

# NORWAY

## **Norway Intervention to the EBRD Annual Meeting 2016 in London, United Kingdom**

In 2015, economic growth in the EBRD countries of operation came to an almost complete halt after four successive years of slowdown. Despite this adverse economic environment, the EBRD managed to maintain a high level of activity throughout the region, with the exception of Russia, where the bank decided against making any new investments due to the country's violations of international law in relation to Ukraine.

Improved infrastructure is crucial for returning the EBRD region of operation to a path of sustained economic growth. Although the political and economic environment remained challenging across most of the EBRD region it is encouraging that, according to EBRD's own analysis, the outlook for market reforms appears to have improved over the past year.

The EBRD has a strong influence through close policy dialogue with governments and authorities in the countries of operation. These dialogues can have a positive impact on the general business climate in the countries concerned, and furthermore, it can bring more attention to good governance and the fight against corruption. It will also contribute to strengthen the institutions necessary for market economies and give incentives to sustainable growth. Norway encourages the EBRD to intensify its dialogue with the countries that lag behind.

EBRD's support to Ukraine has been strong with almost 1 billion euro made available in 2015 to alleviate the country's continuing economic difficulties. The effects of the country's economic structural deficiencies have been exacerbated by Russia's annexation of Crimea and the continuing conflict with Russia-backed rebels in the Donbass region. The EBRD should continue to support Ukraine in these demanding times for the country.

EBRD plays a leading role in efforts to remediate a number of nuclear safety issues. As a manager of multilateral nuclear safety donor funds, the EBRD administers donor funds to make the Chernobyl site safe and secure. It is essential to safeguard the Chernobyl Nuclear Power Plant to avoid future emissions of radioactivity. Norway thus supports the proposals to use 57 million euro in all from the 2015 net income and the unrestricted general reserves to finance the completion of the Chernobyl New Safe Confinement and the Chernobyl Interim Spent Fuel Storage Facility. Furthermore, Norway supports the suggested use of 140 million euro from the Unrestricted General Reserves to the EBRD Shareholder Special Fund

Norway appreciates that 95 per cent of the EBRD projects signed in 2015 had very good or excellent transition impact potential.

In February 2015 Greece became a temporary EBRD recipient country, and in December the EBRD shareholders welcomed China as a member of the Bank. Also Lebanon is in the process of becoming a member, with the view of conducting EBRD operations there as soon as all formalities are in place. The almost continuous broadening of the Bank's field of operation puts strong demands on the Bank's resources.

The EBRD activities in the southern and eastern Mediterranean region (SEMED) has become broad and extensive with a 1.5 billion euro portfolio in 2015. Norway supports the Bank's activities in this area and trust it will have a positive impact on the democratic developments in the countries.

Norway appreciates that the EBRD will seek to increase its level of environmental investments to 40 per cent of its total financing in the period towards 2020. EBRD's financing will reduce the emissions from the Countries of Operation in accordance with the Paris Agreement on fighting global warming. The Sustainable Resource Initiative (SRI) is an important contribution in this respect, in supporting materials- and energy efficiency, as well as renewable energy. The following reduction in annual CO2 emissions is an important aspect of the Bank's activities within the SRI.

Norway is also a strong supporter of the Early Transition Countries initiative. We appreciate that more than 25 per cent of the Bank's operations took place in these less advanced countries. Although the size of each project is rather small, the positive impact on the business life is nevertheless of vital importance. The Small Business Initiative is also helping the SMEs through financing through financial institutions, co-financing with partner institutions, direct financing for SMEs, business advice and policy dialogue.

Norway is strongly backing EBRD's longstanding support for SMEs. This is at core of the Bank's mandate and central in promoting growth and economic integration. They represent a large share of the economic activity in many countries of operation. Although working in the SME sector is challenging and resource intensive, the EBRD should continue to focus on SMEs, as they represent a large share of the economic activity in many countries of operation. We appreciate that the initiative is implemented by all the departments throughout the Bank, with focus on financing through financial institutions, co-financing with partner institutions, direct financing for SMEs, business advice and through policy dialogue.

Norway welcomes that EBRD's board in 2015 approved the EBRD's first Strategy for the Promotion of Gender Equality. The Strategy broadens and deepens the EBRD's commitment to addressing gender inequality through its investments and other activities. Gender equality should focus on access to finance, access to employment and skills, and access to services. Promoting gender equality is an essential part of the transition process and crucial to building inclusive societies.

Norway appreciates that in 2015 the EBRD signed several projects providing financing for companies run by women. The programmes under the Women in Business Programme has activities in a number of the Bank's Countries of Operation and provide advice and finance via credit lines to local banks, and also offer participating financial institutions technical assistance. It is positive that the EBRD also offers targeted finance for women entrepreneurs outside the Women in Business Programme.

Many countries face major challenges related to a widespread culture of corruption. Such a culture is a major social problem. Corruption destroys the market mechanisms, it creates uncertainty in tendering and it leads to competition for bribes before competition on price, delivery and quality. The EBRD should continue to increase its policy dialogue efforts and be in the forefront among multilateral financial institutions at combating corruption.

The Syria crisis has led to an unprecedented human catastrophe with a massive influx of migrants and refugees in the Syrian neighbourhood and throughout Europe. The "Supporting Syria and the Region" Conference that took place in London on February 4, 2016 brought a new impetus to international cooperation and support to those countries that have taken a huge burden in this crisis, including those countries hosting a great number of refugees. We commend EBRD for taking part in the international cooperation, and for demonstrating how

the Bank can be instrumental in supporting the transit countries. We also welcome the decisive and quick response from EBRD by initiating a comprehensive refugee response package of projects focusing on Jordan, and Turkey.

Finally, Norway appreciates the work done by the EBRD management and staff in 2015. The Bank's human resources are productive and produce positive results even in periods like the current with financial turmoil and slow economic growth in the region.