAR operations 2021-2024	2021-2024	B	Standard	9 000 000
RAF-22/0002	SSB - Statistisk Sentralbyrå	Use of Statistics Norway for Tax for Development in Ghana and Kenya	2022 - 2023	B	Frame	7 926 090
QZA-22/0175	AFRODAD - African Forum and Network on Debt and Development	AFRODAD - Scaling up transparency, Accountability and Governance of Financial Flows	2022 - 2025	B	Frame	7 803 352
RAF-22/0026	TRF - Thomson Reuters Foundation	TRF Expose the Flows. Working together to curb illicit financial flows from sub-Saharan Africa	2023 - 2025	B	Frame	7 510 807
QZA-22/0174	TJN - Tax Justice Network - International	TJN Tax Shift Towards global justice and financial transparency	2022-2025	B	Standard	6 058 832
QZA-21/0216	CMI - Chr Michelsen Institute	U4 Anti-corruption Resource Centre 2022-2026	2022-2026	B	Standard	6 000 000
QZA-22/0011	PSE - Paris School of Economics	Global Tax Haven Data Repository	2022-2026	B	Standard	5 999 767
QZA-21/0149	UNDESA - United Nations Department of Economic and Social Affairs	Support for a P3 position at the UNSD directed towards the Data4Now initiative	2021-2023	B	Standard	5 127 790
RAF-17/0020	ATAF - African Tax Administration Forum	ATAF - Shaping African Tax Systems of the Future	2020-2025	B	Standard	5 000 000
QZA-22/0177	Global Financial Integrity	GFI Increasing DRM by Promoting Corporate, Natural Resource and Professional Integrity	2022 - 2025	B	Frame	5 000 000
QZA-22/0179	Oxfam - provider country office	Oxfam IBIS - Fair recovery - Strengthened civil society and media for fiscal justice	2022 - 2025	B	Frame	5 000 000
RAF-22/0024	TJN-A - Tax Justice Network Africa	TJN-A - Scaling Up Tax Justice Mobilising CSOs media, and parliamentarians	2022 - 2025	B	Frame	4 910 824
QZA-19/0346	OECD - Organisation for Economic Co-operation and Development	OECD Anti-Corruption, Anti-bribery, IFF	2023-2025	B	Standard	4 846 790
QZA-21/0217	SSB - Statistisk Sentralbyrå	SSB core activities in statistical support 2022-2024	2022-2024	B	Standard	4 340 707
QZA-22/0013	SSB - Statistisk Sentralbyrå	SSB support for implementing digital public goods for improved taxation	2022-2024	B	Standard	3 823 922
QZA-18/0372	FTC - Financial Transparency Coalition	Execution of the FTC 2018-2020 Strategy including Thematic Working Group	2019-2023	B	Standard	3 700 000
QZA-19/0103	IMF - International Monetary Fund	Support IMF D4D TF 2019 - 2021	2019-2023	B	Standard	3 500 000
UKR-17/0007	SSB - Statistisk Sentralbyrå	Statistical Development - Ukraine	2017-2025	B	Standard	2 587 657
RAM-18/0004	CIAT - Inter-American Center of Tax Administrations	Strengthening of Tax Administrations Latin America and the Caribbean	2019-2023	B	Standard	2 555 105
QZA-22/0170	UNCAC Coalition	UNCAC Coalition - 2023-2025	2023-2025	B	Standard	2 500 000
ETH-20/0010	SSB - Statistisk Sentralbyrå	Support to Statistics Norway for institutional cooperation with CSA Ethiopia	2021-2024	B	Standard	2 135 201
COD-21/0005	IDI - INTOSAI Development Initiative	Support to supreme audit institution in DRC	2021-2025	B	Standard	2 000 000
QZA-18/0215	SID - Society for International development	FID Civil society group	2020-2023	B	Standard	1 900 000
QZA-19/0293	Corruption Hunter Network	Corruption Hunter Network 2020-2024	2020-2024	B	Standard	731 172
Total						416 298 850



Norad

norad.no