



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

### NORWAY

The following communication, dated 8 October 2021, from the delegation of Norway, is being circulated pursuant to paragraph 1 of the Decision on the Implementation of Article 66.2 of the TRIPS Agreement (document IP/C/28).

#### **1 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 countries in order to enable them to create a sound and viable technological base". The present note provides an overview 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.

#### **2 THE NORWEGIAN AGENCY FOR DEVELOPMENT COOPERATION (NORAD)**

3. Norad is a directorate under the Norwegian Ministry of Foreign Affairs, and is responsible for quality-assurance of Norwegian development cooperation. Norad also administers several grant programmes for specific purposes, among them is private sector development. Norad provides incentives for technology transfer to least developed countries (LDCs) through its facilities for pre-investment support, strategic partnerships, the Oil for Development programme and the Fish for Development programme. Many other NORAD programmes supported by Norad also include elements of technology transfer.

4. The facilities for pre-investment support are application-based and untied. The main users are Norwegian enterprises. The schemes are open for all kinds of technology transfer, but priority is given to investments in renewable energy, agriculture (particularly climate-resilient agriculture in Africa), information and communication technologies (ICT) as well as the marine and maritime sectors. Technical assistance is the main mode of technology transfer but the schemes also include investments in basic infrastructure. The financing facilities are fully utilized every year.

5. The purpose of the Norad facilities for pre-investment support is to encourage firms to invest in developing countries and LDCs. The support schemes intend to pave the way for long-term commercially viable investments through financial support for risk-reducing measures and/or measures that promote the sustainability and feasibility of private investment projects. The facilities promote cooperation, including cooperation relating to transfer of technology, through the support of feasibility studies for establishing joint ventures or foreign subsidiaries, training in order to strengthen the local staff and management of joint ventures or companies that are owned wholly or partially by one or more foreign companies, investments in basic environmental infrastructure and basic infrastructure (road, water/sanitation, electricity and telecommunication). The additionality of

Norad's support to individual companies has been in helping direct investment towards countries and regions where companies would not necessarily have invested otherwise, due to lack of contact to facilitate implementation and risk, among other reasons. Supported projects are usually completed between one to three years. Disbursements to LDCs for this facility in 2020 are listed in Table 1. The Norad facilities for pre-investment support have a special window for renewable energy investments, also listed in Table 1.

6. Within Norad's support to Renewable Energy the aim is to increase access to renewable energy in developing countries. Norad's support to renewable energy focuses on areas where Norway has a special expertise to offer and mobilizes private capital and competence in areas such as hydropower, solar, wind and bioenergy. One example is support to a five year scholarship-program on hydropower at the Norwegian Technical University - NTNU. This programme is highly valued by private sector, as the programme educates hydropower engineers, and contributes to highly qualified local workforce in partner countries.

7. Norad has also introduced an instrument called strategic partnerships. The grant scheme aims to stimulate to a business climate that promotes private sector development in developing countries, including strategic partnerships with private enterprises and non-commercial organisations. Private enterprises and non-commercial organisations that jointly address specific framework impediments in value chains in developing countries are particularly prioritized, but vocational training is also a focus area. The facility is application-based and untied. Private enterprises could in 2020, for the first time be the lead applicant for the proposal. In the most recent application round, projects in Ethiopia, Tanzania, and Uganda were granted support. The sectors prioritised for technology transfer are agriculture and agro-processing, information and communication technology (ICT), and fish and marine resources. The supported projects are multi-year, usually between three and five years. Disbursements to LDCs for this facility in 2020 are listed in Table 2.

8. The Norwegian Oil for Development Programme (OfD) aims at assisting developing countries and LDCs, upon their request, in their efforts to manage petroleum resources in a way that generates economic growth and promotes welfare of the whole population in an environmentally sustainable way. The Oil for Development Programme is engaged in a number of other initiatives, either directly or via other donors and implementing partners. Disbursements to LDCs for this facility in 2020 are listed in Table 3. The supported projects are multi-year, usually between three and five years. In September 2021, the Government of Norway made a decision to phase out the OfD programme within 2024, in order to give priority to greener development projects.

9. Within Norwegian development cooperation in fisheries and aquaculture one aim is to introduce appropriate technology and systems, and over time ensure that these are operated as intended. Norway has supported the Nansen Programme for more than 40 years. One central element in the programme is the research vessel "Dr. Fridtjof Nansen". The programme aims at gathering information about the marine resources and environment, and support developing countries and LDCs in utilizing these data for improved management of their marine resources.

10. Since 1990 the programme has mainly been operating in the coastal states of Africa, including LDCs like Angola, Benin, Democratic Republic of the Congo, The Gambia, Guinea, Guinea Bissau, Liberia, Madagascar, Mauritania, Mozambique, Senegal, Sierra Leone and Tanzania. The programme has also over the years conducted three surveys in Myanmar. Scientists and managers take part in the planning and operation of the surveys, as well as post-survey work. The participants learn about instruments and techniques to measure the size and composition of fish stocks as well as identification of other organisms in the ocean. Physical parameters of the marine environment are measured continuously. The results are analysed and formulated as basis for management decisions. With time series that are developed, information can be achieved about changes and trends in the marine environment and its resources. The data collected are the property of the country in question. The Food and Agriculture Organization of the UN (FAO) manages the programme. The Institute of Marine Research in Norway provides scientific expertise.

### **3 NORWEGIAN INVESTMENT FUND FOR DEVELOPING COUNTRIES (NORFUND)**

#### **About Norfund**

11. The purpose of Norfund is to contribute to building sustainable commercial businesses in developing countries by providing risk capital and expertise. Norfund contributes to economic

development and sustainable jobs in poor countries through the development of profitable enterprises, particularly within the fields of clean energy, the financial sector and agribusiness, coupled with transfer of knowledge and technology.

12. Norfund's main priority investment region is Sub-Saharan Africa. We also invest in selected countries in South-East Asia and Central America. Norfund has a local presence with offices and staff in all the main geographic areas. We aim for that at least 33% of our portfolio should be in least developed countries and 50% in Sub-Saharan Africa as these are areas with a particular shortage of capital and expertise. Of new commitments in 2020, the LDC share was 31%, which amounts to NOK 1.5 billion. Of the total portfolio, our commitment in LDCs is 39%, well above our target of 33%.

13. Norfund concentrate our investments in clean energy, agribusiness and manufacturing, green infrastructure and financial institutions. These are sectors with high developmental returns and where Norfund's prerequisites for mobilising expertise of international quality are good. Assistance from Norfund is untied and does not have to be in cooperation with Norwegian enterprises.

14. Norfund provides capital in the form of equity and debt. Preference is given to equity investments because in most developing countries equity is the scarcest type of capital that enterprises need. Our direct ownership enables us to be an influential investor and have direct impact on company governance. As an equity investor, we have a long-term perspective on our investments. Technology and competence transfers are an integral part of Norfund's investment activities, both regarding operational and industrial management, as well as health, safety and environmental issues. The development of these elements is core to the organization's mission.

15. Norfund exercises active ownership in the companies and funds it invests in and it often requires seats on the investees' boards or other decision-making bodies. This gives Norfund proximity to operations and the possibility of influencing practices and standards over time. Given an ownership horizon of four-ten years, Norfund works for the creation of a corporate culture that is engaged in continuous improvement of corporate governance, and environmental and social standards. Action plans are sometimes used to stake out a long-term course for how companies should shift from operating according to local standards to using international standards.

16. Norfund also has a special business development and support scheme, the Business Support, which is financed by the Norwegian Ministry of Foreign Affairs (MFA) to support sustainable investments. The Business Support was established in 2000 based on a mutual recognition by the MFA, Norad and Norfund of the need for technical and professional assistance in relation to investment in the private sector in developing countries. The grants contribute to strengthening the developmental impacts of Norfund's investment activities. In 2019 Norfund disbursed NOK 14 million to 38 projects, which of 13 were exclusively in LDCs. Digitisation is one of the priorities in the Business Support strategies, and in 2020 we have seen an increase in applications focusing on digitisation after the COVID-19 outbreak.

### **Investments in agribusiness and manufacturing**

17. Within the agribusiness and manufacturing sector, Norfund disbursed around NOK 754 million in 2020 to our direct investments in investees' operations in least developed countries. Overview of Norfund's investments in food and agribusiness with disbursements in LDC's in 2020 are shown in table 4.

### **Investments in clean energy**

18. Within the field of clean energy, Norfund has several investments involving transfer of state-of-the-art technologies to developing countries. NOK 251 million were disbursed to investees within clean energy in LDCs in 2020. Clean energy investments with disbursements to LDCs in 2020 are listed in table 5.

### **Investments in financial institutions**

19. Financial inclusion is critical to support growth and job creation. When investing in banks, microfinance providers, and other financial institutions Norfund focuses on locally owned financial institutions with good growth potential that are suited to creating and delivering valuable services. Close to NOK 635 million were disbursed to our direct investments in LDCs within the financial sector

in 2020. Overview of Norfund's equity investments in the financial sector with disbursements in LDCs in 2020 is shown in table 6.

20. In addition to direct investments, Norfund also invests in funds that focus on small and medium-sized enterprises (SMEs). SMEs are important for local value creation and employment, but are generally too small and too diverse for Norfund to invest in directly. By investing through local and regional funds, Norfund can reach enterprises that often have trouble getting finance from formal banks.

21. Tables 1-6 are contained in Annex 1 to this report.

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## ANNEX 1: ILLUSTRATIVE TABLES<sup>1</sup>

**Table 1: Norad's disbursements to pre-investment support to firms to invest in LDCs. Figures in million NOK**

Recipient country	DAC Main sector (code+name)	DAC Sub sector (code+name)	2020
Malawi	232 – Energy generation, renewable sources	20 - Hydro-electric power plants	1,4
<b>Malawi Total</b>			<b>1,4</b>
Mali	232 – Energy generation, renewable sources	30 - Solar energy for centralised grids	2,3
<b>Mali Total</b>			<b>2,3</b>
Myanmar	232 – Energy generation, renewable sources	20 - Hydro-electric power plants	5,7
	313 – Fishing	20 – Fishery development	0,3
<b>Myanmar Total</b>			<b>5,9</b>
Rwanda	232 – Energy generation, renewable sources	20 - Hydro-electric power plants	6,3
<b>Rwanda Total</b>			<b>6,3</b>
Tanzania	232 – Energy generation, renewable sources	40 – Wind energy	0,5
	312 – Forestry	20 – Forestry development	0,8
<b>Tanzania Total</b>			<b>1,2</b>
Uganda	232 – Energy generation, renewable sources	31 - Solar energy for isolated grids and standalone systems	0,5
	311 - Agriculture	93 – Agricultural financial services	1,0
<b>Uganda Total</b>			<b>1,5</b>
<b>Grand Total</b>			<b>18,7</b>

<sup>1</sup> In English and French only.

**Table 2: Norad's disbursements to strategic partnership grant scheme. Figures in million NOK**

Recipient country	DAC Main sector (code+name)	DAC Sub sector (code+name)	2020
Ethiopia	113 – Secondary education	30 - Vocational training	2.8
	311 – Agriculture	50 - Agricultural inputs	9.1
		61 - Food crop production	1.7
	321 – Industry	30 - SME development	6.6
<b>Ethiopia Total</b>			<b>20.2</b>
Mozambique	113 – Secondary education	30 - Vocational training	3.6
	311 – Agriculture	20 - Agricultural development	3.4
<b>Mozambique Total</b>			<b>6.9</b>
Nepal	113 – Secondary education	30 - Vocational training	1.0
<b>Nepal Total</b>			<b>1.0</b>
Tanzania	311 – Agriculture	20 - Agricultural development	4.2
<b>Tanzania Total</b>			<b>4.2</b>
Uganda	220 – Communications	40 – Information and communication technology (ICT)	5.0
	311 – Agriculture	20 - Agricultural development	7.7
		62 – Industrial crops/export crops	-1.8
<b>Uganda Total</b>			<b>10.9</b>
Zambia	313 - Fishing	81 – Fishery education and training	3.4
<b>Zambia Total</b>			<b>3.4</b>
<b>Grand Total</b>			<b>46.6</b>

**Table 3: Norad's disbursements to Oil for Development in LDCs. Figures in million NOK**

<b>Recipient country</b>	<b>2020</b>
Angola	1.3
Benin	0.5
Mozambique	14.8
Myanmar	13.8
Somalia	2.1
South Sudan	1.9
Sudan	1.0
Tanzania	13.0
Uganda	20.5
<b>Grand Total</b>	<b>68.9</b>

**Table 4: Norfund's disbursements to Agribusiness and manufacturing. Figures in NOK**

Country	Investee	Department	Sector	Disbursement	Total commitment	Type of capital	Initial year
Mozambique	African Century Real Estates Ltd.	Scalable enterprises	Construction of buildings	2 681 875	135 270 216	Equity	2015
Tanzania	Agrica	Scalable enterprises	Agriculture, forestry, fishing	1 156 438	54 032 109	Guarantee	2010
Tanzania	ASILIA (African Spirit Group Limited)	Scalable enterprises	Tourism	26 404 400	130 727 080	Mezzanine Loan	2013
Mozambique, Tanzania, DR Congo, Zambia, Senegal, Niger	European Financing Partners SA	Scalable enterprises	Investment funds	26 707 747	514 479 273	Loan	2006
Malawi	FES	Scalable enterprises	Agriculture, forestry, fishing	104 079 766	115 976 321	Equity/Loan	2020
Tanzania, Uganda, Mozambique	Green Resources USD	Scalable enterprises	Forestry and logging	570 672 972	560 766 539	Equity/Mezzanine Loan	2009
Zambia, Zimbabwe, Uganda	Lake Harvest Group	Scalable enterprises	Fishing and aquaculture	1 355 220	117 043 199	Mezzanine Loan	2013
Ethiopia	Marginpar Group	Scalable enterprises	Crop/animal production,	4 097 779	114 666 322	Equity	2018
Mozambique	Neofresh	Scalable enterprises	hunting and related	16 560 530	73 416 228	Loan/Mezzanine Loan	2017
Tanzania	Vertical (Sunripe Agro & Serengeti Fresh)	Scalable enterprises	service activities	248 318	51 845 349	Mezzanine Loan	2014



**Table 5: Norfund's disbursements to Clean energy. Figures in NOK**

Country	Investee	Department	Sector	Disbursement	Total commitment	Type of capital	Initial year
Sierra Leone, Liberia	ESCOTEL	Clean Energy	Solar power	80 714 700	92 737 554	Equity/Loan	2020
Burundi, Uganda	Evolution Fund II (Through KNI)	Clean Energy	Energy	1 624 362	130 455 701	Funds	2019
Madagascar, Mali, Guinea-Bissau, Gambia, Uganda, Senegal, Benin, Rwanda, Malawi, DR Congo, Sierra Leone, Mozambique, Burundi, Zambia, Lesotho, Tanzania, Mauritania, Zimbabwe, Burkina Faso, Guinea	FEI - Facility for Energy Inclusion	Clean Energy	Investment funds	2 107 617	170 817 226	Funds	2019
Myanmar, Tanzania, Uganda	Greenlight Planet	Clean Energy	Solar power	22 160 620	91 725 450	Loan	2019
Ethiopia, Chad, Cambodia, Bangladesh, Burkina Faso, Uganda	ICCF	Clean Energy	Energy	12 427 280	355 156 143	Loan	2010
Senegal, Mozambique	Metier Sustainable Capital Fund II	Clean Energy	Energy	2 138 252	170 941 784	Funds	2019
Uganda	M-Kopa	Clean Energy	Solar power	2 574 509	97 056 328	Loan	2017
Laos	Nam Sim	Clean Energy	Hydropower	1 229 124	31 528 384	Loan	2011
Zambia	New Power Africa	Clean Energy	Hydropower	635 604	15 778 501	Equity	2017
Guinea, Malawi, Rwanda, Sierra Leone, Uganda, Zambia	rAREH	Clean Energy	Hydropower	44 153 841	272 772 602	Equity	2017
Uganda	responsAbility ACPF	Clean Energy	Energy	2 056 841	103 054 561	Funds	2019
Cambodia, Bangladesh	Schneider Electric Energy Access Asia	Clean Energy	Energy	2 868 104	65 971 004	Funds	2019
Madagascar, Mali	WeLight	Clean Energy	Energy	18 217 094	46 836 150	Equity/Loan	2019

**Table 6: Norfund's disbursements to Financial institutions. Figures in NOK**

Country	Investee	Department	Sector	Disbursement	Total commitment	Type of capital	Initial year
Malawi, Madagascar, Tanzania, Mozambique, Zimbabwe, Rwanda, Angola, Zambia	AfricInvest Financial Inclusion Vehicle (FIVE)	Financial Institutions	Banking	17 147 954	178 553 298	Equity	2018
Uganda, Rwanda, Tanzania, Mali, Zimbabwe, Mozambique, Zambia, Burkina Faso, Benin, Togo, Senegal	Arise B.V.	Financial Institutions	Banking	33 945 666	2 804 453 719	Equity	2016
Haiti	CIFI	Financial Institutions	Other fin. services	5 276 400	329 497 400	Loan	2004
Cambodia	First Finance Plc.	Financial Institutions	Microfinance	19 353 800	34 076 696	Loan	2013
Cambodia	LOLC (Cambodia) PLC.	Financial Institutions	Microfinance	95 571 000	85 326 000	Loan	2020
Cambodia, Rwanda, Uganda, Zambia, Senegal	NMI Fund IV	Financial Institutions	Microfinance	23 760 000	216 000 000	Funds	2018
Mozambique, Burkina Faso, Togo, Mali, Benin, Zimbabwe, Uganda, Senegal, Tanzania, Zambia, Rwanda	Norfinance AS	Financial Institutions	Banking	7 555 153	483 061 340	Equity	2013
Cambodia	Sathapana	Financial Institutions	Banking	136 957 500	62 119 400	Subordinate Loan	2008
Myanmar	Yoma Bank Limited	Financial Institutions	Banking	294 979 258	294 979 258	Equity	2019

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