

**REPORT ON THE IMPLEMENTATION OF ARTICLE 66.2
OF THE TRIPS AGREEMENT**

NORWAY

Addendum

The following communication, dated 10 November 2003, from the Delegation of Norway is being circulated pursuant to paragraph 1 of the Decision on Implementation of Article 66.2 of the TRIPS Agreement.

I. INTRODUCTION

1. 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 enable them to create a sound and viable technological base". The present note provides an update of the relevant facilities provided by the Norwegian Agency for Development Cooperation (NORAD) and the Norwegian Investment Fund for Developing Countries (NORFUND).

2. Least-developed countries are eligible for NORAD and NORFUND incentive schemes along with other developing countries with a GDP per capita of less than US\$5,295 in accordance with the threshold for World Bank loan eligibility.

II. THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION (NORAD)

3. NORAD provides incentives for technology transfer to developing countries, including least-developed countries, through (1) its facilities for investment support, (2) its financing mechanisms for export from Norway, and (3) support to export related projects in Norway's partner countries.

4. The purpose of the NORAD facilities for investment support is to encourage firms to invest in developing countries, including least-developed countries. The facilities promote cooperation, including cooperation relating to transfer of technology, through the support of feasibility studies for establishing joint ventures or foreign subsidiaries, investments in basic environmental 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 foreign companies.

5. The purpose of the financing arrangements for export of capital goods, technology and services is to promote transfer of technology more directly. They include support for training in connection with export, untied mixed credits, export credit guarantees (through the Norwegian Institute for Export Guarantees) and untied co-financing. Special training arrangements in connection with such export to developing countries are often necessary to ensure an effective transfer of technology and the proper operation and maintenance of machines and equipment.

6. The purpose of supporting export related projects is to strengthen the countries' export potential by assisting in building institutional and national capacities relating to standards, metrology, testing and quality. NORAD has, for example, supported the construction of laboratories and food testing facilities in developing countries to help food products comply with European standards.

III. NORWEGIAN INVESTMENT FUND FOR DEVELOPING COUNTRIES (NORFUND)

7. The purpose of NORFUND is to promote private-sector development in developing countries by providing risk capital and expertise. NORFUND supports the realization of viable commercial projects, which balance economic, social and environmental considerations by investing in private enterprises and promoting business development in these countries. The objective is that one-third of NORFUND's total investments shall be made in the least developed countries.

8. NORFUND's two main strategies are direct investments and investments in local funds. Both forms of investments provide incentives for the transfer of technology. NORFUND is also engaged in management of local investment funds in many developing countries, and has *i.a.* established a joint venture with Statkraft, Norway's largest producer of electric power, investing in the energy sector in developing countries. This joint venture, called Statkraft NORFUND Power Invest, contributes to the transfer of technology and management capabilities to least-developed countries through a number of projects, such as the Khimti Hydroelectric Project in Nepal and the Theun Hinboun Hydroelectric Project in Laos People's Democratic Republic.

9. NORFUND's direct investments are made jointly with private companies, often in cooperation with local partners in developing countries. Investments in local investment funds provide a capital base to a local fund, which in turn invests in several local companies. NORFUND is actively contributing to the success of investment projects initiated by private companies by providing risk capital, contacts and expertise on business and markets in developing countries. NORFUND requires the investment to be sponsored by a reputable business partner and a business plan must demonstrate the presence of a profitable investment opportunity, a market, expertise and the awareness of environmental and social considerations. NORFUND injects equity or quasi-equity capital, less than or equal to the amount invested by the private company, and its commitments are based on shared risk, not subsidies.

For further details concerning the above-mentioned incentive schemes, please contact:

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