

CSD 14
Statement by the Norwegian Delegation
State Secretary Anita Utseth, Ministry of Petroleum and Energy

Thematic Discussions on Investing in energy and industrial development: challenges and opportunities.

Friday 5th May 2006

Mr. Chair,

Investment in the energy sector is crucial. Investment in modern energy services is essential to achieve sustainability, reaching the Millennium Development Goals. There is a huge infrastructure backlog in partner countries and there are limits of public finance. It is a challenge for all of us.

We need to focus on the benefits of investing in energy. Investment in the energy sector is a driver for economic growth.

We need to prioritize public spending on energy infrastructure. A two-pronged approach is needed:

- First, public resources should be used for investments, especially to the public good components of energy infrastructure like transmission grids.
- Second, private resources, especially local, should be mobilized for needed investments.

This approach would require partner country governments to conduct good economic and social assessments and to have technical capacity to prioritize investments. Development of energy infrastructure is capital intensive. Therefore long-term predictability of public investments and donor support is required. We as donors should provide predictable, long-term assistance, support a mix of financial instruments, including credit enhancements through provision of guarantees, and provide technical assistance to build capacity.

Mr. Chair, the response of the Norwegian government to this challenge, is to make energy a priority area of Norwegian development cooperation. Last year we launched the Norwegian Oil for Development Initiative. This initiative seeks to build on existing activities, but significantly expands support to countries requesting inputs and cooperation on various aspects of Norwegian oil and gas experience. Governance issues, environmental protection, revenue management, stake-holder involvement, transparency and anti-corruption activities as well as democratic control of oil sector management will feature strongly in this new Initiative. Norway has more than 100 years of experience with hydropower development. A similar initiative is now planned for the power sector. Norway has also supported the establishment of the oil shock facility with the IMF.

Thank you!