



Can Norway nudge the world on to a course to a better future?

Equal International's response to the Norwegian Ministry of Foreign Affairs "Investing in a Common Future" report

SEPTEMBER 2023

About Equal International

This response paper was developed by [Equal International](#). Equal International is a specialist international development think tank based in the UK and South Africa which uses its technical expertise in multi-stakeholder cocreation, thought leadership, policy research and advocacy to address the structural drivers of marginalization, human rights issues, and inequality. With a focus on equity for the production and security of global public goods, and global common benefits, Equal has been supporting the cocreation of [Global Public Investment](#) since the concept's inception, including functioning as the Secretariat to the [Expert Working Group on Global Public Investment](#).

Why this response paper?

In May 2023, the Norwegian Ministry of Foreign Affairs published a report by a group of Norwegian experts it has commissioned to propose a new framework for Norway's development policy, titled *Investing in a Common Future*.

This report, coming from an international development leader such as Norway, has triggered a vibrant debate in the global cooperation community. For us at Equal¹, it resonated particularly with a [Briefing Paper](#) we released also in May, titled *Global Public Investment for the Common Good*, that argues that the current international public finance approach is unfit for global cooperation around global common good, and proposes ways forward to unlock it.

In June, a member of the Norwegian expert group² participated in the high-level forum on Global Public Investment for the Global Common Good organised by Wilton Park³ and Equal. They presented the "Investing in a Common Future" report, and the discussion served as a first international consultation on its recommendations. The present response paper, produced by Equal International, provides a summary of this international feedback, including suggestions on how to take some of the report's recommendations forward.

Outline of this paper:

1. Our recommendations
2. Global public goods and their fit with ODA
3. Norway's place in the world
4. International implications beyond Norway
 - a) *the domestic need for international metrics*
 - b) *HIC-UMIC cooperation*
 - c) *expanding the contributor base*
 - d) *global dialogue on 21st century cooperation*
5. Next steps: co-creating Norway's new framework for development policy

1 Equal International (Equal) is a think tank based in the UK and South Africa with a focus on international development, including global public goods and the paradigm shift from aid to global public investments. Equal's expertise lies in cocreation, thought leadership, policy research, and advocacy in order to address marginalisation, the rights of those at risk of being left behind, and the drivers of inequality.

2 Anne-Marie Helland, Director, Sustainability and international development, PwC Norway

3 Wilton Park is a sister organisation to the British think tank Chatham House, as in part the UK Foreign, Commonwealth and Development Office (FCDO).

1. Our recommendations

Equal⁴ welcomes the report *Investing in a Common Future*, which proposes a radical new direction for Norway's development policy, one that recognises the severe limitations of international development cooperation and proposes structural reforms to better direct Norway's national resources towards addressing common, global challenges.

To take forward the ambitious reform agenda proposed by the expert group, and leverage Norway's leadership and investments to tackle global-scale challenges, we recommend that the Norwegian Ministry of Foreign Affairs take the following four steps:

1. **Establish an international cocreation group** comprising diverse stakeholders from around the world to inject a more global vision into the next stages of Norway's new development policy framework. Such a group should include representatives from low- and middle-income countries and marginalised communities (i.e., potential beneficiaries of category 1 investments) to ensure that the new direction of Norway's international cooperation responds to local needs and will have greatest impact in addressing systemic inequalities.
2. **Strengthen bilateral engagements with globally influential countries and institutions** to develop common approaches for increasing and tracking financing against global challenges ("category 2" in the Norwegian report). Norway should work closely with actors such as the DAC, China, upcoming G20 presidencies (Brazil, South Africa and the USA), and with key thinkers on global cooperation paradigms to both shape and align future investments.
3. **Engage in existing international dialogue efforts** aimed at rethinking global cooperation (e.g. the Wilton Park series on financing global common goods). As a respected leader in development cooperation, Norway should actively insert the expert group's ambitious and forward-thinking recommendations in these global and regional debates.
4. **Co-host a roundtable of both traditional and new development partners**, including think tanks such as Equal, on new models of international cooperation for poverty reduction and addressing global challenges.

These four recommendations are based upon the analysis set out in the following sections of this paper.

⁴ Equal International (Equal) is a think tank based in the UK and South Africa with a focus on international development, including global public goods and the paradigm shift from aid to global public investments. Equal's expertise lies in cocreation, thought leadership, policy research, and advocacy in order to address marginalisation, the rights of those at risk of being left behind, and the drivers of inequality.

2. Global public goods and their fit with ODA

We agree with the core message in *Investing in a Common Future* that Official Development Assistance (ODA) is in crisis. It has been expanding over the years to cover activities that are distinct from its original purpose (of helping low-income countries develop), and has been stretched to fund responses to global problems that high-income countries are increasingly worried about, such as climate change. [Recent studies](#) suggest that up to 60% of ODA resources are now being used to finance such Global Public Goods (GPGs).

In essence, the expert group is telling the ODA sector, in Norway and globally, that the time has come to face up to the need to step up global public good finance, by creating a new global cooperation framework *dedicated* to GPGs, instead of continuing to cannibalise ODA and stretching beyond recognition the rules for development aid and poverty reduction.

According to the report, the downside of taking a mechanism designed for low-income countries and using it to address global challenges, is two-fold: first, it reduces funds available for these countries' poverty reduction programs and national development strategies, and second, it is less effective at addressing global challenges than mechanisms explicitly designed for that end.

The expert group recommends a new development policy framework that would distinguish between two categories of financial flows: "category 1", focused on national economic and social development (ODA), and "category 2", focused on global challenges/common goods. The main difference between the two categories is the type of returns that Norway, as the investor, can expect from each. Category 2 is about more direct or "biophysical" returns to Norway, from having a more functional/healthy climate, global ocean, global biosphere, etc. Category 1 is about more indirect or "social" returns to Norway, from having a less unequal world (e.g. more stability, less risk of conflict).

In quantitative terms, the report recommends Norway should maintain its current allocation of 0.7% of GNI to Category 1, and should gradually increase its allocation to Category 2 from 0.3% to around 0.7% of GNI. This approach has the effect of ringfencing each category from the other, and in particular of protecting poverty-focused ODA from the pull of global public good finance.

While the report primarily focuses on Norway's own actions on international development and global challenges, the issues it highlights also relate to the global landscape of international public finance and what other countries do in that space. Norway should therefore encourage other development partners to review their own approaches and implement similarly ambitious reforms.

3. Norway's place in the world

Norway's position on the global wealth map makes it an important player in globalization. As the 'Investing in a Common Future' report points out, protecting Norway's future requires protecting the world's – and this is probably truer for Norway than for any other country, precisely because of its unique wealth standing.

However, rich as Norway may be, its aid amounts to only 0.01% of world GDP (even after it were doubled to reach 2% of GNI). How can Norway expect to make a dent in the world's gaping problems -- to affect the course of the future, to secure long-term stable growth and connectivity of the world GDP --

by wielding an instrument that weighs only 0.01% of the total? What would it take to bridge such a gap in scale, to exert such a high leverage effect?

Generally, large Norway's leverage effect could be exerted from two approaches: (a) seeking to effect *structural change on a global scale* that offers a *multiplier effect*, and (b) deliberately aiming to influence *other countries' own efforts* (so they align with one's own).

Structural change on the global stage is not easy to achieve – but once it happens, it does change the course of history (e.g. the creation of the WTO and China's accession to it – many scholars point to the far-reaching repercussions this has had across the globe on trade, growth, employment, domestic politics and international relations). Because the alternative approach - of taking 0.01% of GDP and investing it directly in the world's least developed countries - is less likely to affect the world's common future, Norway should seeking this type of structural change as its strategic approach to securing the future it wants to see.

4. International implications of the report beyond Norway

Even though the expert group's remit was focused on informing Norway's own policy for international development, its recommendations have major international implications, which are examined here briefly.

a) *global dialogue on 21st century cooperation*

As the Norwegian report proposes, new approaches to global cooperation are needed in order to fit the changing needs of the 21st century, and to transform how the world addresses common global challenges. However, any international ideation of cooperation instruments for addressing global challenges requires the active engagement of Southern countries, and their leadership within the policy-making process. Category 2 should thus be positioned as a topic for dialogue at UNFCCC, WHO Pandemic Accord, G20 and similar fora.

The global conversation between HICs, UMICs and L/MICs should center at first on defining what is our common agenda, what is a common good, and within that what do we all value sufficiently to all want to contribute to it. Notably, the topic should arrive on the global scene from an inclusive dialogue with developing countries to build a Global Agenda (like Barbados has done for climate finance). Such a dialogue should overcome the donor vs recipient divide, enhancing legitimacy and creating higher diplomatic chances of seeing the report's suggestions prosper.

Bridging the gap of distrust between developed and developing powers will require an innovative, ambitious dialogue apparatus. Because of its unparalleled standing, recognition and linkages, Norway is probably best positioned to bridge this divide and start this dialogue. Taking on this role also offers Norway a chance to frame what the next era of global cooperation will look like, and to drive the kind structural change needed – to bridge the gap between its size and its impact ambitions.

b) HIC-UMIC cooperation

One feature of the proposed Category 2 that will endear it to larger but less affluent economies is the opportunities it creates for stronger economic cooperation with large middle-income G20 economies. Post-Brexit Global Britain, for instance, has already moved away from its “aid graduation” approach of the 2010s, to reprioritize MICs as recipients of cross-border public investments (albeit on less concessional terms than for LICs). Europe and the World Bank seem poised to follow the UK’s lead, such that the category 2 concept might be well received within these policy pivots. The Norwegian report also provides a conceptual framework for closer economic ties between HICs and UMICs -while ensuring concessionalism is focused on LDC - which speaks to many HICs’ diplomatic priorities. This in turn opens up an opportunity for Norway to help frame and shape the future of cooperation between the world’s largest economies, despite not being a member of the G20 itself.

c) expanding the contributor base

The Category 2 proposed by the expert group is primarily about global public goods (GPGs), and has climate change mitigation as its center. While GPGs benefit all countries more or less equally, at present most countries make very little financial contribution towards them, thereby creating a “freerider” moral and diplomatic hazard.

Already, several traditional donor countries assert that large non-donor countries (e.g. China, Saudi Arabia) also share significant responsibility in the climate crisis, and “must start contributing their fair share”-- as a pre-condition for these traditional donors to step up their own contributions. Likewise, some high-ODA countries in Europe postpone any truly significant increase in their cross-border climate funding until *after* the US and certain “high-income yet low-ODA” countries (e.g. Japan, Italy, South Korea, Spain, Eastern Member States of the EU, Taiwan, Israel, Singapore) have “caught up with them”.

For these reasons, it seems likely that a politically sustainable scheme to finance GPGs at scale will require some sort of universal contribution – the type where all countries benefit from the GPGs, all make some financial contribution towards them, and all share in deciding on allocation of funds. In a universal contribution scheme, countries like Norway would be net contributors, while countries like Ethiopia would be net beneficiaries (similarly to Germany and Romania vis-à-vis the EU budget).

d) the domestic need for international metrics

Political science has showed that the political economy of continued budgetary allocations to ODA is complex, and that international ODA metrics play a special role in these domestic dynamics.

In many donor countries, the pressure of international comparison statistics is a significant ingredient to maintaining the political incentives for high ODA allocations (statistics showing the extent to which the country is meeting its international ODA commitments, and how it compares to its peers). In turn, such official comparative “scorecards” require an intergovernmental organisation to play the role of recognized referee (in the case of ODA, this function is performed by OECD DAC). This is even truer in richer, smaller countries, where being “best in class” vis-à-vis global commitments is a significant driver of diplomatic standing on the global scene (compared to larger countries, who can better use their economic scale or military might to gain standing, and see less need for such a status).

Because of this domestic impact of global metrics, in Norway and in other countries, it will be key to the report’s long-term impact that the proposed framework (i.e. categories 1 and 2) obtain international, beyond-Norway understanding and adoption, at the DAC or elsewhere.

5. Next steps: co-creating Norway's new framework for development policy

The Global Public Investments (GPI) approach to renewing global cooperation is grounded in strong democratic decision-making processes to determine priorities and strategies for cross-border public finance. This approach calls for inclusive and participatory processes where all nations, irrespective of their economic status, have a say in deciding where and how global public funds should be deployed. As Norway continues to deliberate and act upon the recommendations of the expert group, we hope that that diverse stakeholders – particularly from countries in the Global South most affected by poverty, climate change and other global challenges – can be increasingly involved in shaping Norway's future development policy and funding decisions, the outcomes they generate, and how those outcomes are distributed.

As conveners and thought leaders in global public investment with strong experience in facilitating inclusive co-creation processes, Equal would welcome the opportunity to further support the ambitious reform agenda embodied in Norway's *Investing in a Common Future* report, and contribute to taking it forward at both national and international level.

CONTACT

Khalil Elouardighi
Director, Thought Leadership, Equal International
khalil@equalinternational.org
+33 6 33 20 74 66
www.equalinternational.org

Equal

