

NORWAY

Norway's intervention to the 2019 EBRD Annual meeting

Norway thanks the authorities of Bosnia and Herzegovina for hosting the 2019 EBRD Annual Meeting in beautiful Sarajevo.

Norway congratulates the Bank's staff and management with the sustained high transition impact in 2018. Transition is at the core of the Bank's mandate. The high transition impacts in 2018 alongside the Bank's continuing high level of investments and disbursements, through a number of projects in different sectors in its Countries of Operation, shows that the Bank is making a difference. Norway strongly supports the Bank's combination of investments and policy dialogue, as well as the Bank's donor-funded technical assistance. The importance of the Bank's policy dialogue with authorities in the Countries of Operations should not be underestimated. EBRD can make a difference in giving guidance and in supporting political initiatives promoting cooperation, democracy building and improving market conditions.

Sound banking is a key premise of the Bank's financial operations and Norway takes note of the fact that financial results in 2018 was not as expected, mainly driven by adverse conditions across equity markets in combination with depreciation of currencies in some important countries. The cost/income-ratio has increased accordingly. This is a matter of some concern and we expect and trust the Board and management to survey this closely. Having said this we understand that there is and will be volatility in income, not at least from the Bank's equity portfolio. EBRD's equity share is for the time being at a historically rather low level, and we recognise that equity investments could be a suitable instrument for the more advanced economies. We also recognise that the Bank's reserves are increasing and that the Bank's creditworthiness is perceived as strong and stable.

Norway appreciates that the Bank is on its way to meeting its green investment target of 40 per cent by the end of 2020, and that 36 per cent of the Bank's financing in 2018 was in the green economy. A well-governed transition to green economy is in line with the Sustainable Development Goals and we encourage the Bank's effort to limit climate change. Norway welcomes the new EBRD energy strategy, which aims to increase investments within renewable energy even further, not at least in wind and solar, and the strategy guideline ruling out financing power plants using coal. Further, we recognise that financing gas powered electricity plants can be a necessary mean to balance power markets with increasing and high intermittent renewable energy shares. Furthermore, we encourage the Bank to look into investments in cross-border infrastructure, including in the energy sector, to facilitate integration, cost reductions and energy security. We appreciate that EBRD has established a close cooperation with the Green Climate Fund, and that EBRD has received approved funding from the Green Climate Fund for a number of large climate relevant programmes.

Norway also supports the Bank's enhanced ambition of growth of annual business volumes in existing Countries of Operation, increasing both the quality and quantity of its investments. The Bank should maintain its focus on mobilising the private sector and stimulate investments to foster transition towards open market-oriented economies. We also understand a more restrictive approach to sovereign lending, but believe that the Bank

should not refrain going into “sovereign” projects with high transition effects, even if the consequence in the short run is overstepping strategic set targets.

Norway expects high standards from the Bank when it comes to its clients regarding such issues as corruption, money laundering, domiciliation/tax evasion, procurement procedure and social and environmental standards. Bank's governance should similarly follow the highest integrity and transparency standards. We would like to underline the responsibilities of the Board and management in these issues.

Norway has substantially increased its cooperation with EBRD the last year, especially in Eurasia (in funds with focus on Ukraine, Armenia, Georgia, Moldova and Central Asia), and in the Western Balkans. We appreciate your strong regional and country specific knowledge and competence. The Western Balkans Investment Framework (WBIF) gives priority to large and strategic infrastructure investments. We consider the WBIF as a highly relevant and effective framework for socio-economic development in the region. Furthermore, it fosters regional cooperation. It is also a unique platform for coordination of activities and initiatives among bilateral donors, international financial institutions and indeed, the European Commission and its IPA funds. We have also expanded our bilateral cooperation with EBRD in the Western Balkans, through an innovative program focusing on SME-development, job creation and in particular addressing unemployment among youths in the region.

Further, Norway has expanded its support for the Environmental Remediation Account for Central Asia, working to address the uranium-mining legacy in Kazakhstan, Kirgizstan and Uzbekistan. Within the framework of the Northern Dimension Environmental Partnership, we appreciate to see the Bank's efforts to address major safety issues surrounding nuclear legacies. Norway continues to support this important work.

The architecture of international financial institutions is up for discussion. Norway welcomes a discussion about EBRD's role and place in this. A starting point could be to take full advantage of the Bank's strengths within the Countries of Operation within the Bank's fundamental principles of sound banking, transition impact and additionally. We align ourselves with the view that multilateral development banks should work as a system, in a coordinated and complementary manner, according to their comparative advantage, to leverage synergies and maximise impact for clients and shareholders.

Norway will take part in further strategic discussions and study carefully relevant assessment on options for use of the Bank's capital, including possible expansion of Countries of Operation, with no prejudgement of the outcome. Norway's view is that the Bank should not be overcapitalised. We welcome a thorough consideration of potential strategic directions for the Bank. Further, we believe that new strategic directions on the use of the Bank's capital should be done as a consequence of an enlightened discussion and decision, and with the consent of a large number of shareholders.

Finally, Norway thanks again the Bank's Board, management and staff for all the good work and results in 2018.