

**IMPLEMENTATION OF ARTICLE 66.2: INFORMATION FROM
DEVELOPED COUNTRY MEMBERS**

Addendum

NORWAY

The present document reproduces information on the implementation of Article 66.2 of the TRIPS Agreement, which has been received from the Permanent Mission of Norway by means of a communication, dated 19 September 2000.

Article 66.2 of the TRIPS Agreement requires "developed country Members to provide incentives to enterprises and institutions in their territories for the purpose of promoting and encouraging technology transfer to least developed country Members in order to create a sound and viable technological base". The present note provides an introduction of facilities for investment support and financing arrangements for export of capital goods, technology and services provided by the Norwegian Agency for Development Cooperation (NORAD) and the Norwegian Investment Fund for Developing Countries (NORFUND). In order to be eligible for these incentive schemes, the developing country must be classified as low or lower middle income according to the OECD/DAC list of aid recipients.

The purpose of the NORAD facilities for investment support is to encourage Norwegian firms to pursue opportunities for investment in lower income developing countries, including least developed countries. The facilities promote cooperation, including related to technology transfer, through the support of feasibility studies for establishing joint ventures or foreign subsidiaries, investments in basic infrastructure and training in order to strengthen the local management of joint ventures or companies that are owned wholly or partially by one or more Norwegian companies, as well as equity investment guarantees to Norwegian companies in connection with investment projects in developing countries. The insurance cover is similar to that offered by MIGA (the Multilateral Investment Guarantee Agency).

The financing arrangements for export of capital goods, technology and services include support for training in connection with export, mixed credits, export credit guarantees and parallel financing. Special training arrangements in connection with such export to developing countries are often a necessary prerequisite for ensuring a real transfer of technology and the proper operation and maintenance of machines and equipment. The facility for training support enhances the ability of the recipient to make use of and to maintain the new assets or technology supplied from Norway, while enabling Norwegian firms to meet the needs of the buyer in the developing country. Mixed credits combine development assistance funds with ordinary export credits in order to further technology and capital transfer, as well as industrial and commercial interaction between the Norwegian industrial

community and developing countries. NORAD, jointly with the Norwegian Export Credit Guarantee Agency (GIEK), may also offer export credit guarantees for projects that are expected to be particularly beneficial in contributing to the economic and social development of the partner countries, which do not satisfy the requirements of the general system of guarantees provided by GIEK. Such guarantees normally cover political risks only, although commercial risks may also be covered under certain conditions. The coverage is usually up to 90 per cent of the risk of loss of the exporter or financial institution.

In addition, NORAD may fund project exports consisting of one or more project components in major projects that are prepared and financed by multilateral development banks. Such parallel financing is tied to project components where the non-Norwegian content is not more than 50 per cent. Norway has signed agreements concerning this scheme with the World Bank (IBRD/IDA), the Asian Development Bank (AsDB), the African Development Bank (AfDB), and the Inter-American Development Bank (IDB). Parallel financing can also be used in connection with projects financed through NORAD's country and regional programmes. Domestic competitive tendering is arranged for those project components that are selected for co-financing. The Norwegian Trade Council assists in the administration of this facility.

Special NORAD financing on grant terms is provided for technical assistance within sectors where Norway is considered to have particularly strong expertise. Such sectors include shipping, oil and gas (offshore), hydropower, environmental technology, mariculture/aquaculture and fisheries.

The purposes of NORFUND are to invest in profitable private enterprises in developing countries and to promote business development in these markets, to support the realization of viable commercial projects which balance economic, social and environmental considerations, and to contribute to the success of its co-investors by providing risk capital and expertise. NORFUND generally pursues two investment strategies: direct investment and involvement in local investment funds. Direct investments are made in cooperation with Norwegian companies in all countries eligible for NORFUND funding. NORFUND also invests in local funds in a number of countries, independently of other Norwegian investors. Both strategies aim to stimulate profitable commercial development in developing countries. Direct investments provide particular incentives for promoting and encouraging technology transfer.

Direct investment are made jointly with Norwegian companies, often in cooperation with local partners. By providing capital, contacts and expertise, NORFUND can actively contribute to the success of its projects. The fund requires a well-documented business plan before proceeding with an investment. Here the Norwegian partner must be able to demonstrate good earnings potential, expertise and an awareness of environmental and social considerations. NORFUND usually injects equity capital, at most matching the amount invested by the Norwegian sponsor, with its commitments based on shared risk, not subsidies. Norwegian companies wishing to set up local operations in eligible countries can also apply directly to the local investment funds established in cooperation with other institutional investors, such as the CDC Group plc, the International Finance Corporation (IFC) and private financial institutions.

For further detailed information concerning the above incentive schemes for Norwegian companies to engage in cooperation with partners in least developed countries please contact:

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