



NORWEGIAN CHURCH AID
actalliance

AID UNDER PRESSURE



PHOTO: Håvard Bjelland

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Photo: Håvard Bjelland, Norwegian Church Aid.

Front page: Refugees at the train station in Chop, Ukraine, March 2022. Irrigation at a smallholding in Malawi.

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Salome fills the bucket with water so she can start the irrigation system in the field.
PHOTO: Håvard Bjelland

Introduction

Aid cannot solve all of our global challenges, nor all the world's poverty problems. Nevertheless, aid is of vital importance to the vulnerable people who receive it in the form of long-term initiatives and emergency assistance. This report focuses on highlighting two perspectives: Firstly, the main purpose of aid must be to combat poverty, with priority for the most vulnerable groups as the focus. Secondly, aid cannot be a funding mechanism for resolving global problems that rich countries do not wish to tackle using other budgets, for example the climate crisis.

These are troubled times. We are seeing negative developments in several areas. The pandemic, increasing levels of conflict, and the climate and environmental crisis have pushed even more people into poverty and more and more people are experiencing food scarcity, living as refugees, and need for humanitarian aid.

The main purpose of aid must be to combat poverty, with priority for the most vulnerable groups as the focus.

It is precisely for this reason that Norwegian Church Aid believes that aid needs to be prioritised and targeted at combating poverty. The world will never meet the SDGs and the Paris Agreement goals by taking money away from poverty reduction to spend on climate finance and other global common goods.

It is also deeply unethical to use aid funds exclusively to resolve issues that rich countries themselves are responsible for creating, such as the climate and environmental crisis. We cannot pollute and contaminate the world and then expect the poorest countries in the world to pay the lion's share of the bill. Today, 84 per cent of global climate finance is derived from aid budgets. We need to fix this paradox. Poor countries cannot be expected to pay for a crisis created by rich countries; a crisis which harms the poorest countries the

most. Nor can we ask countries that hardly received any vaccines to pay for the jabs that we ordered for ourselves. Business aid should not subsidise our domestic businesses without reassurance that jobs will be created in poor, southern countries, or that the initiative has a real development impact on people living in poverty. As we tackle the new influx of refugees from Ukraine, Norway may once again emerge as the number one recipient of Norwegian aid funds, as was the case in 2015 and 2016.

A lot has been done in the last decade to make aid more effective and measurable. We are now seriously concerned that the aid is being spread across more and more targets. The negative consequences of this are numerous. The aid budget cannot resolve all of the problems that it is now being used to target. The aid becomes stretched too thin and potentially less effective when more and more targets are added. At present, Norway is pursuing a policy that results in the erosion of its foreign aid. This could be seen as a legitimisation, and other countries could follow suit.

The current Norwegian government's political

manifesto states that 1 per cent of gross domestic product (GDP) should be spent on "international efforts aimed at achieving the UN's goals for social, economic, and environmental development". This wording could result in the erosion of Norwegian aid and weaken Norwegian efforts to combat poverty and inequality.

In a situation where the current Norwegian aid budget is insufficient, Norwegian Church Aid believes that we need to rethink how we are going to fund the major global initiatives that the world needs. We especially recommend a debate on climate finance, the need for which will increase dramatically in the coming years and where it is already clear that the aid budget will not be capable of resolving the challenges that we currently face.

Norwegian Church Aid calls on all Norwegian politicians to protect development aid from erosion, to prioritise the combating of poverty, and to ensure that new funding mechanisms are established for global common goods such as climate finance.

Norwegian Church Aid therefore asks that the Norwegian government:

1. Confirm that the reduction of poverty remains the main aim of Norwegian development aid.

The government ought to prevent aid funds being governed by self-interest, limit the share spent on global common goods, and ensure the greatest possible documented effect when it comes to reducing poverty.

2. Not use the aid budget to fix problems that Norway itself has contributed to creating.

Poor countries are the ones who feel the impact of the climate crisis more sharply, despite the fact that it has primarily been brought about by developed countries. This represents a further burden on poor countries that are already facing a number of other challenges. Rich countries need to cover their share of the costs, but they should generally do so in addition to, and not at the expense of, aid aimed at combating poverty.

3. Fund global common goods that are not aid using other funding mechanisms.

The more areas that a limited aid should target, the more unfair the policy becomes. The Norwegian aid budget is far from sufficient in order to provide Norway's answer to all of the global challenges we currently face.



Drip irrigation in Kambuwe in Mchinji, Malawi
PHOTO: Håvard Bjelland

1. Norway and the aid per cent

There has been solid popular support for Norwegian aid for many years. Nine out of ten Norwegian support the country's development aid programme, according to Statistics Norway's most recent survey (Statistics Norway, 2021). There is a consensus that Norway should allocate 1 per cent of its GDP to aid. In 2016, the Norwegian parliament (Stortinget) adopted a resolution which stated that "Stortinget asks the government to allocate 1 per cent of GDP to aid in its annual budget". This showed that there is broad cross-party support for the so-called aid per cent from a varied coalition of parties.

Høyre and Fremskrittspartiet have argued for aid cuts. However, the aid per cent was maintained under all of the various Erna Solberg governments in the period 2013 to 2021. The high level of Norwegian aid helps promote the idea of Norway as a "powerful" country or, to use another popular expression, a "humanitarian superpower".

The aid per cent reflects aid as a share of GDP. Within international cooperation, there is a long tradition of using percentages to measure aid expectations. In 1970, the UN General Assembly established a goal of states allocating a minimum of 0.7 per cent of GDP to

official development aid.

Norway exceeded this goal as early as 1976. Over the past ten years, Norway has allocated roughly 1 per cent of GDP to aid. In 2020, Norwegian aid stood at 1.11 per cent of GDP, with Norway one of six countries in the world to exceed the minimum established by the UN, the others being Sweden, Denmark, Luxembourg, the United Kingdom, and Germany. Since then, the United Kingdom has cut its aid budget, causing the country to drop in the world aid rankings. In 2020, Sweden ranked first with an aid allocation of 1.14 per cent of GDP. In 2020, Official Development Assistance (hereinafter ODA) was approximately 161.2 billion USD, making it a record year according to the OECD (OECD, 2021). In terms of absolute numbers, the US is the number one donor in the world, with Norway ranking tenth. Germany, the EU, the United Kingdom, Japan, France, Sweden, the Netherlands, and Canada all rank above Norway when it comes to absolute aid contributions.

However, Norway maintains its aim of allocating at least 1 per cent of GDP to aid, while the world average is about 0.3%. Viewed from this perspective, Norway is a world leader. It is not a given that all forms of aid

contribute to the original aim, i.e., to reduce poverty and inequality. In a recent report, Norad writes that, in the period 2015–2020, “global common goods” accounted for about 20 per cent of Norwegian aid, peaking at 25 per cent in 2019. Global common goods are initiatives that benefit us all, where no one is excluded from enjoying the associated benefits. Even if some receive more of a common good, this will not be at the expense of others. Examples of global common goods include clean seas, pandemic preparedness, a stable climate, natural diversity, and peace and security.

It is easy to be a freeloader; as long as some ensure these global common goods, we will all benefit. If nobody does anything, we all lose. Many might say that aid funding should be used to pay for common goods, and the impression we are given is that everyone wins. The challenge lies in the fact that the global challenges are massive, and we still need targeted aid to help more people escape extreme poverty. The aid can end up increasingly being used for purposes that benefit certain people. The ones who lose out when that happens are the world’s poor.

This is why we want to take a closer look at how the content of the aid is defined. We do this in collaboration with other countries and within the Organisation for Economic Co-operation and Development (OECD).

Norwegian Development Aid 2013–2020

Year	Billion NOK	Development aid as a percentage of GDP
2013	32.8	1.07
2014	32.1	0.99
2015	34.5	1.05
2016	36.8	1.12
2017	34,1	0.99
2018	34.6	0.94
2019	37.8	1.02
2020	39.5	1.11

Source: Norad

The OECD’s Development Assistance Committee and the definition of aid

Norwegian aid statistics follows standards established by the OECD’s Development Assistance Committee, or DAC. Norway traditionally follows the OECD’s guidelines.

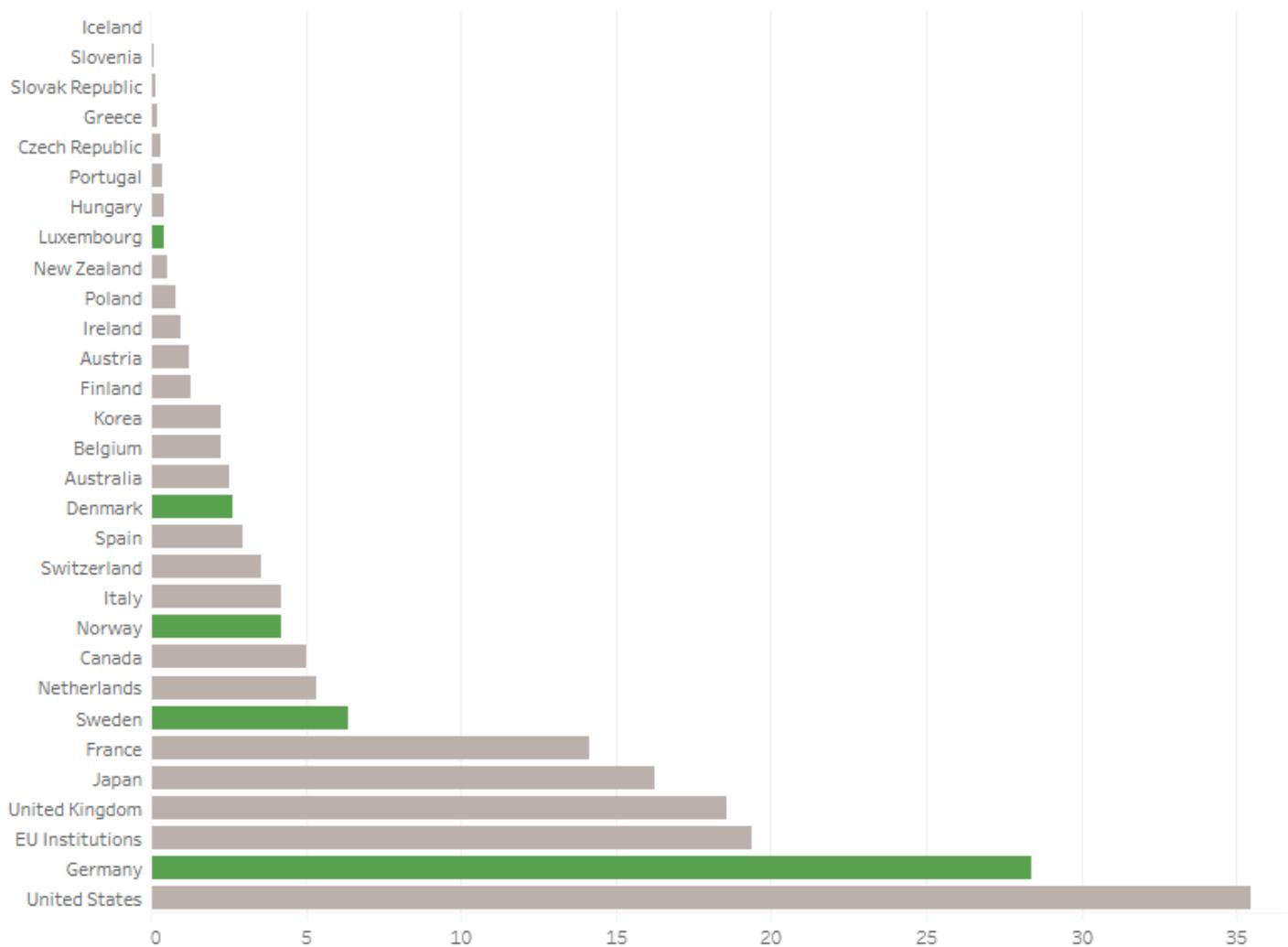
The OECD was established in 1961 and is an intergovernmental organisation with 38 members. One of the OECD’s core tasks is to establish standards for financial, technical, and academic concepts that can facilitate comparisons between countries. Its work in this field is highly regarded. The OECD was behind the development of a universal understanding of the concept of gross domestic product. When it comes to aid, the DAC has developed a shared understanding of key concepts and of what should be measured to ensure that aid can be compared and coordinated. This is done through extensive consultation with member states to ensure solid anchoring. The standards make it possible to develop overviews and statistics that can be compared, and the OECD has thus contributed to the development of standards that make it possible to grasp the scope of aid.

The DAC has not drawn up any overarching guidelines for when the funding of global common goods can be reported as development co-operation and charged to the aid budget. The DAC deals with this issue on a case-by-case basis.

Consultations are therefore ongoing in a range of working groups where Norway participates. This also means that the definition of aid is changing and affected by state influence. There are consultations involving civil society, and contradictions arise as a result of this work too. At present, there are major discussions under way in several working groups and in the dialogue with civil society, on standards for what should be defined as climate aid, on how to record donated vaccine doses as aid, on the costs associated with migration, and on the role of the private sector.

The OECD defines ODA as funding streams to countries and areas on the DAC’s list of recipient countries, or to multilateral institutions, given by governmental bodies and that a) aim to promote economic development and welfare in developing countries, and b) are given in the form of allocations. This means that ODA allocations are concessional, primarily given as allocations and transferred to a group of poor countries defined based on the level of their national income. The main aim is to promote

ODA grant equivalent - USD billion (2020)



Norway was the 10th largest donor in 2020. Six countries gave at least 0.7% of GNI in development assistance, these are marked in green.

economic development and welfare.

The DAC discusses the criteria for what should be considered ODA and what countries are defined as approved recipients.

When it comes to costs associated with refugees, most can be defined as ODA in the first year. Expenses associated with the development of vaccines against COVID-19 cannot be counted as ODA unless they are developed specifically for poor countries. Surplus vaccine doses from rich countries sent to poor countries may be approved. As regards climate, the DAC has decided that if, for example, measures aimed exclusively at reducing greenhouse gas emissions in poor countries are to count as

ODA there must also be a national development component. The guidelines are nevertheless not legally binding for members, meaning that failure to comply with the agreed rules does not necessarily have any major consequences.

The new Norwegian government's policy: The Hurdal Platform

The Støre government has confirmed its support for allocating at least 1 per cent of GDP to development co-operation, but has also created uncertainty with regard to the limitations to the aid. The Hurdal Declaration states that Norwegian development co-operation should be dedicated to "international efforts

aimed at meeting the UN's goals relating to economic and environmental sustainability". This might seem sensible, but in fact it represents a significant change. It concerns us that combating poverty does not feature more strongly in the declaration.

Together with a number of other Norwegian aid and environmental organisations, we expressed concern at the erosion of Norwegian aid and weakened Norwegian efforts to target global poverty in an open letter to the government (1 November 2021). The organisations wrote that "...we are seriously concerned about the many crises that are currently affecting the world, and we work every day to identify the initiatives and focus areas that have the greatest potential impact. We do not want aid funds to be used for good causes that ought to be financed by other budget items..."

The question of how Norway is to fund its climate obligations is particularly concerning, seeing as there is no clear plan for climate finance outside of the aid budget. It is also concerning with regard to self-interests within global health, business aid, and aid for refugee costs in Norway, the funding for which could naturally be drawn from other budgets.

The letter from the organisations was sent once Minister of International Development Tvinnereim had elaborated on her policy in a written response (29 September 2021) to a question from member of parliament Dag-Inge Ulstein. In it she wrote: "if we are to, at all times, have the most effective tools at our disposal for our international efforts to contribute to the sustainable development goals, we may at times have to consider funding that goes beyond the OECD's regulations for public development aid. This could include funding measures for global common goods such as the climate, and measures to prevent and manage crises if we believe that doing so will be vital to economic growth and prosperity in developing countries."

In her response to the organisations (13 December 2021), Tvinnerheim writes: "we need a strong effort and an innovative approach to both tools and funding forms in order to reach the SDGs," and "we need to be strategic when it comes to selecting focus areas and priorities, and we need to spend the money where it can be most useful for the world's poor." She also

emphasises that climate initiatives are another way of combating poverty.

A major conflict is brewing between rich and poor countries. Rich countries are responsible for creating the climate crisis which hits poor countries hardest in the form of droughts, flooding, and natural disasters. Despite this, aid budgets are the source of around 84% of the rich countries' climate finance (Richie and Kenny, 2021). This places an additional burden on poor people who are least to blame for the climate crisis. We fear there will be more of this to come in the future.

Below we will look at four areas where the fight for aid funding plays out, and where the challenges that we face far exceed what aid partnerships were originally established to resolve, or what the Norwegian aid budget of NOK 40 billion can realistically be expected to cover. We will look at international climate initiatives, global health challenges, business aid, and costs associated with refugee crises.

Vocational training provides jobs for young men. Repair of solar cells. Puntland. Somalia.
PHOTO: Håvard Bjelland



2. Challenges that cannot be resolved by an aid budget of 1 per cent

In 2020, global development aid increased by 5.4 billion USD to reach a total of 161 billion USD. This represents an increase of 3.5 per cent. However, aid for the poorest countries grew by just 1.8 per cent according to Development Initiatives (2021).

If we fund climate change adaptations using money that would otherwise have been spent on health, education, food, equality, and democracy in poor countries in the south, these poor countries end up paying double. That is tantamount to having the poorest countries foot the bill for new initiatives, which is unfair seeing as these countries are responsible for so small a share of global climate emissions.

We also want to warn against aid being shifted in the direction of self-interest, whether that be the economic interests of Norwegian business, migration policy concerns, or national safety concerns.

Aid is not a good tool for funding global common

goods. A staggering 20 per cent of Norwegian aid is now being spent on global common goods according to a report by Norad (Norad, 2021). We recommend that aid be used to target poverty reduction and the mitigation of inequality, and not in areas where it does not target these specific issues. The aid must not be watered down. Nor would this serve the bigger task of better showing how aid generates results, comparisons between countries, and good coordination of efforts.

Climate finance

The consequences of climate change are undoubtedly a serious threat to the health of our planet and those who live here. It is also becoming increasingly clear that environmental destruction has a disproportionate and unfair impact. The poorest countries suffer significantly as a result of climate change, despite emitting the lowest amounts of greenhouse gases and having the least amount of resources to prevent climate change and protect its populations.

Estimates also show that the poorest countries are expected to experience a drop in GDP of 33 per cent towards the end of the current century as a result of climate change, even if we manage to stop the global temperature increase at 1.5 degrees Celsius (Christian Aid, 2021). Moreover, poor countries are now having to manage the economic aftermath of the COVID-19 crisis and rebuild their economies in a sustainable way. It is therefore essential that rich countries continue to prioritise the combating of poverty, in order to meet its global climate finance obligations.

If rich countries fund their international climate efforts using funds from the aid budget, we are in effect making the world's poor pay the price of climate change. This is a worrying trend that looks set to worsen if we look at the 2022 Norwegian national budget. The Støre government cut the aid budget by NOK 750 million to fund an injection of capital into the new Climate investment fund authorised by the Solberg government in addition to the 1 per cent.

This means that the entire Climate investment fund is being paid for out of the aid budget. The consequences of this decision are cuts in other areas of the aid budget. Ever since the early 1990s, poor countries have been asking for the climate finance of rich countries to be additional, i.e., that is should be given in addition to traditional aid. The reason for this is that, as a rule, it is the rich countries who are responsible for the added burden currently experienced by developing countries in the form of climate change.

The government has promised to double its annual climate finance, from NOK 7 billion in 2020 to NOK 14 billion by 2026. This "includes public funds from the aid budget for climate and investment, the mobilisation of private capital through Norfund, and the new Climate investment fund". Based on the government's indications so far, there is reason to believe that the government will fund this increase using the aid budget. This is unsustainable for two reasons. 1: Even larger allocations will be needed. 2: We cannot de-prioritise combating poverty in order

to meet our climate obligations. If we do so, we will never meet the SDGs. The much-needed increase in climate finance in years to come must be in addition to the money currently being spent on important development initiatives through the aid budget.

The need for climate finance is significant and rapidly increasing. According to United Nations Conference on Trade and Development (UNCTAD, 2021), today's need for climate adaptation in developing countries will increase from USD 70 billion annually in 2020 to USD 300 billion by 2030, and USD 500 billion by 2050. So far, rich countries have been unable to keep their promise to dedicate USD 100 billion annually to

climate finance in poor countries as of 2020. According to the OECD (2021), the latest figures available show that they only managed just less than USD 80 billion. Moreover, 71 per cent of this money was made up of various forms of loans.

...unless countries bring in new funds and new initiatives, it will be the world's poorest, or the planet, or both, who end up the losers.

The Paris Agreement obligates all countries to contribute to the resolution of the climate crisis based on historical responsibility and economic ability. Norway scores highly for both of these criteria. A report entitled "Norway's Fair Share of meeting the Paris Agreement", written by the Stockholm Environment Institute (2018) and commissioned by Norwegian Church Aid estimates that Norway needs to contribute approximately NOK 65 billion annually until 2030 to meet its obligations under the Paris Agreement. This is one and a half times the size of the aid budget.

The levels of funds dedicated to aid globally is not increasing but stagnant at an average of 0.3 per cent of GDP for the OECD member states. According to researchers at the Centre for Global Development (Richie and Kenny, 2021), this means that, in real money, aid is increasing by 2 per cent per year. They argue that, unless countries bring in new funds and new initiatives, it will be the world's poorest, or the planet, or both, who end up the losers.

For this reason, we believe that climate finance needs to be new and additional, and that the expected increase in climate finance needs to be in addition to the current aid budget. We are calling for a climate



Vaccination, Darfur, Sudan.
PHOTO: Håvard Bjelland

finance plan that establishes a realistic framework for what should be covered by aid funds. Other budgets and instruments need to be considered, for example funding the Climate investment fund using the Norwegian Government Pension Fund Global (Statens Pensjonsfond Utland, or SPU) and thus make it a more powerful force driving the green shift.

Global health security and preparedness

Norway is a major contributor to global health. According to the 2020 Norad annual report, Norway contributed around NOK 4.8 billion in this field in that year. That is just over 12 per cent of the aid budget, making global health the single largest area within Norwegian aid. This was also the case before the pandemic. At just under NOK 3.9 billion, global health was the biggest sector in 2019, and NOK 3.2 billion was allocated to global health in 2018.

Global health is one example of a field where grey areas arise between what constitutes development aid and what constitutes ensuring our own health preparedness. It is important to determine how aid funds were used in connection with the development

and procurement of vaccines. Could the use of aid funds for this purpose have resulted in rich countries jumping ahead in the vaccine queue? Should this have been aid from the outset, or did we fund part of our own need using aid money destined for poor countries?

The COVID-19 pandemic required major investment into the development and distribution of vaccines to the entire world. The pandemic triggered a global response when it came to developing vaccines, testing and medication, and strengthening national health systems. A global effort was required in order to stop the virus spreading and mutating. Vaccines were able to prevent death and suffering, particularly among vulnerable groups in society, and could stop the virus spreading and mutating into more dangerous variants. At his press conferences, the Secretary General of the World Health Organisation kept repeating “No-one is safe until we are all safe”.

Significant aid funds were used to research and develop vaccines. The Coalition for Epidemic Preparedness and Innovation (hereinafter CEPI) was set up in the aftermath of the Ebola crisis and played an important role in the development of vaccines. CEPI invested in a range of vaccine candidates using

funding from institutional and private donors. Oxford/AstraZeneca, Moderna, and Novavax are some of the vaccines that entered production and distribution after receiving development funding from CEPI. About a year after the outbreak in China, the Oxford/AstraZeneca candidate was in production, and the UK was able to give the very first dose in December 2020. A few months later, Moderna was approved and entered production. Novavax entered production and distribution in autumn 2021.

Norway is a major contributor to CEPI, and in 2020 the country gave NOK 236 million towards the development of a vaccine against COVID-19. In addition, CEPI was also granted NOK 2 billion for the period 2021–2030. Assessments of decisions also reveal risk associated with allocations from the aid budget via Norad. Norad's own experts wrote that the allocation, or parts thereof, might not qualify as aid due to the fact that the development of the vaccines could fail, or because poor countries do not get access to vaccines. (Norad, 2020: p. 20). The OECD's DAC approved CEPI's response to COVID-19 as aid, and Norway was thus able to record 53 per cent of the grant to CEPI for the development of COVID-19 vaccines as aid.

This risk, identified by Norad's own experts, became reality. The poorest countries were not given equal access to the vaccines developed. The COVAX facility, which aimed to ensure joint procurement and a fair distribution of vaccines to poor countries, received less advantageous access to vaccines as rich countries entered into bilateral agreements with the vaccine manufacturers. The developed countries secured their own deliveries first, pushing the common mechanism that poor countries had invested in, namely COVAX, to the back of the queue. When looking at the actual distribution of vaccines, this becomes apparent. At the time of writing, just 13 per cent of people in poor countries have received one vaccine dose, while the global average is 63 per cent. In rich countries, this figure rises to 75 per cent. In many of the poorest countries, the vaccine roll-out has barely started.

This means that although poor countries are able to benefit from the development of a vaccine against COVID-19 in principle, they are not the ones who benefit most. It is the wealthy countries that have benefited the most and when access to vaccines was scarce, they made sure to secure vaccines for their own populations first.

In February 2022, COVAX announced that it had

distributed 1.1 billion doses, 500 million of which were channelled to COVAX in the form of donations from various countries. Many countries wanted these doses to be recorded as aid, seeing as they were destined for developing countries. Civil society organisations have protested against this.

Civil society organisations protested against donated doses being recorded as aid. The reason was that countries stockpiled doses far beyond their own needs, thus accruing a surplus of doses while poor countries, and the COVAX facility, were unable to access doses. This creates a negative incentive where countries would rather stockpile for themselves and then donate to poor countries once a surplus has been confirmed. This also resulted in COVAX' logistics becoming far more complex. The fact that the donated doses were sometimes close to expiry, and that countries in the global south wanted to decide for themselves which doses they wanted to receive, represented challenges. The fact that some of the doses donated were no longer part of the national vaccination programmes of rich countries was especially controversial. This contributed to vaccine scepticism and damaged the trust in the global health response. At the time of writing, the DAC has not yet been able to reach a conclusion. The proposal currently on the table is that countries may record each donated dose as 6.72 aid dollars (US); the average price of a vaccine dose.

These are not vaccines purchased by rich countries for the benefit of poor countries, but the result of stockpiling. Rich countries purchasing more doses than they needed directly resulted in a scarcity of vaccine doses in poor countries. This created a negative incentive for stockpiling which pushed the common COVAX mechanism to the back of the queue.

Lessons learned from this pandemic should be used in future pandemic contingency planning. Aid budgets should not be used to fund the development of vaccines unless poor countries' access to those vaccines can be guaranteed. Recording surplus doses from own stockpiling as doses donated as aid is not the right way to go. Norway may still choose to keep donated doses outside of the aid budget.

Business aid

Creating decent jobs and contributing to sustainable growth are essential in order to be able to create lasting growth and prosperity, in any country. Sustainable growth and development requires good

interaction between the private sector, the state, and civil society. The weighting of the private sector in development work must be based on this interaction. Business development is best able to help combat poverty when the initiative is well integrated into the general development work in the country in question, and when combined with clear requirements that any business development should have a so-called additional development effect.

Norway has increased the share of aid dedicated to collaborations with private sector development in recent years. The majority of the funds have been channelled through Norfund, which invests in companies in poor countries.

Norad processes two schemes for business development: one support scheme for companies wishing to establish themselves in difficult markets, and one aimed at removing supply chain bottlenecks in developing countries.

It is a fact that the world's combined aid budgets, which totalled USD 161.2 billion a year in 2020, will not be enough to cover the funding gap and achieve the SDGs. (OECD 2021). UNCTAD has estimated the funding need at USD 2.5 trillion. (UNCTAD 2014). The UN and many countries have pointed out that this gap can only be covered through a formidable mobilisation of private capital. According to Norad (2022), one aid dollar is capable of mobilising 2.74 private dollars. Such financing is often referred to as a blending of aid aimed at triggering private capital. Unfortunately, there is little empirical evidence to suggest that any substantial amounts of funding have been mobilised so far. There are also a range of risks and challenges associated with focusing exclusively on the private sector.

Poverty orientation is one of the main challenges. According to Eurodad (2021), the majority of private sector aid is destined for medium-income countries (59 per cent for medium-income countries and 3 per cent for low-income countries in 2019). It can be difficult to assess the development effect of such aid. It is important that any Norwegian business development initiatives funded through the aid budget aims to ensure development among the poorest, most vulnerable people. For example, there is an enormous need to improve poor people's access to electricity. We are seeing that, unless it is prioritised, in many

countries this simply does not happen. Poor people, in cities and in the countryside, will not necessarily gain access to power just because a larger power station is built. Decentralised and affordable solutions require targeted and tailored efforts. Norway needs to prevent the potentially negative knock-on effects of major energy projects through responsible investments and by imposing requirements on developers and governments/local authorities. In Zambia, for example, there are communities that, despite living right next to the newly extended national power grid, remain dependent on its own off-grid system as the authorities have failed to prioritise the connection of poor country villages.

The war in Ukraine means that, once again, OECD countries are faced with an influx of refugees. This will put pressure on aid and other important measures against inequality and poverty might see their budgets cut as a result.

Another challenge lies in the fact that Norwegian aid for Norwegian business can have negative consequences for local business communities in poor, developing countries. Norwegian stakeholders can push local stakeholders out, which in turn can have a hugely negative impact on local business development, both in the short and in the long term. It is essential to ensure that Norwegian business development initiatives funded through the Norwegian aid budget do not contribute to supporting Norwegian businesses at expense of local business in poor countries. There are support schemes for Norwegian business outside of the aid budget. Norwegian and international stakeholders can play

an important role by bringing in expertise, technology, and investment capital, and should, as far as is possible, collaborate with locally based businesses to ensure a transfer of expertise, local ownership, and value creation.

Furthermore, a single-minded focus on catalytic effect risks pushing important aid to the side. There are far too many challenges for the private sector to solve. The most important framework conditions for business are set by the state through education, health, welfare schemes, anti-corruption work, financial openness, safety, and a reliable rule of law.

Norwegian Church Aid believes that any private sector investment must be based on two principles: Norwegian aid must be independent, with clear distinction between aid instruments and business promotion. Any support for the private sector using aid funds must be established to achieve the aim

of reducing poverty, creating development, and promoting human rights. The development effect of any such measures must be measured.

Refugees, asylum, and migration

War and conflicts, oppression, and poor living conditions are just some of the reasons why millions of people leave their homes in search of safety and a better life. Under international law, refugees who cross borders due to war, conflicts, or political persecution are entitled to protection on humanitarian grounds or, if they are being persecuted due to their political convictions, to political asylum. Migrants, a term which includes people who leave their home due to climate change, should be granted the same protection under human rights legislation as everyone else. Migrants are protected under international law same as other vulnerable groups, but the implementation of these rights depends on the country to which they migrate. In 2020, there were more than 80 million refugees across the worlds, with Syrians fleeing the war in their country representing the largest group. The countries that received the most refugees in 2020 were Turkey, Colombia, Pakistan, Uganda, and Germany.

Costs associated with accommodating refugees and state expenses relating to migration can be covered by the aid budget, but only if they meet the DAC's definitions. Costs can be covered up to 12 months after a person's arrival and can include temporary support for food, housing, and education, but not integration costs. The DAC emphasises that a country should apply a conservative interpretation of what counts as aid.

In the years prior to the major Syrian refugee crisis in 2015, around 5 per cent of the Norwegian aid budget was spent on helping refugees recently arrived in Norway. In 2015, the number of people who applied for asylum or residency on humanitarian grounds tripled to reach 31,145 people. Consequently, Norway charged NOK 2.1 billion to the aid budget for associated costs, corresponding to 10.8 of the entire budget. The nominal increase in the aid budget between 2014 and 2015 was NOK 500 million and only enough to cover some of these costs. It became necessary to make cuts to other parts of the aid budget, including parts of the funding aimed at civil society collaboration. This resulted in Norway becoming the number one recipient of Norwegian aid in 2015, after Afghanistan which received NOK 758 million. At 1.4 per cent, Sweden was the number one aid donor in 2015 in relation to GDP. No less than 33.8 per cent of this money was spent on refugee costs in



A grandmother takes farewell to her granddaughter, Berehove, Ukraine.
PHOTO: Håvard Bjelland



Sweden. In other words, Sweden became the biggest recipient of its own aid. The Netherlands followed the same line.

In 2016, this figure was exceeded again. Around 11 per cent of all ODA was spent on costs associated with helping newly arrived refugees in the same OECD countries. Norway spent a total of NOK 6.7 billion, equivalent to 18.4 per cent of the 2016 aid budget, on domestic refugee costs. The nominal aid budget increase was not enough to cover this, and cuts were made to, among other things, initiatives aimed at strengthening civil society, energy, and environment.

Some countries however, such as Luxembourg, Australia, and South Korea, chose not to charge refugee costs to their aid budgets, but to separate budgets. A few countries opted for a different model, recording refugee costs as ODA but adding them on top of the planned aid allocation. Spain, Germany, Italy, and France all chose this solution, which allowed them to avoid cuts to existing programmes.

The war in Ukraine means that, once again, OECD countries are faced with an influx of refugees.

This will put pressure on aid and other important measures against inequality and poverty might see their budgets cut as a result. During a question-and-answer session in the Norwegian parliament on 9 March, Anne Beate Tvinnereim, Minister of International Development, stated that, with the exception of 250 million, the NOK 1 billion pledged to Ukraine should be funded through the regular aid budget.

3. Conclusion

Following decades of development work progress, the climate crisis, conflicts, and the pandemic have resulted in increased poverty, inequality, and humanitarian needs. The number of people living in poverty is growing and it is estimated that, in 2021, the number of people who needed emergency aid increased by 40 per cent compared to before the coronavirus pandemic. We are currently, in 2022, experiencing the worst refugee crisis in Europe since the Second World War. In its most recent report, the UN's Intergovernmental Panel on Climate Change (IPCC) writes that nearly 3.5 billion people are currently living in areas that are extremely vulnerable to climate change. At the same time, civil society's scope for action is shrinking in more and more

countries. In less than nine years the Paris Agreement and the UN's SDGs are to have been achieved, and Norway plays an important role when it comes to resources, coordination, and targeted efforts.

With this report, Norwegian Church Aid has put the spotlight on the enormous pressure that the aid budget is currently under in order to finance Norway's obligations in several areas that demand action, and the fact that this could result in significant changes to both the content and the level of ambition of our aid policy. This is happening while the aid policy's cornerstone, which is the cross-political commitment to dedicating one per cent of GDP to publicly approved development aid, is being eroded. Using aid funds alone to try to resolve problems caused by rich countries is also deeply unethical. Doing so could leave the country vulnerable if Norway was to step away from its role as an important global humanitarian stakeholder at a later date.

We especially recommend a debate on climate finance, the need for which will increase dramatically in the coming years and where it is already clear that the aid budget will not be capable of resolving the challenges that we currently face.

The more areas that the aid is used to target, the more unfair the policy becomes. We cannot pass the bill for our own actions onto the very poorest. Norwegian Church Aid asks that the aid be protected from erosion, that the combating of poverty be prioritised, and that other, new funding mechanisms be used for global common goods.

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