

NORWAY

Norway's Address to the EBRD Annual Meeting 2017 in Nicosia, Cyprus

Norway is impressed by the economic results of the Bank's operations in 2016. The total investments amounted to 9.4 billion euros in 378 projects, matching the record level of financing seen in 2015. The TC (technical cooperation) contributions from donors are vital for the Bank's ability to perform and for the transition impact and health of the projects.

We particularly appreciate the work EBRD is doing in Ukraine. The Russian annexation of Crimea and the support to the rebel uprising in Eastern Ukraine leaves Ukraine in a vulnerable position. There will be a constant need for financial support to Ukraine in the years to come in order to support the country's reform process and the adoption of European standards. We welcome Ukraine's efforts to fight corruption and the EBRD's support in this work. In the field of energy efficiency and -reform, we would like to stress that it is of great importance that the EBRD continues to encourage the reform agenda in Ukraine.

EBRD's projects remain highly relevant to the transition process. Norway appreciates that 97 per cent of the transactions signed in 2016 were assessed as having good, very good or excellent transition impact. The private sector share of annual bank investment of 76 per cent in 2016, compared with 78 per cent in 2015, is reflecting the EBRD's mandate to foster transition and reform by working with the private sector.

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.

Norway appreciates that 2016 marked the first year of implementation of the Green Economy Transition (GET) approach. This helps EBRD countries of operations deliver the emission reductions pledged at the 2015 UN climate conference in Paris. GET expands the scope of the Bank's climate finance activities, improving water and materials efficiency, energy efficiency, renewable energy and climate resilience. We appreciate that GET projects accounted for 33 per cent of total Annual Bank Investment and that the projects have contributed to estimated annual reductions of 5 million tonnes of CO₂ emissions.

The Small Business Initiative provides finance to small and medium-sized enterprises. Norway supports that the EBRD invested 1.0 billion euros in 81 financial intermediaries for on-lending to SMEs, and that the Bank directly invested a total of more than 400 million euros in 66 SMEs. SMEs are vital for well-functioning economies, and provide employment close to where people live.

Norway welcomes the new Strategy for the Promotion of Gender Equality 2016-2020, which seeks to economically empower women in the EBRD region and foster more equality of opportunity to benefit all members of society. We appreciate that 29 of the Bank's projects incorporated a component promoting gender equality.

The EBRD Early Transition Countries (ETC) Initiative seeks to increase financing and strengthen the business climate in the less developed countries. The number of signed projects in 2016, 114, is impressive. The level of investment of 902 million euros will certainly contribute to the development of these countries that lag somewhat behind in the transition process.

Norway fully understands that the geopolitical uncertainty in the EBRD region is likely to continue to contribute to volatility in the Bank's earnings, particularly in the valuations of its equity portfolio and the level of provisioning against its loan book. Norway finds it of essential importance that the EBRD maintains its triple A rating, as it is essential for the Bank's access to inexpensive funding in the markets.

Norway supports the Framework for Net Income Allocations that was approved by the Board of Directors in 2016. Based on the principles of this framework, we share the expectation that on a rolling three year basis at least 75 % of the Bank's growth in members' equity should be retained in reserves. We support the net income allocation proposals to the EBRD shareholders Special Fund and the EBRD Trust Fund for West Bank and Gaza. We take note that these allocations are within the limits set by the approved Framework.

EBRD's Local Currency and Capital Markets Development Initiative is very important to establishing viable local currency financing. Development of efficient and self-sustaining local capital markets are vital to ensuring economic resilience. Norway welcomes that the Bank signed 93 local currency loan and bond transactions – 29 per cent of the total number of debt transactions by the EBRD during 2016.

Norway would welcome Lebanon as a new member of the Bank, and would support Lebanon being granted recipient country status in the near future.

Finally, Norway highly appreciates the work done by the Bank's management and staff in 2016. We express our gratitude to the Cyprian authorities for hosting the EBRD Annual Meeting in 2017 in Nicosia.