

# DEPARTMENT FOR EVALUATION

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## What, Why and How?

A mapping and analysis of the Ministry of Foreign Affairs' and Norad's use of other Norwegian public sector institutions in development assistance



## Final report

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This report is the product of its authors, and responsibility for the accuracy of data included in this report rests with the authors. The findings, interpretations, and conclusions presented in this report do not necessarily reflect the views of Norad's Department for Evaluation.

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## Preface

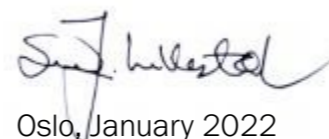
The Ministry of Foreign Affairs and the Norwegian Agency of Development Cooperation are instructed by the Norwegian Parliament to manage most Official Development Assistance (ODA). However, other ministries are also involved, either due to being instructed directly by the Parliament to manage funds, or because the Ministry of Foreign Affairs delegates budget responsibility or utilises other ministries or agencies as channels for development assistance.

This mapping study is the first overview of all Norwegian ministries and government agencies through which ODA is being channelled. It provides an overview of those who are responsible for the development results and how these are being documented across various agencies.

The aid administration has undergone major changes over the last 5 years. To ensure that changes are implemented as intended, it is important to be aware of the different ministries and agencies involved and the nature of their involvement, as well as any differences with respect to reporting and documenting results.

The study is not tasked to assess the quality of management, or whether differences are in line with regulations. Nevertheless, we hope this mapping provides a useful overview of potential differences that needs to be reviewed/examined. We also hope that this study could contribute to increased awareness among responsible agencies of the purpose of ODA.

The study was carried out by the Norwegian development research institute, the Chr. Michelsen Institute.



Oslo, January 2022

Siv J. Lillestøl

Acting Director, Department for Evaluation



# Executive Summary

This report presents the findings from a study commissioned by Norad's Department for Evaluation. It was carried out between May and November 2021 by a team from the Chr. Michelsen Institute.

## Purpose

The purpose of the mapping is to provide the Ministry of Foreign Affairs (MFA) with an overview of Norwegian ministries and other government agencies that are involved in the management of Official Development Assistance (ODA); how the management, character and size of these funds vary and how effects and results are documented across agencies. A better understanding of these differences could enable learning across different ministries and responsible agencies. The study could also contribute to increased awareness among responsible agencies of the purpose of ODA.

An overview is also intended to be relevant for the Department for Evaluation when selecting topics to

be included in the evaluation programme for the time to come – to ensure that the breadth of Norwegian development assistance is covered.

This report responded to five study questions:

1. Which Norwegian ministries and other government agencies are involved in the management of Norwegian ODA?
2. What are the size and character of these funds?
3. How are funds managed and results documented?
4. How are the constitutional and strategic responsibilities handled when responsibility is divided between different public entities?
5. Are there substantial differences between agencies in management, reporting requirements and results documentation? If there are substantial differences, why?

The study is limited to the 2016-2020 period and to the aid budget managed by the MFA.

## Methodology and approach

To map the use of Norwegian public sector institutions the team first relied on Norad's statistical database on ODA to identify all financial flows reported as ODA from MFA to other Norwegian public sector institutions. Through this the aim was to identify all disbursements from all departments, sections, and units in MFA (including embassies), Norad, Norec and Norfund to all public sector institutions receiving such funds.

To map further characteristics the team relied upon the budget documents and annual reports from the institutions, the annual accounts from MFA, government rules and guidelines for financial management (Statens Økonomiregelverk) and MFA's guidelines in the Grant Management Assistant.



Through this we capture the legal and management frameworks for the financial disbursements from MFA to other public sector institutions. These disbursements are managed through reimbursements (“refusjon”), letter of appropriations (“tildelingsbrev”), debit authorisations (“belastningsfullmakter”), letter of assignments (“oppdragsbrev”), grant agreements (“tilskuddsavtaler”) and procurements (“driftsanskaffelser”).

Then we relied on case studies to do an analysis of actual management and reporting as well as for identifying explanations of any differences in reporting on results. The selected cases cover the main identified examples of delegated authority from MFA to other ministries; a representative sample of debit authorisations; the main bigger grants; the main strategic effort to mobilise added value of Norwegian public sector (Norad’s Knowledge Bank); and a main example of the use of technical assistance (“faglig bistand”) from the public sector in implementing aid programmes; a wide variety of responsible management sections; and a similar variety of ministries and subsidiary agencies.

## Disbursements of funds

In the 2016-20 period nearly NOK 14.7 billion was disbursed to other public sector institutions. Of these 95% are disbursed to central government institutions – ministries and their subsidiary and affiliated institutions. About 4% are channelled through higher education and research institutions, regional health authorities and hospitals. Only 0.4% are channelled through local and regional government institutions and 0.04% through independent national institutions such as the public protector.

In central government 12 government ministries and over 40 other central government institutions receive funds from MFA’s aid budget. All disbursements were managed by a range of departments and sections in MFA and Norad as well as a few embassies.

Nearly NOK 10 billion are disbursed as reimbursement for expenditures related to hosting refugees in Norway. The funds went to three other ministries – Justice, Education, and Children and Families – and their subsidiary institutions, mainly the Directorate of Immigration. Such disbursements have been greatly reduced as a result of the major reduction in the

number of refugees entering Norway, but in 2020 these expenses still accounted for 40% of total disbursements to central government institutions.

The remaining NOK 4 billion disbursed to central government covers a range of ODA objectives and purposes but is dominated by funding for research through the Research Council of Norway; police deployment and humanitarian aid through the National Police Directorate and the Directorate for Civil Protection and Emergencies; innovation projects through Innovation Norway; higher education through the Norwegian Agency for International Cooperation and Quality Enhancement in Higher Education; climate and environment through the Ministry of Climate and Environment; and bilateral activities in Ukraine, the West Balkans and in Norwegian partner countries.

MFA manages many of the larger amounts and disbursements related to research; climate and environment; humanitarian aid; and bilateral projects in Ukraine and West Balkans. Most agreements (individual disbursements) are managed by Norad. Many are linked to programmes in partner countries through the Knowledge Bank, but also related to research and innovation.



The team found Norad's statistical database on Norwegian aid – the basis for official reporting to OECD's Development Assistance Committee – a most useful tool for identifying disbursements through the Norwegian public sector. However, it does not provide sufficient information for a full mapping of the flows through delegated authority to other ministries, or for the appropriations from Parliament to different ministries.

## Management and reporting

The disbursement of funds through central government is managed in different ways. For MFA it is mostly governed through reimbursements (refugees and mandatory contributions to multilateral organisations and treaties), annual appropriation letters (Police directorate and the Research Council), debit authorisations (to seven ministries and 12 directorates and affiliated institutions) and a few grant agreements. For Norad it is mainly grant agreements (mostly multi-year) and one annual appropriation letter (Research Council). Norad disburses to seven ministries and 17 directorates and affiliated institutions.

These management frameworks also vary in how they address results and mechanisms for monitoring and reporting. This also includes the role of periodic meetings between the MFA/Norad management unit and the recipient institution.

The team also found variations in management and reporting. One key explanatory factor for different approaches is the division of responsibility between MFA and Norad with the main instrument for Norad being grant agreements with no basic management distinction between an assignment ("oppdrag") and a grant agreement ("tilskuddsavtale"). The templates available to MFA for assignments are annual (appropriation, debit authorisation and assignment) and is not available for multi-year programmes. Multi-year grant agreements will often have stronger focus on aid objectives and purposes of the individual budget chapter and requires a more extensive assessment of the purpose and results. Annual appropriation and debit authorisations are more focused on finding easy mechanisms for transferring funds. Additionally, Norad and sections in MFA experienced in managing ODA funds, may have stronger focus on ODA objectives compared to other departments and sections.

The team notes that there are not sufficient guidelines on how to manage multi-year agreements with public sector institutions, and how to distinguish between assignments and grant agreements. MFA has turned to annual debit authorisations to address this and has – in some cases – linked them to multi-year project documents or agreements while Norad relies on multi-year grant agreements. Norad has a flexible approach to grant agreements and adapts them to purpose though based on mandatory and relevant criteria in the applicable rules for grant management.

The team notes that the choice of management regime also depends on the recipient institution and established practice. Agreements between MFA/Norad and recipient institutions are adapted to accommodate preferences from both.

The team expects, based on observations, that the quality of reporting on results varies with the degree of experience with management development assistance in Norad and MFA sections. On their own, other government institutions will be focused on implementing activities with less attention to long-term objectives.





The more general impressions from the cases, but also confirmed through several of the interviews, is that central government institutions are very focused on the operational activities and report on these. For several cases it is not always clear to what extent the activities will contribute to achieving expected results or are able to adjust implementation to improve the ability to do so.

The team has found that the use of Norwegian central government institutions and the disbursement of ODA-funds through them are a small, but significant component of Norwegian development aid. The team's observations are that this may expand due to the broader approach emerging with Agenda 2030 and the Sustainable Development Goals. Furthermore, the strong and expanding Norwegian emphasis on global engagement and global public goods in its development policy, coupled with the efforts to use comparative Norwegian advantages through Norad's Knowledge Bank, may lead to an expanded future use of central government institutions. The new Labour Party/Centre Party government's emphasis on establishing an ODA-funded migration fund linked to immigration and integration priorities is a further indication of this (cf. the 2021 [Hurdalsplattform](#)).



# Recommendations

Based on the findings and observations the team formulated four recommendations that address main challenges identified.

## *1: Assignments and multi-year agreements*

MFA's guidelines for the use of other central government institutions have a strong emphasis on mechanisms for transferring funds and delegating management responsibilities. These guidelines rely on annual letters (reimbursements, appropriations, assignment letters and debit authorisations). They do not provide sufficient details for transferring funding related to multi-year projects. The guidelines should be further developed in relation to this. This may include more information in the Grant Management Assistant on how annual debit authorisations or letters of assignments can be linked to multi-year projects.

## *2: Refugees and migration*

A small but important component of the main disbursement to other ministries to cover costs

related to refugees in Norway is used to fund projects by the Ministry of Justice to strengthen migration management authorities in developing countries. The team recommends that funding of such programmes should be separated from the MFA's chapter item for refugees in Norway and be funded from another budget item. It should also be managed through a separate assignment or grant agreement from MFA or Norad (depending on the budget item). Furthermore, based on its observations the team also notes that Norwegian global engagement on migration and refugees may increase. This requires that more attention be given to disbursement channels and implementation mechanisms.

## *3: The Norad database on ODA*

The database provides information about individual disbursements and total ODA flows channelled through the Norwegian public sector, but it is very challenging to capture the full picture of ODA funds disbursed through other ministries and public sector agencies. Nor does it allow for capturing the appropriations to different ministries from Parliament reported as ODA. This should be addressed and a better way to do this should be introduced.

## *4: Evaluation needs*

Findings and observations from this study have also identified topics that could be subjected to additional studies and evaluations from Norad's Department for Evaluation. One area is the strategic use of Norwegian public sector institutions in long-term institutional co-operation with public sector institutions in partner countries. This has not been sufficiently captured in this mapping study and a new report may address management issues, results and lessons learnt. A second area is the role, achievements, and lessons from MFA-funded activities of the Ministry of Climate and Environment and the Norwegian Environmental Agency, both globally and in developing countries. Thirdly, a mapping should be made of the Norwegian funding and engagement related to migration – purpose, channels, recipients and reported achievements. A small component of this is identified in this report – the Ministry of Justice and its MFA-funded work through multilateral institutions.

# Introduction

This study is commissioned by Norad's Department for Evaluation. It has four main objectives:

1. Provide an overview of which ministries and other government agencies that are involved in the management of Official Development Assistance (ODA), including the types of funds managed (size, character, and purpose of these funds);
2. Describe how the responsibilities for ODA are delegated across ministries and other government agencies;
3. Assess differences in how ODA funds are managed, and how development effects/results are documented; and
4. Recommend potential areas for improvement.

The study is limited to the 2016-2020 period and to the aid budget managed by the Ministry of Foreign Affairs (the "03" budget). The Terms of Reference (ToR) are attached as Annex 1.

ToR has identified five study questions corresponding to these four objectives. They are reproduced in Box 1.1.

## Box 1.1 Study questions

- 1: Which Norwegian ministries and other government agencies are involved in the management of Norwegian ODA?
- 2: What are the size and character of these funds?
- 3: How are funds managed and results documented?
- 4: How are the constitutional and strategic responsibilities handled when responsibility is divided between different public entities?
- 5: Are there substantial differences between agencies in management, reporting requirements and results documentation? If there are substantial differences, why?

The purpose of this mapping and analysis is to provide the Ministry of Foreign Affairs (MFA) with an overview of Norwegian ministries and other government agencies involved in the management of ODA, how the character and size of these funds vary across agencies, potential differences in management of funds and how effects and results are documented. A better understanding of these differences may also enable learning across different ministries and responsible agencies. Furthermore, this study could also, according to ToR, contribute to increased awareness among responsible agencies of the purpose of ODA.

An overview could also be relevant for Norad's Department for Evaluation when selecting topics to be included in the future evaluation programme – to ensure that the breadth of Norwegian development assistance is covered.

This study is a mapping and analysis of the use of the Norwegian public sector in Norwegian development aid. It is not an evaluation of results or of grant management regimes guiding this use.



## Approach and methodology

The first main task was to identify MFA's ODA-related use of other Norwegian government ministries and public agencies. To do this, we relied on financial disbursements from the O3 budget to other public institutions. This is a very good indicator of the use of other public sector institutions. The database on Norwegian aid – managed by Norad's Statistics section with disbursements reported to OECD DAC as official development assistance – is expected to list every ODA disbursement made in the evaluation period to the public sector. It allows for the identification of every recipient institution of ODA funds from government ministries to local municipalities. The methodology and technicalities behind this, including limitations, are explained in Ch. 2 with a technical note in Annex 4.

The mapping in Ch. 2 first seeks to identify Parliament's appropriations to different government institutions reported as ODA. This is mainly to the MFA (the O3 budget), but appropriations are also to three other government ministries and to the Auditor General. We have then identified all disbursements from MFA's aid budget and identified every public sector institution receiving funds.

This mapping has also identified the management units responsible for the disbursements to the recipient public sector institution. These are classified as “responsible management units” in the aid statistics. The units are mostly sections or departments at MFA and its subsidiary agency Norad, but funds are also managed from embassies and from MFA's other subsidiary agency, the Norwegian Agency for Exchange Cooperation (Norec).

Ch. 2 also discusses types of financial disbursement and use of public sector institutions not properly captured in the aid statistics. This includes the use of public sector institutions not involving transfer of funds or the use of a Norwegian public sector institutions subcontracted by another domestic or foreign institution in activities funded by Norwegian aid. Nor do the statistics fully capture funds received by one public sector institution which then disburses parts of this to another public sector institution.

The mapping based on official aid statistics enable us to identify what is disbursed to which institutions, but these statistics do not provide much information about the use: why certain types of disbursements and management regulations are selected, and how this is done. To respond to the subsequent study questions,

we focused on disbursements to central government institutions. We relied on budget documents, MFA's annual accounts and other documents to identify different types of disbursements – reimbursements based on invoices from other ministries and agencies (“refusjoner”), appropriation letters (“tildelingsbrev”), debit authorisations (“belastningsfullmakter”), letters of assignments (“oppdragsbrev”) and grant letters (“tilskuddsavtaler”). Each of these is regulated through a grant management regime or framework.

The next step was to analyse why certain types of management regimes were used and the implications for reporting. To get data to do this, we collected data on rules and guidelines, including MFA's grant management manuals (the Grant Management Assistant), as well as data collected from a sample of cases illustrating the use of other public sector institutions. The selected cases cover the main identified examples of delegated authority from MFA to other ministries; a representative sample of debit authorisations; the main bigger grants; the main strategic effort to mobilise added value of Norwegian public sector (Norad's Knowledge Bank); and the main use of technical assistance from other public sector institutions; a wide variety of responsible management units within MFA/Norad; and a similar variety of



ministries and subsidiary and affiliated agencies.

For each case we collected relevant project documents from MFA's, Norad's and the Ministry of Justice' archives and directly from the responsible management sections. Documents collected included the relevant agreements/legal frameworks such as appropriation letters, debit authorisations and grant agreements; project descriptions/documents; annual reports; minutes of annual/periodic meetings; and other relevant documents that could shed lights on the use of public sector institutions. Additionally, we collected information through email requests to relevant sections if not sufficient data were available through documents. We also conducted semi-structured interviews with senior officials in the responsible management units to validate findings from the documents and get assessments of the grant management frameworks used. The team also had semi-structured interviews with MFA's Unit for Grant Management and Norad's Section for Grant Management Systems. A list of persons interviewed is provided in Annex 3.

These cases and findings from each entity are presented in Annex 2. Data from Annex 2, together with the mapping data from Ch. 2, provide the basis for the analysis and assessment in Ch. 3 of the use of other Norwegian central government institutions in Norwegian development assistance. This also includes an analysis

of the differences in management and use, and of the political and constitutional issues involved.

The final Ch. 4 summarises findings as well as other observations made from the mapping and presents the team's recommendations.

## Implementation

This study has been conducted in three phases. The first was the inception. The *inception* involved collection and reading of documents and the finalisation of the detailed design of the study. This also included an initial mapping of financial ODA disbursements through the public sector as well as an early joint meeting between the team, Norad's department for Evaluation, Norad's Section for Statistics and Analysis and MFA's Grant Management Unit.

The second was the *main phase* with additional data collection and analysis. This includes interviews and documents related to the selected case studies and to the rules and guidelines for grant management.

The *finalisation phase* started with the submission of a draft report. The draft was circulated by Norad's Department for Evaluation to a range of departments and sections for comments. The comments were

addressed in the final report submitted.

The team from the Chr. Michelsen Institute carrying out the study was composed of Elling Tjønneland (team leader and principal author), Pauline Lemaire (document collection and analysis, tables, visualisation) and Magnus Hatlebakk (statistical analysis, tables, and datasets). Quality Assurance was provided by Hilde Selbervik.

## Ethical considerations

There are two main ethical considerations in the planning and implementation of the assignment. The first relates to the handling of data from interviews. The purpose of the study was explained to each interviewee. The study was done in compliance with General Data Protection Regulations. A Data Processing Agreement to this effect has been signed with Norad's Department for Evaluation.

Most interviews were conducted digitally via Teams, but no recording was done. Interview notes were anonymised and securely stored. The draft report was carefully reviewed to check that views could not be attributed to specific individuals. If deemed necessary, the background of informants in the report would be generalised to protect the identity of individuals. No



direct quotes were used without the written permission of the source. Finally, cross-confidentiality across interviews was maintained.

A second consideration is a potential conflict of interest related to the case study of support to the Research Council. A dominant project in the debit authorisation from MFA to the Education Ministry is core funding to CMI implemented by the Research Council. CMI is also responsible for this study. Since this study is about the management responsibility and reporting between the Research Council/Education Ministry and MFA, we believe that the risk of potential bias is limited.



## Mapping: Which government agencies are used?

The first main objective of the study is to provide an overview of which ministries and other government agencies involved in the management of Official Development Assistance (ODA). We have first identified government institutions that are receiving funds from Parliament's appropriations and reported as ODA. Those are summarised in Table 2.1 below and visualised in Figure 2.1.

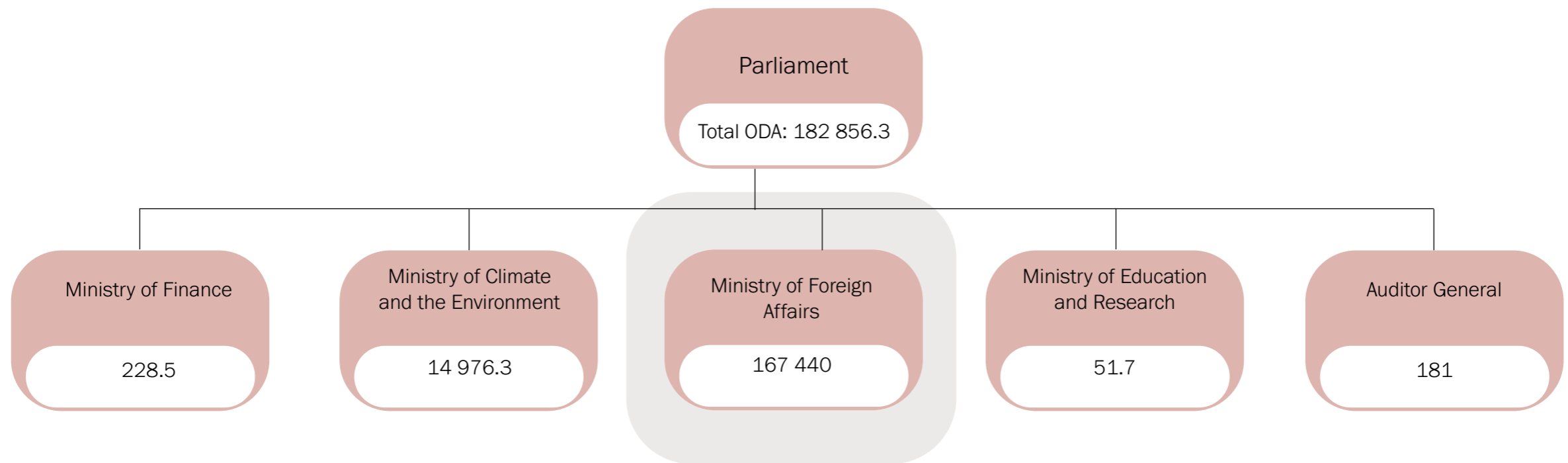
Table 2.1 Parliament's appropriations reported as ODA – 2016-2020 (NOK million)

	2016	2017	2018	2019	2020	Total	%
<b>Ministry of Foreign Affairs</b>	34 087.6	31 057	31 578	34 482	36 235	167 440	91.6
<b>Ministry of Finance</b>	45.5	43.1	39.2	49.2	51.4	228.5	0.12
<b>Ministry of Climate and Environment</b>	2 642.4	2 977.7	2 964	3 231.6	3 160.7	14 976.3	8.2
<b>Ministry of Education and Research</b>	–	–	16.2	16	19.6	51.7	0.03
<b>Auditor General</b>	31.6	35.1	37.6	41.3	35.3	181	0.1
<b>Total ODA</b>	36 786	34 113	34 635	37 820	39 502	182 856.3	100

*Note:* Figures are derived from Norad's aid statistics with additional information on the source of funds (Parliament) derived from budget documents from the ministries (St. Prop1) and from the Auditor General's annual reports



Figure 2.1 Parliament's appropriations reported as ODA – 2016-2020 (NOK million)





The bulk of these appropriations (91.6%) are to the Ministry of Foreign Affairs (MFA) which has the constitutional responsibility for the management of these funds. The other significant ODA appropriation is 8.2% allocated to the Ministry of Climate and Environment. This is for the Norwegian Forest and Climate Initiative (the “NICFI grant”).<sup>1</sup> Appropriations to the three others are financially insignificant (0.25%). The appropriation to the Ministry of Finance is linked to the net expenditures of Value Added Tax on ODA. For the Ministry of Education and Research it includes administrative costs to the Research Council of Norway related to management of ODA-funded research programmes. The appropriation to the Auditor General is related to the Association of Supreme Audit Institutions (INTOSAI) and its support to Supreme Audit Institutions in developing countries.<sup>2</sup>

We have used Norad’s aid database to identify all ODA disbursements through the Norwegian public sector. This database does not distinguish between MFA’s aid budget (“03”) and Parliament’s other ODA appropriations. We therefore had to look at budget chapter source and the annual budget documents from the four ministries above and the Auditor General to get the full picture. Outside MFA’s aid budget (“03”) disbursements through the Norwegian public sector are marginal. It is mainly to be found in a small grant from the Ministry of Climate and Environment’s NICFI budget to Norfund (about NOK 17 million for a microfinance fund in Indonesia).

There are some ODA-classified expenses in MFA’s aid budget reported as channelled through the public sector that are not relevant for our purpose. They are internal transfers from MFA to its subsidiary and affiliated institutions (Norad, Norec and Norfund) and to embassies. They are administrative costs amounting to NOK 772.1 million and grants and fund replenishments to Norfund (incl. SN Power) amounting to NOK 8 668 million in the 2016-2020 period. MFA’s disbursements to the Norwegian public sector as well as the internal transfers and fund replenishments of Norfund and SN Power are summarised in Table 2.2. The public sector has been divided into four categories: central government (ministries and the subsidiary and affiliated institutions); local and regional government; higher education, research and regional health authorities and hospitals; and independent national institutions.

Altogether 95% of these funds are channelled through central government. We have excluded disbursements to the other levels in our subsequent mapping and analysis. These disbursements to the other levels are grants linked to implementation. The central government channel captures a wider variety of management relations, including different types of delegated authority.

<sup>1</sup> Historically, the NICFI grant was an allocation from the MFA’s 03 budget to the Ministry of Climate and Environment. It originated with Erik Solheim when he was the combined Minister for Development Cooperation and Minister of Climate and Environment. With effect from 2014 the constitutional responsibility was shifted from MFA with Parliament allocating these funds directly to Ministry of Climate and Environment.

<sup>2</sup> The Secretariat of INTOSAI’s development work is hosted by the Auditor General in Oslo. Part of the administrative grant for international activities from Parliament is reported as ODA. The Auditor General reports in the yearly report to Parliament on how the administrative grant is spend.



Table 2.2 MFA's channeling of ODA-funds to the public sector

Public sector level	Volume 2016-2020 (NOK million)	Volume 2016-2020 (%)
Central government (ministries and their subsidiary and affiliated institutions)	13 999.5	95.0
Local and regional government and agencies (incl. schools)	62.6	0.43
Higher education and research institutions, regional health authorities and hospitals	596.8	4.07
Independent national institutions (Public Protector, Sametinget, Church of Norway, National Human Rights Institution)	6.6	0.04
<b>Total to public sector</b>	<b>14 665.6</b>	<b>100.0</b>
<i>Norfund (fund replenishments), Agua Imara, SN Power</i>	8 668.0	
<i>Administrative costs (MFA, Norad, Norec, embassies)</i>	772.1	

Note: Figures calculated based on Norad's statistical database.



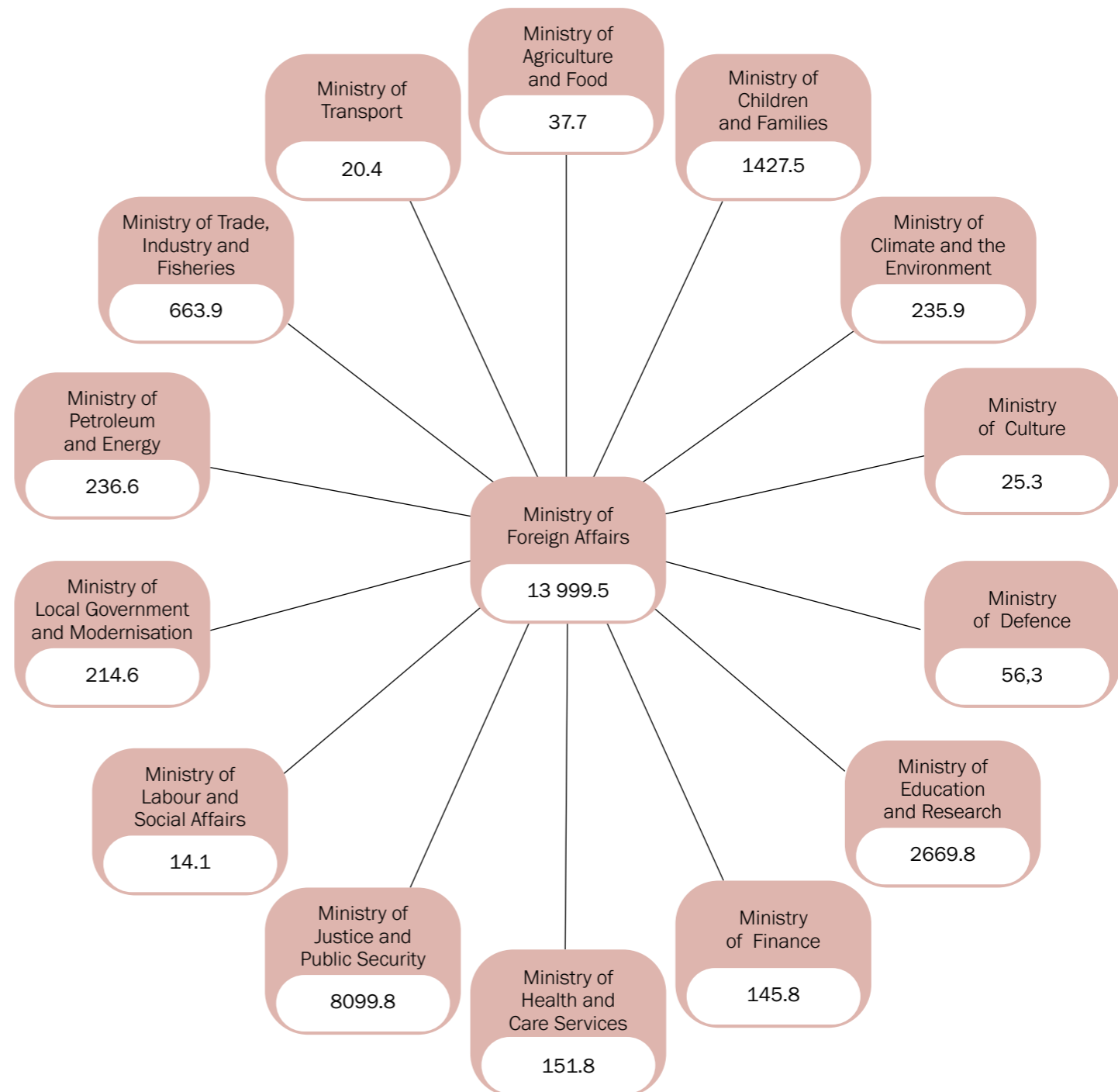
## ODA disbursements through central government

We have identified all central government institutions receiving ODA funds from MFA, the total volume of funds received by each institution in the period, as well as allocating authority (this refers to where the responsible management unit is located). All funds disbursed to central government is managed from MFA, Norad or the embassies. Disbursements from Norec is limited to other public sector levels. There are no disbursements from Norfund to other Norwegian public sector institutions. These findings are presented in Table 2.3., 2.4. and 2.5 below and in Figure 2.2.

The datasets behind the tables and figure 2.2 are attached as Annex 5. Norad's database on Norwegian aid through the public sector provides the basis for this, but this database does not provide sufficient details, particularly related to budget delegations to other ministries and their subsidiary and affiliated agencies. We therefore had to use the statistics to construct our own variables to get the required data. A technical note explaining how this was done is provided in Annex 4.

Fig. 2.2 illustrates total disbursement to each government ministry in the 2016-2020 period. Note that this also includes funds disbursed directly to subsidiary and affiliated agencies and via any of the other ministries.

Figure 2.2 Disbursements from MFA to other ministries, 2016-2020 (NOK million)



MFA's ODA-funds are transferred to 12 of the 14 government ministries in the evaluation period. There are no direct transfers to the Ministry of Labour and Social Affairs and to the Ministry of Agriculture and Food (only to two of their subsidiary and affiliated institutions). Nor are there any transfers to the Prime Minister's Office from MFA's aid budget.

The vast bulk of the funds through central government is channelled through three ministries: the Ministry of Justice and Public Security; the Ministry of Education and Research; and the Ministry of Children and Families. Most of this are reimbursements for refugee costs in Norway.<sup>3</sup> Nearly NOK 10 billion of the 14 billion was disbursed for this purpose in the evaluation period.

The amount was very high in 2016 (NOK 6.7 billion) but dropped to around NOK 0.5 billion in 2019 and 2020 – reflecting the reduced number of refugees arriving in Norway. The refugee costs are still the dominant item in disbursements to the central government in 2020, accounting for about 40% of these disbursements. This is presented in Table 2.3

Table 2.3 Disbursements to central government 2016-2020 (NOK million)

	2016	2017	2018	2019	2020	Total
<b>Refugee costs in Norway</b>	6 720	1 240	827	556	482	9 825
<b>Other central government</b>	780	1 086	775	828	705	4 174
<b>Total: Central government</b>	7 500	2 325	1 603	1 384	1 187	13 999

<sup>3</sup> The OECD DAC guidelines for reporting ODA allows for allocating ODA funds to in-donor refugee costs related to the first 12 months of hosting asylum seekers and refugees. This includes temporary costs related to food, shelter, and training as well as administrative costs, but not costs related to integration. See also Norad Evaluation Department (2017), The use of the development aid budget for refugees in Norway, Oslo (Background Note 1/2017).



The three ministries responsible for refugees delegate nearly all these ODA funds to subsidiary agencies, mainly to the Directorate of Immigration. These disbursements are summarised in Table 2.4 which also shows the disbursements per year. They are illustrated in Figure 2.3

based on total flows in the period. These funds are all provided from the MFA's budget chapter for "Refugees in Norway" (Budget chapter 179 "flyktninger i Norge", post 21" særskilte driftsutgifter").<sup>4</sup>

Similar details of disbursements per year for other areas will be provided in our discussion of cases below.

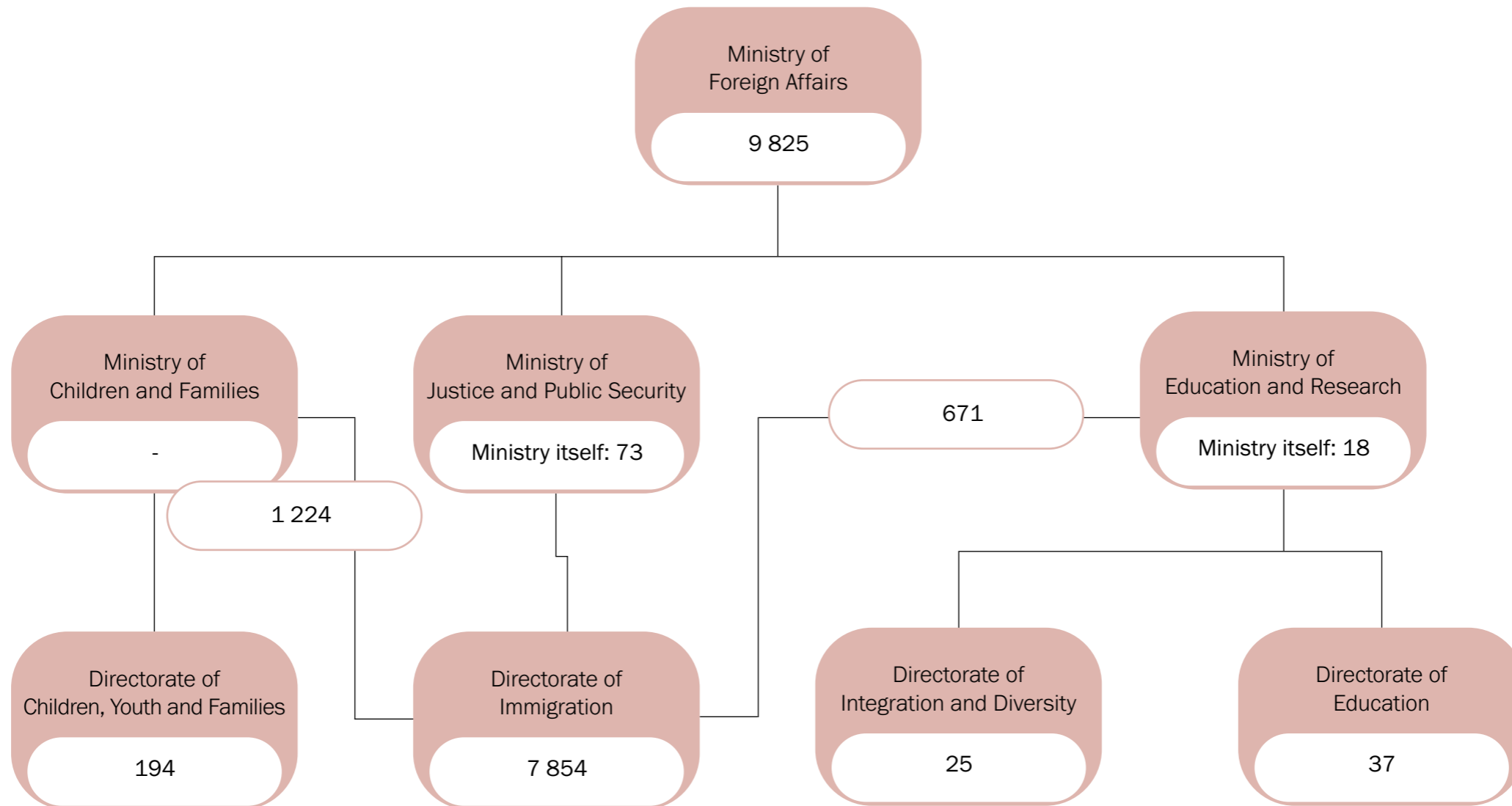
<sup>4</sup> Note that the budget structure and numbering of budget chapters changed in 2018. Prior to 2019 the chapter item was 167.21

Table 2.4 Refugee costs in Norway (NOK million)

Responsible management unit	Recipient	Implementing agencies	2016	2017	2018	2019	2020	Total
<b>MFA (Budget unit)</b>	Ministry of Justice and Public Security	Ministry itself				31	42	73
		Directorate of Immigration	5 390	1 044	458	371	321	7 584
	Ministry of Education and Research	Directorate of Integration and Diversity				25		25
		Ministry itself					18	18
		Directorate of Education				23	14	37
	Ministry of Children and Families	Directorate of Immigration	277	78	317			671
		Directorate of Children, Youth and Families				106	88	194
		Directorate of Immigration	1 053	118	53			1 224
			<b>Total</b>	6 720	1 240	827	556	482



Figure 2.3 Disbursements to refugees in Norway, 2016-2020 (NOK million)



## Responsible management units and central government recipients

Table 2.5 provides further details of all disbursements to central government institutions beyond those linked to expenditures on refugees in Norway. The table lists recipient institutions of all ODA funds from MFA's budget to recipient central government institution under each Ministry, their volumes, and responsible management units.<sup>5</sup>

<sup>5</sup> The responsible management unit for each disbursement is identified and listed in Norad's aid statistics (in a few cases they are unspecified in the statistics but are identified by the team).

Table 2.5 Management units and recipient agencies. Disbursements from MFA through central government institutions

Ministry Subsidiary and affiliated agencies	Location of responsible management units (MFA, Norad, Embassies)	Volume (NOK million 2016-2020)
<b>Ministry of Finance</b>	1 Norad section	3.2
Norwegian Customs	1 Norad section	0.9
Statistics Norway	8 Norad sections, 2 MFA sections, 2 Embassies	111.1
The Tax Administration	1 Norad section	29.2
Office for petroleum tax	1 Norad section	1.5
<b>Ministry of Trade, Industry and Fisheries</b>	1 Norad section, 4 MFA sections	21.1
Institute of Marine Research	2 MFA sections, five Embassies, 1 Norad section	322.5
Innovation Norway	1 MFA section, 1 Embassy, 3 Norad sections	289.5



Table 2.5 Management units and recipient agencies. Disbursements from MFA through central government institutions

Geological Survey of Norway	1 MFA section	1.7
Norwegian Industrial Property Office	1 MFA section	7.3
SIVA – Selskapet for industrivekst	1 MFA section	3.6
Norwegian Maritime Authority	1 Embassy	7.0
<b>Ministry of Climate and Environment</b>	2 MFA sections	137.5
Norwegian Environment Agency	2 Embassies, 1 Norad section	67.8
Norwegian Meteorological Institute	1 Norad section, 1 MFA Section	23.0
Directorate of Cultural Heritage	1 MFA section, 1 Embassy	7.5
<b>Ministry of Education and Research</b>	2 MFA sections, 2 Norad sections	267.5
The Norwegian Agency for International Cooperation and Quality Enhancement in Higher Education (SIU/DIKU)	2 MFA sections, 2 Embassies, 1 Norad section	270.0
Research Council of Norway	2 Norad sections, several MFA sections, 2 Embassies	1307.5
Norwegian Institute of International Affairs	5 MFA sections, 2 Embassies	73.6
<b>Ministry of Health and Care Services</b>	2 MFA sections	23.8
Norwegian Institute of Public Health	1 Norad section	68.3
Norwegian Directorate of Health	1 MFA section	36.6
The Norwegian Radiation and Nuclear Safety Authority	1 MFA section	25.0



Table 2.5 Management units and recipient agencies. Disbursements from MFA through central government institutions

<b>Ministry of Justice and Public Security</b>	3 MFA sections	22.8
Norwegian Directorate for Correctional Services	1 MFA section	31.6
National Police Directorate (incl. also Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime - Økokrim)	3 MFA sections	287.9
Norwegian Courts Administration	1 MFA section	10.1
Directorate for Civil Protection and Emergency Planning	1 MFA section	100.6
Norwegian Rescue Services	1 Embassy	0.3
<b>Ministry of Petroleum and Energy</b>	1 Norad section, 1 Embassy	31.0
Norwegian Petroleum Directorate	1 Norad section, 1 MFA section	44.9
The Norwegian Water Resources and Energy Directorate (NVE)	1 MFA section, 1 Norad section, 3 embassies	160.9
<b>Ministry of Defence</b>	4 MFA sections	54.3
Norwegian Defence Research Establishment	1 MFA section	2.0
<b>Ministry of Children and Families</b>	1 Norad section	0.4
Ombudsperson for Children	1 MFA section	1.6
The Norwegian Directorate for Children, Youth and Family Affairs	2 Norad sections	7.6



Table 2.5 Management units and recipient agencies. Disbursements from MFA through central government institutions

<b>Ministry of Culture</b>	1 Norad section	0.1
Arts for Young Audiences Norway (“kulturtanken»)	3 embassies	10.1
Norwegian Literature Abroad	1 MFA section	0.2
Norwegian Film Institute	1 MFA section	14.9
<b>Ministry of Transport</b>	1 MFA section	3.1
Norwegian Public Roads Authority	1 Norad section	0.1
The Norwegian National Coastal Administration	1 Norad section	17.2
<b>Ministry of Local Government and Modernisation</b>	1 MFA section	12.7
Statsbygg (the government’s building commissioner, property manager and developer)	1 MFA section	110.8
Norwegian Mapping Authority	4 MFA sections	91.5
<b>Ministry of Agriculture and Food</b>		(none)
Norwegian Institute of Bioeconomy Research	1 Norad section, 2 Embassies	37.7
<b>Ministry of Labour and Social Affairs</b>		(none)
Petroleum Safety Authority Norway	1 Norad section	14.1
<b>Total</b>		4 174

Findings from the tables above are illustrated through two figures showing the flows from MFA to the Research Council and to the Ministry of Justice and its subsidiary and affiliated institutions.<sup>5</sup>

Figure 2.4 Disbursements from MFA's aid budget to the justice sector (NOK million, 2016-2020)

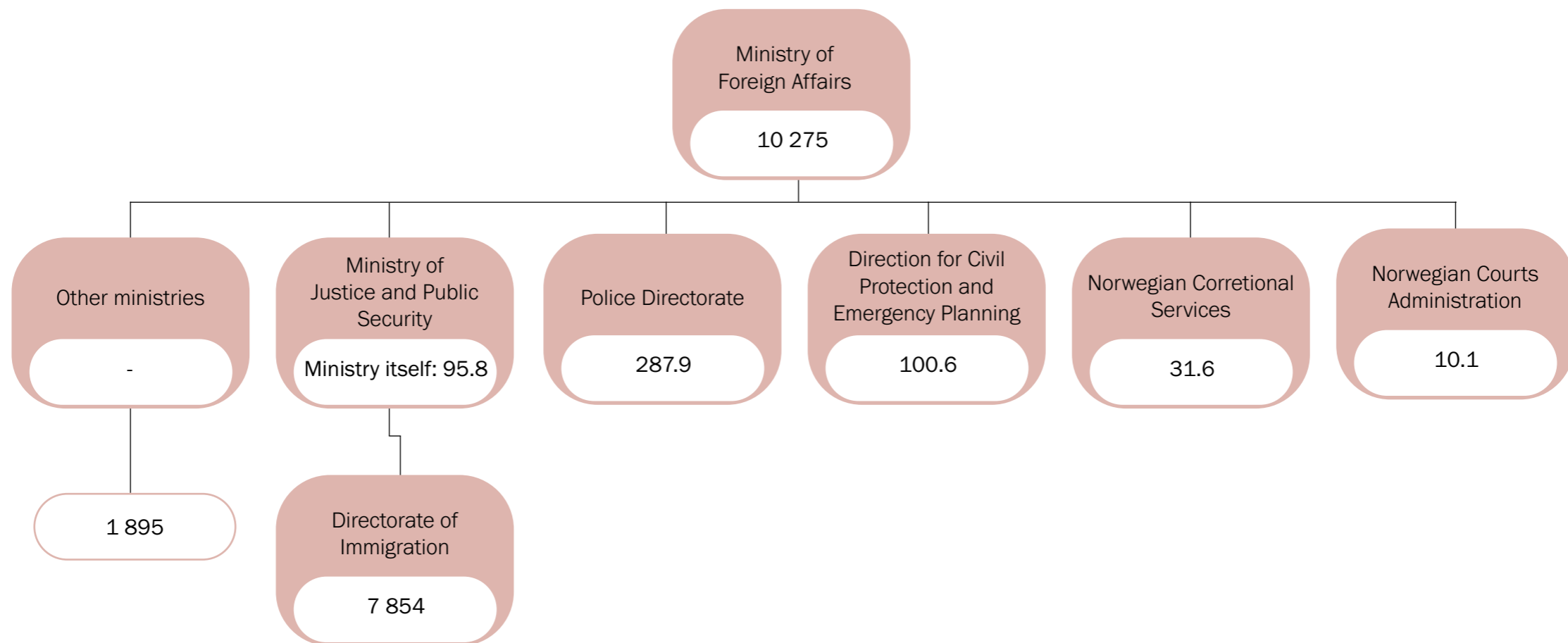
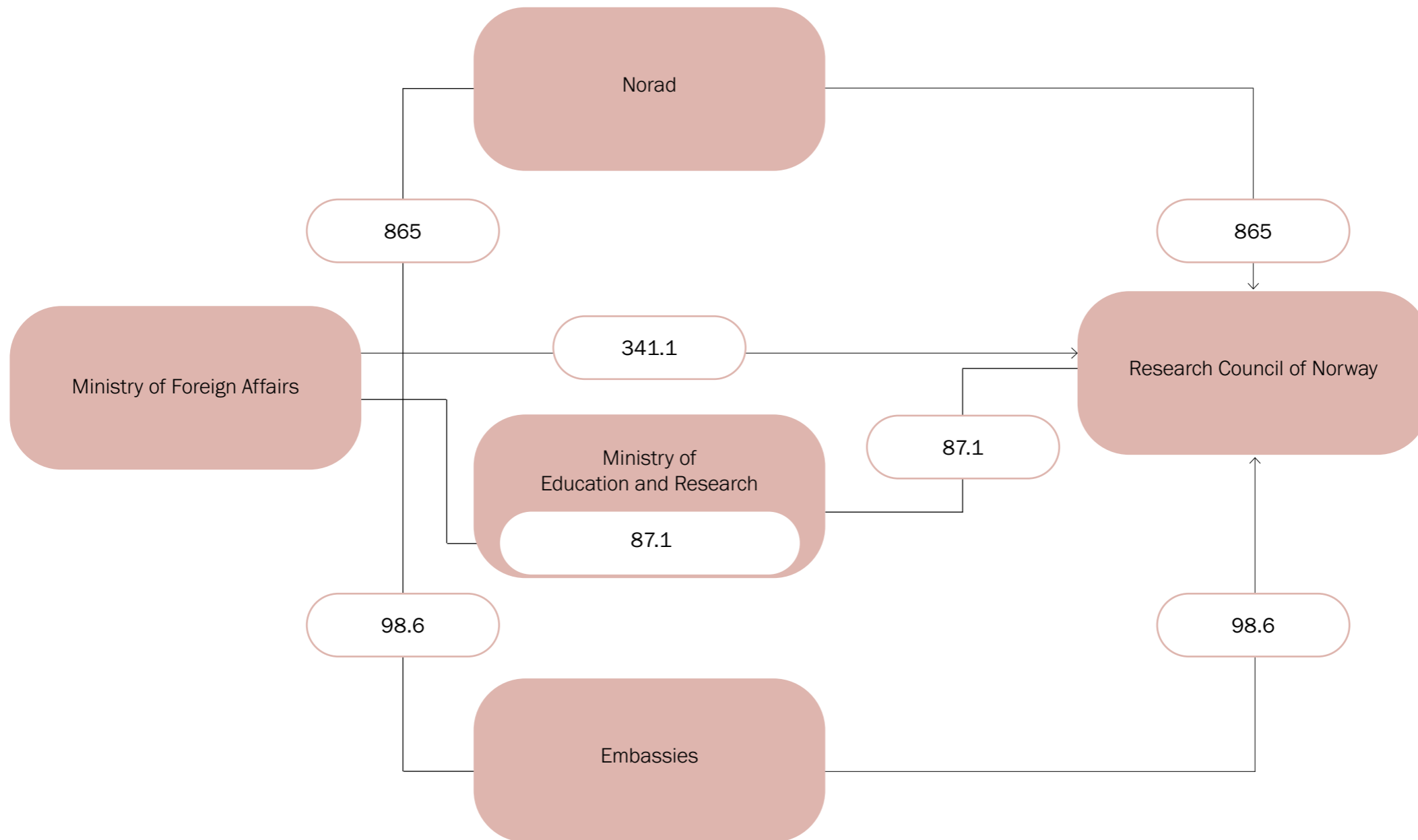


Figure 2.5 Disbursements from MFA's aid budget to the Research Council (NOK million, 2016-2020)



The tables above are based on direct transfers from MFA's ODA budget to other central government institutions. There are examples of recipient institutions (mainly ministries) transferring funds received from MFA to other government agencies not appearing in the list above. The most significant examples are related to refugees in Norway with both the Justice, Education and Children and Family ministries transferring funds from MFA to the Directorate of Immigration. Furthermore, there are also examples of central government institutions transferring funds to lower levels of government. The Directorate of Immigration will transfer funds to authorities at the local level. Another example is the Ministry of Health which implements an MFA-funded project in Ukraine through Norwegian regional health authorities and hospitals.

There are two other dimensions of MFA disbursements to other public institutions not captured in the ODA statistics. One is funds transferred to Norwegian government institutions via international organisations or institutions in developing countries. The financial most significant example is probably the Institute of Marine Research with funding from FAO (the "Nansen" programme) and institutions in developing countries (e.g., Indonesia). This applies to several Norwegian public sector institutions, many linked to long-term institutional cooperation between institutions in partner countries and Norwegian central government

institutions (e.g., within statistics and energy).

The other dimension is the use of other government institutions without any transfer of funds involved. A main example here is the relations between MFA and the Prime Minister's Office related to the global health programme. MFA's global health ambassador was based at the Prime Minister's Office until 2018. He had a strong influence in shaping and implementing MFA's ODA-funded global health programme although there are no financial transfers capturing this in the ODA statistics. There are also several examples of MFA and Norad transferring funds directly to international organisations with the Norwegian representative on the governing structures coming from other central government institutions. One example is IMF with the Ministry of Finance and Norges Bank (central bank) being responsible for representing Norway's position, while the Norwegian ODA contributions are provided directly from MFA to IMF. Another example is the Montreal Protocol on the Ozone Layer where Norad provides the funding for the Protocol's Fund, while Norway is represented on the Board through the Norwegian Environment Agency. In general, the Ministry of Climate and Environment and the Directorate of Environment represents Norway in several multilateral institutions on climate and environmental issues. The expenses related to this may be covered by MFA, but the financial support to these institutions may

be dispersed directly from MFA or Norad to these institutions.

Of the more than 50 government ministries and institutions receiving development aid funds (beyond the refugee allocations), 21 have received more than NOK 50 million in the period, and 12 have received more than NOK 100 million. The major disbursements to the Institute of Marine Research and Statsbygg are mainly one-off funding for construction of the research vessel Dr Fridtjof Nansen and the Svalbard Global Seed Vault.

The NOK 4 billion disbursed to central government institutions (excluding the refugee disbursements) covers a range of ODA objectives and purposes but is dominated by three main recipients: The Research Council of Norway, The Ministry of Justice and Public Security and subsidiary agencies (all linked to deployment of Norwegian personnel), and Innovation Norway. The top three accounts for 53% of all funds disbursed from the aid budget to central government. The top 5 accounts for 65%. This is summarized in Table 2.6.



Table 2.6 Top 5 recipients, responsible managements units and volume

Recipient	Main management sections	Volume (NOK million 2016-2020)
Research Council of Norway	Mainly Norad's Section for research, but also MFA's Section for Partnership (from 2021 all disbursements are managed from MFA)	1 395.5
Justice sector (deployment)	Several sections in MFA's Department for Security Policy and the High North and the Humanitarian section in the Multilateral Department	452.7
Innovation Norway	Humanitarian section in MFA and Norad's Section for innovation and research	300.4
Norwegian Agency for International Cooperation and Quality Enhancement in Higher Education	Norad's Section for research and MFA	265.5
Ministry of Climate and Environment	MFA Department for Sustainable Development	240.8
Others		1 519.0
	<b>Total</b>	<b>4 174.0</b>

Several sections in MFA (more than 15) and Norad (more than 10) as well as more than 10 embassies are listed in Norwegian aid statistics as responsible management units in channelling funds to central government institutions. A notable observation is also that there are numerous examples of one institution receiving funds from several sections within both MFA, Norad and from embassies (the "biggest" in terms of number of management units are Statistics Norway

and the Research Council). It is also noticeable that one programme/intervention channels funds to several different government institutions (such as Norad's "Oil for Development" programme).

MFA manages many of the larger amounts and disbursements related to research; climate and environment; humanitarian aid; and bilateral projects in Ukraine and West Balkans. Most agreements (individual

disbursements) are managed by Norad. Many are linked to programmes in partner countries through the Knowledge Bank, but also related to research and innovation.

These data do not in themselves tell us how these central government institutions are used and how the financial flows are managed, and results reported. This we will turn to in the next chapter.

## How is central government used?

In examining the characteristics, the management and reporting mechanism we first need to look at the legal and management frameworks for disbursing flows to other ministries and subordinate and affiliated agencies.

### Delegated budget and management responsibilities, assignments, and grants

Government rules and guidelines provide the regulatory framework for the financial flows between ministries and between ministries and subsidiary and affiliated institutions falling under other ministries. A main division relevant for our mapping is the distinction between delegated budget responsibility (“delegert budsjettansvar”) through reimbursements, appropriation, and debit authorisation, on the one hand, and grant agreements, on the other.

The annual appropriation letter (“tildelingsbrev”) between a ministry and a subsidiary agency is a main mechanism in the government’s Regulations on

financial management in central government (“Statens Økonomiregelverk”)<sup>6</sup>. These letters can also be used in relation to agencies under other ministries. In such cases it shall be aligned and coordinated with the Ministry which has the administrative responsibility (“etatsstyrer”)<sup>7</sup>. The main examples of this in our study are – as we shall see below – appropriation letters from MFA and Norad to the Research Council of Norway (with the Education Ministry as the administrative responsible agency) and the appropriation letters from MFA to the Norwegian Police Directorate (with the Ministry of Justice as the administratively responsible entity). The appropriation letter describes purpose and objectives, provide procedures for reporting, and regulate governing and consultative meetings (“styringsmøter”, “samordningsmøter”).

There is also another type of delegated budget responsibility identified in “Økonomiregelverket”: management through debit authorisations (“belastningsfullmakter”). Such authorisation is an annual delegation of authority to other ministries and subsidiary/affiliated agencies. They are authorised to debit an account and charge the amount as expenses in the Ministry’s account.<sup>8</sup> This is a common form of transferring funds to other ministries and is, as we shall see below, widely used by MFA in transferring funds both to ministries and other central government institutions.<sup>9</sup> Transfers of unspent funds to the

next year is not permitted but may be added to the authorisation for the next year. An MFA template for debit authorisation is available. The guidelines and the template provide flexibility in the level of details that needs to be put into the authorisation.

6 Cf. Para 1.5 in Statens økonomiregelverk, «Departementet skal følge opp Stortingets vedtak og forutsetninger i det årlige tildelingsbrevet til virksomheten. Tildelingsbrevet skal blant annet inneholde a) overordnede mål med angivelse av strategiske utfordringer og satsingsområder b) styringsparametere for å kunne vurdere måloppnåelse og resultater, som skal være mest mulig stabile over tid c) tildelt beløp fordelt på kapitler og poster og beløp som forutsettes inntjent d) administrative fullmakter og budsjettmessige fullmakter i henhold til Stortingets vedtak og forutsetninger e) krav til innholdet i årsrapporten og til annen rapportering f) omtale av eventuelle evalueringer som skal igangsettes». See Ministry of Finance (2021), Reglement for økonomistyring i staten. Bestemmelser om økonomistyring i staten. Fastsatt 12. desember 2003 med endringer, senest 31. august 2021.

7 Cf also para 1.5 “Mottar virksomheten bevilgninger fra flere departementer, skal det departementet som har det overordnede administrative ansvaret for virksomheten, samordne styringssignalene. De øvrige departementene skal oversende nødvendig informasjon om bevilgningene til dette departementet.»

8 This is described in rundskriv R 111 from 2013 («Bruk av belastningsfullmakter og betalinger mellom statlige virksomheter»). It says: «Belastningsfullmakter skal brukes når budsjettfullmakter ikke kan tildeles ved delegering. Det må for eksempel brukes belastningsfullmakt når en virksomhet ønsker å gi en annen virksomhet en budsjettfullmakt. Den virksomhet som mottar belastningsfullmakt, får fullmakt til å belaste en annen virksomhets utgiftskapittel/post i sin rapportering til statsregnskapet.»

9 This is presented in MFA’s manual Grant Management Assistant (unpublished, the most recent version is a 200-page document + annexes and templates from 2021).



There is also a special and major case of transferring funds not regulated through appropriation or debit authorisation. Budget chapters and items or parts thereof may be delegated to other ministries without any formal letters from MFA but based on political decisions and communicated from the Ministry of Finance to MFA in the budget process and appropriated in the budget proposal. The other ministries are then refunded by MFA. The main and major example is the NOK 10 billion relating to hosting refugees in Norway, but it is also evident in mandatory contributions (“pliktlige bidrag”) to international organisations and international conventions managed by other ministries.<sup>10</sup> Compared to other ministries this is probably more predominant in the case of MFA due to the nature of official development assistance and reporting requirements to OECD’s Development Assistance Committee.

The transfer of funds outlined above are all various ways of transferring funds to central government linked to a service rendered, often as providing funds to a third party in the form of grants. As such it represents a kind of delegated administration. The templates for this (appropriation and debit authorisation) may also be replaced by an annual assignment letter (“oppdragsbrev”). A template for this also exists through the Grant Management Assistant, but the team’s impression is that this template is not much used. Debit

authorisation is the preferred option in the use by other central government institutions examined in this study. Common to all guidelines and templates are that they are annual and that they can only be issued formally by MFA – not by Norad as a subsidiary agency. Such annual assignments can be linked to or refer to a multi-year agreement or project document but transfer of funds can only be done through annual letters.

The other type of use examined in this study is regulated through grant agreements (“tilskudd”). They are, by contrast, more like a gift where MFA or Norad supports a project that is initiated and implemented by another central government institution. Unlike assignments, the recipient in these cases is the owner and responsible for implementation. Grant agreements may typically also be multi-year agreements. Norad and MFA have a range of grant schemes linked to individual budget chapters. For most, but not all schemes, there is a grant scheme rule (“ordningsregelverk”) with provisions that regulate the main elements of the grant scheme and operationalise the guidelines set out in Parliament’s appropriation relating to the budget chapter.<sup>11</sup>

The rule and guidelines for grant agreements are based on the general rules for grant management in the public sector.<sup>12</sup> However, these guidelines are developed primarily in relation to recipients outside

the public sector. MFA (through the Unit for Grant Management) has developed further guidelines and templates for assessments, decision documents and agreements/contracts proposed by Norad’s Section for Grant Management. This is summarised and available in an expanding Grant Management Assistant manual (see note 9 above). Various templates are available, but there is no specific template available for grants to central government or public sector institutions. There are four types of grant management regimes in the Grant Management Assistant, of which Regime 1 (“project support”) and to some extent Regime 3 (“small scale support”) are applicable to the use of

<sup>10</sup> This is also specifically mentioned in para 6.4.2 in Økonomiregelverket: “Det vil forekomme tilfeller der enkelte av disse bestemmelsene ikke er aktuelle ut fra tilskuddsbevilgningens karakter ... b) For tilskudd som staten gir som medlem av en internasjonal organisasjon, etter avtale med andre land om samarbeidstiltak eller etter avtale med internasjonale frivillige organisasjoner, gjelder ikke kravene til ... utforming av tilskuddsbrev».

<sup>11</sup> The different grant schemes and rules are available from <https://www.norad.no/tilskudd/sok-stotte/regelverk-for-norads-tilskuddsordninger/>. See also MFA and Norad’s grant portal <https://grants.mfa.no/#home/info> and the main unpublished Grant Management Assistant (note 10 above).

<sup>12</sup> See more on the general rules and guidelines for grant management at the website of the Norwegian Agency for Public and Financial Management (DFØ). See section on “tilskuddsforvaltning” at <https://dfo.no/fagomrader/tilskuddstatsregnskapet>.





grant agreements in relation to the public sector. Each of these regimes has a set of rules and guidelines (mandatory and relevant criteria) linked to assessments, reporting, follow-up, and quality assurance, including minimum requirements for decision documents.

Grant agreements is the most common management regime in Norad's disbursement to and use of central government institution – including where the disbursements are more linked to assignments (“oppdrag”). There are, however, as we shall see below, several disbursements from MFA to other central government institutions provided through grant agreements.

There are also disbursements and use of other central government institutions that are procurements and linked to acquisition of goods and services (“driftsanskaffelser”). Procurements will not be covered in our statistics on ODA disbursements but may be found under administrative costs or not classified as ODA. These relations – believed to be financially insignificant – are beyond the scope of this study.

There is, however, one dimension which falls within our study: the use of other ministries and subordinate and affiliated agencies as providers of technical assistance

(“faglig bistand”). If this is linked to providing technical assistance to developing countries it will primarily be covered through grant agreements or through a letter of assignment. This is perhaps best illustrated as we shall see below in the case of Norad's Knowledge Bank and its use of central government institutions.

#### Box 3.1 Terminology – English and Norwegian terms

Appropriation letter*	Tildelingsbrev
Debit authorisation	Belastningsfullmakt
Grant	Tilskudd
Grant scheme	Tilskuddsordning
Grant Scheme Regulations	Ordningsregelverk
Letter of assignment	Oppdragsbrev
Regulations on Financial Management in central government	Statens Økonomiregelverk

*\*This is termed allocation letter in the Grant Management Assistant*

The Norwegian aid statistics do not provide information about the management regime governing the disbursements mapped. The statistics provide in most cases data on the responsible management unit – the department, section or embassy that allocates the funds and manage the follow-up – as well as the grant manager (the person responsible for a specific disbursement). We cannot deduce from the statistics which disbursements are based on reimbursements, appropriation, debit authorisation, assignment, or grant agreements. We consulted the main budget proposals from MFA (St. prop 1S) and the main ministries as well as annual reports from the main subsidiary and affiliated agencies identified in Table 2.5. Those documents give some indication, especially in relation to reimbursements but not sufficient details. MFA's annual accounts (“årsregnskapet”) identifies all debit authorisations (“belastningsfullmakter”). Based on information from these accounts the team prepared Table 3.1 which lists all debit authorisations, budget source and recipient government institution per year in the period reviewed.

Table 3.1 Debit authorisation from MFA 2016-2020 (NOK 1000)

Budget Chapter	Recipient institution	2016	2017	2018	2019	2020
<b>Adm. Costs</b>	Innovation Norway				3 646***	3 992***
<b>Humanitarian aid</b>	Ministry of Justice					
	Directorate for Civil Protection and Emergency Planning	52 408*	27 014*	16 849	15 643	31 281
	Directorate of Health					
	Innovation Norway			22 740	31 340	34 395
<b>Regional grants (and other grants from 2016-2018)</b>	Ministry of Defence	958	1 436	485	848	
	Ministry of Defence	4 593	4 899	894	2 358	1 537
	Ministry of Health			577	7 297	4 500
	Ministry of Health			1 657		
	Directorate of Cultural Heritage				1 609	2 935
	The Norwegian Radiation and Nuclear Safety Authority					25 000
	Norwegian Petroleum Directorate					685
	Public Protector		682	1 381		
	Ombudsperson for Children	1 868*				
	Ministry of Defence		20 861*	3 133		
	Ministry of Climate and Environment			4 400		
	Directorate of Cultural Heritage			213		
	Ministry of Children and Families			213		
	Directorate for Children, Youth and Family Affairs			634		
	Ministry of Trade, Industry and Fisheries	22 055				



<b>Climate, Environment and Oceans</b>	Directorate of Environment			2 000	2 000	
	Institute of Marine Research**	18 305	250 217	6 121		
	Statsbygg**			65 000	45 800	
	Directorate for Civil Protection and Emergency Planning			220****	345****	99****
	Ministry of Trade, Industry and Fisheries					10 023
	Ministry of Climate and Environment		2 200	1 788	30 164	30 000
	Ministry of Climate and Environment				20 300	26 808
<b>Education</b>	Ministry of Education and Research	16 400	16 900	17 400	17 900	18 500
<b>Health</b>	Ministry of Health				5 900	824
<b>Number of assignment letter and total volume from MFA's 03 budget</b>		9	12	18	14	14
		116 587	324 209	145 705	185 150	190 579
<b>Number of assignment letters and total volume from MFA's 02 budget</b>		7	21	20	21	20
		159 226	168 719	179 402	196 224	160 179

Note: \*In a few cases the accounts do not provide breakdown of amounts for each authorisation, but only total volume from each chapter/item (applies to four amounts in 2016 and 2017).

\*\*The large amounts to the Institute of Marine Research and Statsbygg are all for construction activities related to, respectively, the research vessel Dr Fridtjof Nansen and the Svalbard Global Seed Vault.

\*\*\*The administrative grants to Innovation Norway in 2019 and 2020 are part of the authorisation providing funds for the Humanitarian Innovation Programme but from a separate chapter/item.

\*\*\*\*These amounts are included in the debit authorisation from MFA's humanitarian section to DSB.

Source: The table is based on the 2016-2020 annual accounts ("Årsregnskapet") from the Ministry of Foreign Affairs (available from <https://www.regjeringen.no/no/dep/ud/dep/regnskap/id2401198/>). It is based on information provided in Note B in the accounts. Note that there was a major change in the budget structure as from 2018. The classification of budget chapter source is based on the current structure. Pre-2018 classification is done by the team. It has mainly affected the classification of regional grants in this table. Authorisation with a country focus has been classified as coming from a regional grant even if funding is sourced from another or global budget chapter pre-2018. The bulk of the debit authorisation from regional grants are focused on ODA-eligible countries in Eastern Europe and Central Asia (primarily Ukraine and the West Balkans).



Table 3.1 identifies a total of 67 debit authorisations issued to six ministries and 11 subsidiary and affiliated agencies from MFA's O3-chapter lines/items.<sup>13</sup> Most of them derive from regional or related budget chapters for projects in Ukraine and the West Balkans; from climate and environmental budget chapter/lines/items; and from humanitarian budget chapters. From Table 3.1 we also note there is even a larger number of debit authorisations from MFA's non-aid budget chapters (the "O2" budget).

The data from Table 3.1 allows for an approximate breakdown of the NOK 4 billion to central government according to reimbursement, appropriations, debit authorisation, assignment, or grants. It is not possible to distinguish between assignment letters (only from MFA) and grant agreements (from MFA and Norad). We are not aware of formal letter of assignment with the debit authorisation being the preferred option in cases where a formal letter of assignment could have been used. This is summarised in Table 3.2.

<sup>13</sup> Note that the actual number of debit authorisations are lower, with in some cases the delegated amount from different chapter items to the same institution are brought together in one authorisation letter. Where known this is mentioned in the notes to Table 3.1.

Table 3.2 Disbursements according to reimbursements, appropriations, assignments, and grants

Management framework	Volume (NOK million, 2016-2020)	Percentage
Reimbursements (refusjon)	95.7	2.4
Appropriations (tildelingsbrev)	1 500.0*	37.5
Debit authorisation (belastningsfullmakt)	963.0	24
Letter of Assignments (oppdrag) and Grant Agreements (tilskudd)	1 615.5*	36
<b>Total</b>	<b>4 174.2</b>	<b>100</b>

Note: \*Estimated figures.

To collect further data on how delegated budget authorities and grant agreements are used, the team selected cases that would be expected to show the variety in management and reporting practices and the role of the different management regimes. In addition, we examined the large disbursements intended to cover costs related to refugees in Norway.

We selected six cases that account for more than half of MFA's disbursements to central government (excluding allocations to refugee costs within Norway). They have not been selected based on strict criteria, but because they represent all the expected significant dimensions emerging from the mapping. The cases cover all identified examples of delegated authority from MFA to other ministries (as reported in St. Prop 1); it is representative of funding through the identified debit authorisations; the main bigger grants; the main strategic effort to mobilise added value of Norwegian public sector (Norad's Knowledge Bank); and a main example of the use of technical assistance from central government to MFA/Norad ("oil for development"); a wide variety of responsible management units within MFA/Norad; and a similar variety of ministries and subsidiary agencies. These cases are expected to allow for a strong mapping of the varieties in

managing disbursements from MFA's aid budget to central government institutions and how results are documented.

These cases may not fully capture lessons from some examples of major use of central government institutions. This includes the ODA-funded long-term institutional cooperation between Norwegian public sector institutions and their counterparts in developing countries; MFA's relationship with the Ministry of Climate and Environment; and MFA's and Norad's disbursement to the Norwegian Agency for International Cooperation and Quality Enhancement in Higher Education – a subsidiary institution under the Ministry of Education and Research.

The six selected cases are presented in Table 3.3.



Table 3.3 Case studies

Cases	Recipient	Responsible management units	Volume (NOK million)
Deployment of personnel from the justice sector	Ministry of Justice and Public Security Norwegian Directorate for Correctional Services National Police Directorate Norwegian Courts Administration Directorate for Civil Protection and Emergency Planning	MFA Sections Middle East; South East Europe; Eastern Europe and Central Asia; Global Security and Disarmament; Security Policy and North America; Peace and Reconciliation; and Humanitarian Affairs	452.5
Innovation Norway	Innovation Norway	MFA Section Humanitarian Affairs Embassy Sarajevo Norad Sections Private Sector Development; Research, Innovation and Higher Education; and unspecified	299.9
Research Council of Norway	Ministry of Education and Research Research Council of Norway	MFA Sections Latin America; East Asia and Oceania; Eastern Europe and Central Asia; South East Europe; Partnership, Good Governance and Development Financing; Humanitarian Affairs, Embassies New Dehli Pretoria Norad Sections Private Sector Development; Research, Innovation and Higher Education; and unspecified	1356.30



Health	Ministry of Health and Care Services <a href="#">Norwegian Institute of Public Health</a> <a href="#">Norwegian Directorate of Health</a>	Norad <a href="#">Global Health</a> MFA Sections <a href="#">Humanitarian Affairs;</a> <a href="#">Eastern Europe and Central Asia;</a> <a href="#">Latin America</a>	128.7
Oil for Development	Ministry of Finance <a href="#">Office for Petroleum Tax</a> <a href="#">Statistics Norway</a>  Ministry of Climate and Environment <a href="#">Norwegian Environment Agency</a>  Ministry of Petroleum and Energy <a href="#">Norwegian Petroleum Directorate</a>	Norad <a href="#">Oil for development</a> Embassy <a href="#">Khartoum</a>	4.7 57.3 72.8  134.8
Funding for UN agencies and multilateral institutions	Earmarked funding through the Ministry of Justice and Public Security  Core funding and mandatory contributions through five government ministries to 11 multilateral institutions	MFA <a href="#">Finance Section</a> <a href="#">Human and Financial Services Department</a> MFA <a href="#">Budget unit</a> <a href="#">Multilateral Department</a>	42.1 95.7  137.8



In Annex 2 we have summarised our findings from each case which forms the basis for the discussion and overall findings below.

## How are disbursements managed?

We have summarised the formal management frameworks – through delegation via appropriation, debit authorisation or reimbursements, and through

grant agreements – in the table below. These frameworks include formal requirements for reporting and periodic/annual meetings between the responsible management unit and the recipient. The tabular summary is based on the six selected cases as well as the special case of refugees in Norway.

Table 3.4 [Management frameworks](#)

	Refugees in Norway	Deployment through justice sector	Innovation Norway	Research Council of Norway	Health	Oil for Development	Multilateral Organisations
<b>Type of agreement</b>	Reimbursements	Appropriation letter (MFA to police); debit authorisation (MFA to DSB); grant agreement (MFA to Correctional Services, and MFA to DSB)	Debit authorisation (MFA); grant agreement (Norad)	Appropriation letter (MFA and Norad); debit authorisation (MFA to Education Ministry)	Debit authorisation (MFA) Grant agreement (Norad)	Grant agreements	Reimbursements
<b>Reporting requirements to MFA/Norad</b>	None	Yes	None (MFA) Yes (Norad)	Yes (appropriation letter) None (debit authorisation)	Yes	Yes	None
<b>Periodic, annual meetings</b>	None	Yes None for disbursement to DSB	None (Norad) None (MFA)	Yes None for debit authorisation	Yes	Yes	None

Several observations and findings can be made from the cases studies and the tables above.





## Reimbursements

The first is the predominance – in financial terms – of the mechanism of reimbursements. In these cases, the role of the MFA is limited to ensuring that other ministries are reimbursed from relevant chapter items in MFA's O3 budget. The management, reporting on finance, activities and results are done by the ministries receiving these funds. The reference to this requirement is explicit in MFA's annual budget proposal (St. Prop. 1). The dominance of these types of reimbursements are explained by the large budget allocations to cover the costs of refugees channelled from MFA to the Ministries of Justice; Education; and Children and Families. These reimbursements amounted to nearly NOK 10 billion in the period. Following a political decision (prior to our evaluation period) expenditures related to the costs of hosting refugees in Norway were funded from the ODA budget. Technically, a committee ("beregningssgruppen for utlendingsforvaltningen" - BGU) in each budget round prepares a prognosis of expected needs.<sup>14</sup> This is submitted, through the Ministry of Justice, to the Ministry of Finance which instructs MFA to set aside the required amount in budget chapter 179 ("flyktningetiltak i Norge"), item 21 ("spesielle driftsutgifter"). MFA is not directly involved in this process but refunds the other ministries from budget item 179.21 to the relevant budget chapters in the three other ministries (and the ODA reported

component will be a contribution to the income of these budget chapters).<sup>15</sup> Note that the budget structure changed in 2018 and the numbering of budget chapters and items were different before 2018.

However, the team also found that a small proportion of the reimbursements from MFA's allocation for refugees in Norway is spend on projects in developing countries and other countries of origin of the refugees. A main allocation from budget item 179.21 is for the Ministry of Justice' budget chapter 490 ("Directorate of Immigration"). This contains item 72 ("Internasjonalt migrasjonsarbeid, og assistert retur og reintegrering i hjemlandet") which also provides funding for projects, inter alia, related to migration management in developing countries such as Somalia.<sup>16</sup> Support to migration management abroad emanates from the Ministry of Justice and its Section on Migration and Refugees in the Department of Migration, disbursed from Ch. 490 (the Directorate of Immigration) and item 72 (cf. case 6 in Annex 2).

The other example of such reimbursements in our sample is the much smaller amounts (NOK 95.7 million) channelled to several ministries in response to mandatory contributions to multilateral agencies and international conventions. The bulk of these funds are for the Ministry of Climate and Environment. Most of these disbursements (reimbursements to other

ministries) go (from 2020) through MFA's Budget unit in the Multilateral Department.<sup>17</sup> The number of ministries being refunded through this process has expanded in the period. See more on this in Annex 2.

<sup>14</sup> The Ministry of Justice and Public Security is responsible for the BGU that includes members from all ministries and directorates involved. The Directorate of Immigration acts as secretariat. The group meets quarterly and provides an updated estimate of the number of refugees. See the presentation in Norad Evaluation Department (2017), The use of the development aid budget for refugees in Norway, Oslo (Background Note 1/2017).

<sup>15</sup> Information derived from the budget documents from MFA and the three ministries as well as communication from MFA's Finance Section in the Human and Financial Services Department (email to the team from the policy director in the Section, 25 August 2021).

<sup>16</sup> The formulation in the Ministry of Justice' Prop. 1 S (2020 –2021): «prosjekt som støtter opp om dialog og forhandlingar med viktige opphavs- og transittland og om velordna, trygg migrasjon, blant anna returavtaler, retursamarbeid og styrking av migrasjonsforvaltninga i opphavs- og transittland. Det kan bli gitt slike prosjektilskot til tiltak i land Noreg har, eller ønskjer å ha retursamarbeid eller migrasjonspartnerskap med» (the quote is from p. 186).

<sup>17</sup> In the case of mandatory contributions to UNEP and the Montreal protocol the Budget unit in MFA's Multilateral Department described the process as follows: «De pliktige bidragene til UNEP og Montreal-protokollen utbetales av Klima- og miljødepartementet over kap. 1400 post 71 Internasjonale organisasjoner. KLD sender deretter et samlet refusjonskrav til Utenriksdepartementet for ODA-andelen for ODA-godkjente organisasjoner. Refusjonen fra UD posteres av KLD på kap. 4440 item 03 Refusjon fra Utenriksdepartementet (inntektspost), og utgiftsføres av UD over kap. 151 post 74 Pliktige bidrag FN-organisjoner mv.» Email communication to the team, 27 August 2021, from senior advisor in the Budget Unit.



Common to all these reimbursements is that there is no direct management involvement or responsibility by MFA except the transfer of funds. The recipient ministry is responsible for reporting through their own budget proposal to Parliament and to enter the expenses in the government accounts (“statsregnskapet”).

## Appropriation letters and debit authorisations

Appropriation letters (“tildelingsbrev”) and debit authorisations (“belastningsfullmakter”) are the most common formats in MFA’s use of or disbursement to other central government institutions. However, the practice in selecting what type (letter), how they are used and the requirements and specifications regarding how the funds should be used and reported, varies.

The team identified three appropriation letters. We believe that there are no more in our evaluation period. The appropriation letters are in relation to subsidiary institutions of other ministries: the Research Council of Norway and the Norwegian Police Directorate (see case 1 and 3 in Annex 2 for presentation). There are two appropriation letters per year to the Research Council covering disbursements from MFA’s O3 budget – one from MFA and one from Norad. They covered different projects (additionally, the appropriation letter from

MFA also covered funding from MFA’s O2 budget), but the regular dialogue and meetings (“styringsdialog”) between MFA, Norad and the Research Council were joint meetings. The management and reporting are aligned with the guidelines from the Education Ministry which has the administrative responsibility (as “etatsstyrer”) for the Research Council. In 2021 it was decided, following a request from NFR, to give MFA full responsibility with only one appropriation letter provided, and with Norad’s role being restricted to providing professional advice. See case 3 in Annex 2 for details.

The appropriation letters from MFA to the Police directorate are very different. In fact, they are technically not appropriation letters as defined in “Statens Økonomiregelverk” but could rather be described as annual assignment letters (“oppdragsbrev”) with funds being transferred to the Police directorate based on specific deployments. However, the process around the disbursement makes it comparable to an appropriation letter. It involves the Ministry of Justice (through the police department) including periodic meetings (“samordningsmøter”) between the responsible management unit in MFA, the police department in the Justice ministry and the police directorate. In 2020 it was also decided to turn the annual assignment/appropriation into a formal appropriation letter with effect as from 2021. At the

same time this appropriation letter is also de facto a “tripartite” agreement between MFA, the Ministry of Justice, and the police directorate (see case 1 in Annex 2 for details).

Annual debit authorisation is another common format for transferring funds from MFA to other central government institutions. From Table 3.3 and the case studies (1, 2, 3 and 4) in Annex 2 several findings can be made. Most debit authorisations are from regional or related budget chapters for projects in Ukraine and the West Balkans; from climate and environmental budget chapters; and from humanitarian budget chapters items. Debit authorisations are annual letters, but we note that most cover multi-year or ongoing activities. The main exemptions are the debit authorisations related to the construction of the research vessel Dr Fridtjof Nansen (debit authorisations to the Institute of Marine Research) and the Svalbard Global Seed Vault (debit authorisations to Statsbygg). We also learned from interviews that debit authorisations are seen as a very flexible and easy mechanism for transferring funds from MFA to other ministries and subsidiary agencies.



We found variations in how the debit authorisations are formulated with regard to reporting requirements and annual meetings. The guidelines from the Grant Management Assistant and MFA's template for debit authorisation allow for flexibility related to formal meetings and reporting if certain minimum requirements are met.

We have not come across any formal letter of assignment in our mapping. Debit authorisation seems to be a preferred mechanism.

## Grant agreements

Grant agreements are used for all other disbursements identified in the mapping of financial ODA flows in the previous chapter. This implies that there are several grant agreements also in the case of MFA, but in our cases, there is only one from the Ministry itself: support to Correctional Services for a project in Ukraine. We do not have sufficient data to conclude about the disbursements from embassies but note that funding in most cases appears to be provided through grant agreements.

Most disbursements from Norad to ministries and subsidiary and affiliated agencies are project support through grant agreements and in most cases through

multi-year agreements. This applies also to all agreements with central government institutions under the various programmes in Norad's Knowledge Bank. The main identified exception to the use of the grant agreements by Norad is the appropriation letter to the Research Council (shifted to MFA as from 2021).

Many of these grant agreements could, however – judging by their purpose – be better described as assignments (“oppdrag”), although they cover a wide variety of assignments. There are no specific templates for grant agreements in relation to public sector institutions, but the Grant Management Assistant lists several mandatory and relevant criteria linked to management, assessments, reporting, follow-up, and quality assurance (see introductory chapter section above). The grant agreements examined are adapted from the guidelines for grant management and adjusted to the purpose of the grant. In theory, there is a major difference between an assignment (using a public sector institution to provide a service, often through a third party) and a grant (where the public sector institution is the owner and responsible for implementation). In practice, the distinction is less clear.

The grant agreements reviewed typically provide for annual meetings, regular dialogue, and reports about project objectives. This is also the case for the Ukraine

project with Correctional Services from MFA (case 1 in Annex 2). Norad's grant agreement with Innovation Norway does not mention any formal annual meetings, but there is much interaction and Norad is closely involved in the calls though Innovation Norway (case 2 in Annex 2).

“Oil for development” is the main case in our mapping of Norad's use of grant agreements in relation to other central government institutions (case 5 in Annex 2). These grants are mostly used to fund technical assistance from the relevant institutions. There are also other types of grant agreements in this area not properly captured through our cases. These applies in particular to long-term cooperation between Norwegian public sector institutions and their counterparts in developing countries. Contractually, Norad or an embassy may provide grants directly to an institution in a developing country which then subcontracts a Norwegian public sector institution (in such cases it will not be captured in the database of funds channelled through the Norwegian public sector). Alternatively, Norad or embassies provide grants directly to Norwegian public sector institutions which then are responsible for implementation. Main examples of this type of use of public sector institutions are Statistics Norway and the Norwegian Water Resources and Energy Directorate (NVE).



The only multi-year institutional cooperation agreement captured on our cases (outside “Oil for development”) covers the Institute of Public Health (see case 4 in Annex 2).

## Technical assistance and procurement

There is a sharp distinction between procurement (“driftsanskaffelser”) and grants/assignments in the Grant Management Assistant. The use of technical assistance from central government is potentially a grey area. In our sample, this was most evident in the case of the “oil for development” programme. The team noted that this challenge is well addressed and that it has been concluded that the primary role of using central government institutions in such programmes was technical assistance related to development purposes in the South. It is therefore not defined as procurement (see case 5 in Annex 2).

## Reporting results

The different grant management frameworks or regimes differ in their prescriptions for reporting. With respect to reimbursements there are no reporting requirements on results to MFA or prescriptions to do so. This is done by the institution being reimbursed. They will,

in accordance with the general rules, do this through reports from the relevant ministry to Parliament, or by subsidiary or affiliated institutions to the relevant ministry. This may not necessarily include specific reference to the ODA grant or ODA purposes. The MFA support about migration management in Somalia illustrates this. The funds for the construction of the headquarters of the Somali migration authorities (completed in 2021) through UNOPS was provided by MFA’s O3 budget through contracts with UNOPS, each providing about four million. Two contracts were funded from Ch 179.21 (Refugees in Norway) via the Ministry of Justice, and one from Ch. 151.72 (Stabilisation of countries in crisis) via the Embassy in Nairobi. Each Ministry reports on the respective grants in the 2021 budget report from each Ministry to Parliament but does not make any reference to the grant. The Ministry of Justice does not make specific reference to the completion of the construction in its 2021 report but reports on the overall grants for support to migration management in Somalia (see case 6 in Annex 2).

The appropriation, debit authorisation and grant agreements in our cases vary in their prescriptions for reporting and in how the funding flows are managed. This is in our case studies perhaps most evident in the disbursements to the Ministry of Justice and its subsidiary institutions. This includes all grant management regimes identified in this study, including

through reimbursements in relation to refugees, appropriation letters in relation to the police directorate, debit authorisations in relation to DSB and grant agreements in relation to the Correctional Services and DSB. Generally, the annual debit authorisations formally only require progress reports but not reporting on achievements for multi-year activities. There are firm attempts to emphasise the need to align with ODA objectives and crosscutting objective in Norwegian aid and to report on these. There are also examples of MFA not accepting expenditures suggested by the recipient because they did not conform to ODA requirements (see case 1 in Annex 2).

We expected that multi-year grant agreements would give more attention to monitoring, dialogue, and reporting. This is also true, especially about implementation in developing countries, but also in the major disbursements to the Research Council. The actual differences in our cases are less pronounced. The support from MFA (debit authorisation) and from Norad (multi-year grant agreement) to Innovation Norway for similar purposes is guided by different prescriptions for reporting, but the actual reporting from Innovation Norway to both is similar. The dialogue and interaction relating to MFA’s Humanitarian Innovation Programme is, according to interviews, very close and interactive – despite the absence of formal prescriptions in the debit authorisations.



Under the programme an independent mid/end-term review of the pilot has also been carried out – based upon a proposal from Innovation Norway and funded through the administrative component in the debit authorisations (see case 2 in Annex 2).

The cases do suggest that management, monitoring, and reporting are more challenging in cases where other central government institutions are responsible for implementation in developing countries although our cases are too few to allow firm conclusions. In our cases the challenges are illustrated in the implementation of the Norwegian Institute of Public Health's projects in Malawi which required intervention and changes in project implementation. This was also facilitated by a multi-year grant agreement which made monitoring and addressing long-term goals through adjustments easier (see case 4 in Annex 2).

We also note that the debit authorisations from the humanitarian budget chapter contain less information on reporting requirements and do not formally provide for regular meetings between the responsible management unit and the recipient institution. That also applies to the debit authorisation from the education/research budget chapter to the Education Ministry for core funding to a research institute through the Research Council (see case 1, 2 and 3 in Annex 2).

The general impression from the cases, confirmed through several of the interviews, is that the central government institutions are very focused on the operational activities and report on these. For several of the progress reports it is not always clear to what extent they will contribute to achieving expected results or able to adjust implementation to improve the ability to reach the planned results. External reviews appear important in our cases – both with respect to Correctional Services and the Institute of Public Health. We must emphasise that there are biases in our sample. We have, for example, not captured the long-term institutional cooperation where the Norwegian institution is responsible for implementation.

### Political and constitutional responsibilities

The constitutional responsibility for MFA's aid budget rests with the Foreign Affairs and Development Cooperation ministers. They also have the constitutional responsibility for budget item funding activities implemented by other ministries and subsidiary and affiliated agencies. This may potentially become a challenge when ODA funds are disbursed to other ministries where the Minister of that Ministry will assume constitutional responsibility for implementation. This was an issue when it was decided to shift the

constitutional responsibility for the Norwegian Climate and Forest Initiative (NICFI) from MFA to the Ministry of Climate and Environment (this took effect as from 2014). This was done by Parliament appropriating ODA funds ("the NICFI" grant") directly to the Ministry rather than via MFA.

Solutions to these dilemmas are found at two levels. One is at the management level with rules and guidelines based on "Statens Økonomiregelverk" and MFA's Grant Management Assistant. The remaining challenge, in the team's assessments, is the need to develop proper ways of handling multi-year projects and programmes managed by MFA and implemented by other central government institutions. The current guidelines address this mainly through regulations related to annual disbursements.

The second level is political, based on consultations and decisions at the government level. In our cases this is best illustrated with respect to the justice sector and the deployment of police officers in international operations. A consensus is reached at the political level before the final allocation of funds for deployment.



Ultimately, irrespective of constitutional aspects, the decision to let MFA have the overall responsibility for official development assistance (and for foreign policy) is political and based on Parliament's decisions and budget appropriations. Other ministries also play a role, but within an overall development policy framework set by MFA. The use of other central government institutions in the development aid field will have to be based on that. Potential tensions arising in sectors where other ministries have responsibilities will have to be addressed at the political level.

A final note must be made of MFA's political and strategic use of other central government institutions. This is most clearly illustrated in two areas. One is sectors where other ministries have sector responsibilities (such as the Ministry of Justice and the Ministry of Climate and Environment, but also the Research Council with regard to research in Norway). The second is the use of other central government institutions assumed to provide added value and professional skills related to ODA priorities. This is most clearly expressed with respect to the programmes under Norad's Knowledge Bank, such as the "Oil for Development" Programme (see case 5 in Annex 2). The Knowledge Bank's key purpose and the role of the Norwegian public sector was formulated most strongly by the government in the 2018 White Paper on partner countries which highlighted the role the knowledge

institutionalised in the Norwegian public sector. Through the Knowledge Bank this competence should be harnessed in strengthening public sector competence and capacity in select developing countries.<sup>18</sup>

The disbursements to the Knowledge Bank are managed through grant agreements (in most cases multi-year agreements) with strong emphasis on monitoring and interaction to help improve efficiency in relation to ODA objectives. As noted above, they include grants (from Norad or embassies) to institutions in developing countries subcontracting Norwegian institutions; from Norad and embassies to Norwegian public sector institutions providing technical assistance (most of the grant agreements examined in case 5 in Annex 2); and from Norad and embassies to public sector institutions for long-term cooperation, professional support and capacity-building in developing countries (a small example of this included in case 4 in Annex 2).

### Explaining differences in the use of central government

There are different ways of managing disbursements and use of central government institutions. A basic distinction is drawn between assignments ("oppdrag") through reimbursements, appropriation letters and

debit authorisation, and grant agreements ("tilskudd"). Our cases illustrate that it is not always obvious why a particular model/format has been chosen. The disbursements from MFA's humanitarian section to the Directorate for Civil Protection and Emergencies (DSB) cover a range of activities (several on-going and multi-year), done through an annual debit authorisation (and through grant agreements for specific emergencies) (case 2 in Annex 2). It may also have been done through an appropriation letter like the disbursement to the police directorate, or perhaps through a grant agreement for multi-year projects. Core funding from MFA to a research institute (e.g., CMI) is done through an annual debit authorisation with the Education Ministry for implementation through the Research Council. It could also have been part of the appropriation letter from MFA to the Research Council, but the authorisation option is based on the preferences by the Education Ministry which channels similar core grants from ministries to research institutions (case 3 in Annex 2).

<sup>18</sup> The section in the White Paper reads: "Kunnskapsbanken gir en felles ramme for faglig samarbeid [med samarbeidsland] på en rekke områder der Norge kan tilby relevant og etterspurt kompetanse. ... Hovedressursen for Kunnskapsbanken vil være den kunnskapen som finnes institusjonalisert i norske offentlige forvaltningsmiljøer. ... Kunnskapsbanken skal blant annet bidra til systematisering og læringsoverføring mellom ulike programmer der siktemålet er effektiv styrking av statlig kompetanse og kapasitet i utvalgte land. (From p. 17 in the Government's 2018 white paper on partner countries, Partnerland i utviklingspolitikken (St. Meld. St 17 (2017-18)).



In Ukraine, MFA is supporting a project with the Directorate of Correctional Services through a multi-year grant agreement. A similar multi-year project in health in Ukraine, from the same MFA section, is funded through a debit authorisation with the Ministry of Health (see case 1 and 4 in Annex 2).

In Norad, the main preferred framework – based on the “oil for development” case – is to use grant agreements.

One key and obvious explanatory factor for different approaches to management is the division of functions between MFA and Norad with the main instrument for Norad being grant agreements with no basic management distinction between an assignment (“oppdrag”) and a grant (“tilskudd”). The templates available to MFA for assignments are annual (appropriation, debit authorisation and assignment) and not available for multi-year projects. Multi-year grant agreements will often have stronger emphasis on aid objectives and purposes of the individual budget chapter while annual appropriation and debit authorisations are focused on finding easy mechanisms for transferring funds. Additionally, Norad and sections in MFA experienced in managing ODA funds, will have stronger emphasis on ODA objectives compared to other departments and sections.

The team notes that there are not sufficient guidelines on how to manage multi-year agreements with public sector institutions, and how to distinguish between assignments and grants. MFA has turned to annual debit authorisations to address this, and has – in some cases – linked them to multi-year project documents or agreements while Norad relies on multi-year grant agreements. Norad has a flexible approach to grant agreements and adapts them to purpose yet based on mandatory and relevant criteria in the applicable rules for grant management.

Second, we note that choice of management regime also depends on the recipient institution and established practices. While the overall guidelines for financial management in the public sector apply, preferences and practice vary. Some institutions prefer annual debit authorisations, while others prefer multi-year grant agreements. Agreements between MFA/ Norad and recipient institutions will therefore need to accommodate preferences from both.

Third, there are also variations in the understanding and practice between different departments, sections, and individual staff. Some are also more experienced in managing ODA funds and in managing results in relation to ODA objectives.

Finally, the team noted that there has been increased emphasis by MFA in the last few years to improve systems for grant management and to improve guidelines and manuals. The most recent update of the Grant Management Assistant provides more details and templates indicating a more standardised approach to management regimes and selected frameworks for disbursing funds. MFA’s Grant management unit provides support and advice to MFA’s departments and sections relating to budget chapters under the Foreign Minister’s responsibility. Norad’s Section for Grant Management provides similar support to Norad’s departments and sections and to budget chapters for which the Development Cooperation Minister is responsible. Norad also provides legal assistance to MFA and Norad on grant management.



## Summary and recommendations

The mapping in this study found that nearly all government ministries and about 40 other central government institutions (directorates and institutions affiliated to ministries) have been used by the Ministry of Foreign Affairs, Norad or embassies in development aid activities. In total, about NOK 14 billion has been allocated from MFA's development aid budget for these purposes in the 2016-2020 period. This accounts for about 95% of all ODA funds to the public sector. The remainder is disbursements to higher education, research institutions and regional health authorities and hospitals (4%); local and regional government institutions (0.4%); and independent national institutions (0.04%).

### Findings and observations

The vast bulk of the NOK 14 billion disbursed to central government – nearly NOK 10 billion – are expenditures related to hosting refugees in Norway and as such a special case. The expenditures on refugees have also been greatly reduced from NOK 6.7 billion in 2016 to about NOK 0.5 billion in 2020. Still, in 2020, it amounted to about 40% of all disbursements to central

government institutions. A small share of this is used by the Ministry of Justice to support activities and projects abroad, including migration management in developing countries.

The remaining NOK 4 billion disbursed to central government covers a range of ODA objectives and purposes but predominantly funding for research through the Research Council of Norway; police deployment and humanitarian aid through the Norwegian Police Directorate and the Directorate for Civil Protection and Emergencies; innovation projects through Innovation Norway; higher education through the Norwegian Agency for International Cooperation and Quality Enhancement in Higher Education; climate and environment through the Ministry of Climate and Environment; and bilateral activities in Ukraine, the West Balkans and in Norwegian partner countries.

MFA manages many of the larger amounts and most disbursements related to research; climate and environment; humanitarian aid; and bilateral projects in Ukraine and West Balkans. Most agreements (individual disbursements) are managed by Norad – and most of them are linked to programmes in partner countries through the Knowledge Bank and for research and higher education.

The disbursement of funds through central government is managed in different ways. For MFA it is mostly

governed through reimbursements (refugees and mandatory contributions to multilateral organisations and treaties), annual appropriation letters (Police directorate and the Research Council), annual debit authorisations (to seven ministries and 12 directorates and affiliated institutions), and a few grant agreements. For Norad it is mainly grant agreements (mostly multi-year) and then one annual appropriation letter (Research Council). Norad disburses to seven ministries and 17 directorates and affiliated institutions.

One key explanatory factor for different approaches to management is the functional division between MFA and Norad, with the main instrument for Norad being grant agreements with no basic management distinction between an assignment (“oppdrag”) and a grant (“tilskudd”). The templates available to MFA for assignments are annual (appropriation, debit authorisation and assignment), not available for multi-year programmes. Multi-year grant agreements often put stronger emphasis on aid objectives and purposes of the individual budget chapter and requirements relating to results while annual appropriation and debit authorisations are rather focused on finding easy mechanisms for transferring funds. Additionally, Norad and MFA sections experienced in managing ODA funds, may put greater emphasis on ODA objectives compared to other departments and sections.





The team notes that there are not sufficient guidelines on how to manage multi-year agreements with public sector institutions, and how to distinguish between assignments and grant agreements. MFA has turned to annual debit authorisations to address this and, has – in some cases – linked them to multi-year project documents or agreements while Norad relies on multi-year grant agreements. Norad has adopted a flexible approach to grant agreements and adapts them to purpose yet based on mandatory and relevant criteria in the applicable rules for grant management.

The team notes that choice of management regime also depends on the recipient institution. Agreements between MFA/Norad and recipient institutions are adjusted to accommodate preferences from both.

The team also found variations in the understanding and practice between different departments, sections, and individual staff. The team expected, based on observations, that the ability to report on results in relation to objectives varies; Norad and MFA sections experienced in managing ODA are performing better than others. On their own, other government institutions may stay focused on implementing activities but with less attention to long-term objectives.

The team has found that the use of Norwegian central government institutions and the disbursement of ODA-funds through them are a small, but significant

component of Norwegian development aid. The team's observations are that this component may expand due to the broader approach emerging with Agenda 2030 and the Sustainable Development Goals. Furthermore, this may expand further with the strong and expanding Norwegian emphasis on global engagement and global public goods in its development policy coupled with the efforts to use comparative Norwegian advantages through Norad's Knowledge Bank. The new Labour Party/Centre Party government's emphasis on establishing an ODA-funded migration fund linked to immigration and integration priorities is a further indication of this (cf. the 2021 [Hurdalsplattform](#)).

The team found Norad's statistical database on Norwegian aid – the basis for official reporting to OECD's Development Assistance Committee – to be a most useful tool for identifying disbursements through the Norwegian public sector. However, it does not provide sufficient information for a complete mapping of the flows through delegated authority to other ministries, or for the appropriations from Parliament to different ministries.

## Recommendations

Based on the team's findings and observations, we have formulated four recommendations that address main challenges identified in this study.

### 1: Assignments and multi-year agreements

MFA's guidelines for the use of other central government institutions have a strong emphasis on mechanisms for transferring funds and delegating management responsibilities relating to assignments ("oppdrag"). These guidelines rely on annual letters (reimbursements, appropriations, assignment letters and debit authorisations). They do not provide optimal guidelines for transferring funding related to multi-year projects. The guidelines should be further developed to that end. This may include more information in the Grant Management Assistant on how annual debit authorisations or letters of assignments can be linked to multi-year projects.

### 2: Refugees and migration

A small but important component of the main disbursements to other ministries covering costs related to refugees in Norway is used to fund projects by the Ministry of Justice to strengthen migration management authorities in developing countries. The team recommends that funding of such programmes should be separated from MFA's chapter item for refugees in Norway and be sourced from another budget item. It should also be managed through a separate assignment or grant agreement from MFA or



Norad (depending on the budget item). Furthermore, based on its observations, the team also notes that Norwegian global engagement on migration and refugees may increase. This requires that more attention be given to disbursement channels and implementation mechanisms.

### 3: The Norad database on ODA

The database provides information about individual disbursements and total ODA flows channelled through the Norwegian public sector, but it is very challenging to capture the full picture of ODA funds disbursed through other ministries and public sector agencies. Nor does it allow for capturing the appropriations from Parliament reported as ODA to different ministries. This should be addressed, and a better way introduced to do so.

### 4: Evaluation needs

Findings and observations from this study have identified topics that could be subject for additional studies and evaluations from Norad's Department for Evaluation. One area is the strategic use of Norwegian public sector institutions in long-term institutional co-operation with public sector institutions in partner countries. This has not been sufficiently captured in this mapping study and a new report may address management issues, results and lessons learnt.

A second area is the role, achievements, and lessons from MFA-funded activities by the Ministry of Climate and Environment and the Norwegian Environmental Agency, both globally and in developing countries. Third, a mapping should be made of Norwegian funding and commitments related to migration – purpose, channels, recipients and reported achievements. A small component of this is identified in this report – the Ministry of Justice and its MFA-funded work through multilateral institutions.



# Annex

## 1: Terms of Reference

Mapping of Official Development Assistance managed by different government agencies

### Introduction and rationale

Norway is the second largest donor in proportion to the size of its economy with official development assistance (ODA) accounting for 1.02% of Norway's gross national income (GNI) in 2019, and the tenth largest donor in absolute numbers. There is cross-party consensus to maintain ODA at around 1% of GNI.<sup>1</sup>

ODA is defined as «government aid that promotes and specifically targets the economic development and welfare of developing countries». <sup>2</sup> More specifically, Norwegian ODA should «promote economic development, democratisation, implementation of human rights, good governance and measures that can lift people out of poverty for good. Priority is given to education, humanitarian assistance, health and vaccination, private sector development, climate change adaptation and mitigation, and human rights».<sup>3</sup>

The Ministry of Foreign Affairs (MFA) is responsible for the implementation of the development policy at large, and the majority of ODA falls within the ministry's budget. While the Ministry has delegated most a large share of its grant management responsibility to the Norwegian agency of development co-operation (Norad) several other Norwegian ministries and government agencies are also involved in different capacities. These ministries and public agencies are involved either through budget post ownership, as grant managers or as implementers.

As of today, we do not have a full overview of all Norwegian ministries and government agencies that are used as a channel for ODA, the differences in governance structures and management, who are responsible for the development effects of ODA and how these are being documented across various agencies, and the complexity of these structures.

### Purpose and objectives of the mapping

The purpose of the mapping is to provide the Ministry of Foreign Affairs with an overview of Norwegian ministries and other government agencies that are involved in the management of ODA, how the character and size of these funds varies across, potential differences in

management of funds and how effects and results are documented across agencies. A better understanding of these differences may enable learning across different ministries and responsible agencies. The study could also contribute to increased awareness among responsible agencies of the purpose of ODA.<sup>4</sup>

An overview could also be relevant for the Evaluation Department when selecting topics to be included in the evaluation programme for the time to come – to ensure that the breath of Norwegian development assistance is covered.

1 <https://donortracker.org/country/norway>

2 ODA is flows to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions that are: Provided by official agencies, including state and local governments, or by their executive agencies; and concessional (i.e., grants and soft loans) and administered with the promotion of the economic development and welfare of developing countries as the main objective 26.01.2021: <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/What-is-ODA.pdf>

3 26.01.2021: <https://www.regjeringen.no/en/topics/foreign-affairs/development-cooperation/id1159/>

4 page 1, accessed 08.01.21 at 0930 CET <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/What-is-ODA.pdf>



### The main objective of the assignment is to:

1. Provide an overview of which ministries and other government agencies that are involved in the management of ODA, including the types of funds managed (size, character, and purpose of these funds).
2. Describe how the responsibilities for ODA are delegated across ministries and other government agencies.
3. Assess differences in how ODA funds are managed, and how development effects/results are documented.
4. Recommend potential areas for improvements

### Scope

- All development funds (03 budget) 2016-2020.
- Involvement in management of ODA refers to either budget post ownership, grant management or implementation.
- Agencies and ministries that solely provide technical assistance, with no budgetary responsibility are excluded.

### Study questions

1. Which Norwegian ministries and other government agencies are involved in the management of Norwegian ODA?

2. What is the size and character of these funds?
3. How are funds managed and results documented?
4. How are the constitutional and strategic responsibilities handled when responsibility is divided between different public entities?
5. Are there substantial differences between agencies in management, reporting requirements and results documentation? If there are substantial differences, why?

### Data sources

- Norad statistics (covering all development assistance/03-budget area)
- Spending authorisations (Belastningsfullmakter) and Letters of assignment (Oppdragsbrev)
- Letters of allocations (Tildelingsbrev)
- National budget proposals from the relevant ministries
- Minutes from relevant agency management meetings (etatstyringsmøter)
- Interviews with selected individuals responsible for management of funds in the different government agencies.
- Relevant results documentation

The consultant(s) will suggest how to collect qualitative data in the inception report. This may include a survey. The consultant(s) is expected to propose and include

other relevant sources and/or methods that may help to shed light on the above objectives and questions.

### Budget and deliverables

- An inception report describing the approach. The inception report will also include the mapping based on Norad statistics. Maximum 9000 words (approx 20 pages).
- Draft analysis report of maximum 13,800 words (approximately 30 pages) excluding figures, graphs and annexes.
- Validation workshop with stakeholders to discuss draft findings.
- A final analysis report of the same maximum length as the draft report.
- Datasets/database in .csv format.



## Acronyms and abbreviations

BGU	Beregningsgruppen for utlendingsforvaltningen	NOREPS	Norwegian Emergency Preparedness System
CMI	Chr. Michelsen Institute	NVE	Norwegian Water Resources and Energy Directorate
DAC	OECD Development Assistance Committee	OECD	Organisation for Economic Cooperation and Development
DFØ	Norwegian Agency for Public and Financial Management	ODA	Official Development Assistance
DSB	Directorate for Civil Protection and Emergencies	OfD	Oil for Development
EU	European Union	OSCE	Organisation for Security and Cooperation in Europe
FAO	Food and Agricultural Organisation	ToR	Terms of Reference
GHPP	Global Health Preparedness Project	UN	United Nations
GLOBVAC	Global health and vaccination	UNOPS	UN Office for Project Services
HIP	Humanitarian Innovation Programme		
INTOSAI	Association of Supreme Audit Institutions		
IOM	International Organisation of Migration		
MFA	Ministry of Foreign Affairs		
Montreal Protocol	Montreal Protocol on Substances that Deplete the Ozone Layer		
NFR	Research Council of Norway		
NICFI	Norwegian Climate and Forest Initiative		
Norad	Norwegian Agency for Development Cooperation		
NOK	Norwegian Kroner		
Norec	Norwegian Agency for Exchange Cooperation		



# DEPARTMENT FOR EVALUATION

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