

Norway – Clean Energy Transition Partnership (CETP) – Guidelines for implementation

Policy Scope

In signing the Statement, the Government of Norway committed to align our new international public support towards the clean energy transition and out of unabated fossil fuels, except in limited and clearly defined circumstances that are consistent with the 1.5°C warming limit and the goals of the Paris Agreement. Norway has established the following parameters to set the scope of Norway’s policy:

1. “New” refers to any direct public support for international unabated fossil fuel energy projects provided on or after January 1, 2025.
2. “Direct Public support” means financial – including commercial, official development assistant (ODA) and other official flows (OOF) – export financing and all other direct financial or sales promotion support provided by the Norwegian authorities.
3. “International” refers to operations outside of Norway’s jurisdiction in the fossil fuel energy sector regardless of owner domicile.
4. “Unabated” refers to the absence of effective (leading to significant emissions reductions), operational carbon capture and storage (CCS)/carbon capture, utilization and storage (CCUS) or equivalent technologies in the power generation sector.

Application

These Guidelines will apply to all departments, agencies, and public corporations that provide, or may provide, support that would be within the scope of the commitment. It applies to three broad areas:

First, renewable energy is a priority in our development finance. As part of our Energy for Development initiative Norway will transfer relevant knowledge from the petroleum industry to new renewable industries in developing countries. Norway has recently established two new de-risking instruments aimed at mobilizing investments in renewable energy in developing countries. The Climate Investment Fund, established in 2022, is Norway’s most important tool in accelerating the global energy transition by investing in renewable energy, storage and transmission in emerging markets with large emissions from coal and other fossil power production. The Fund is managed by Norfund and will be capitalized with NOK 10 billion over five years. A new state guarantee instrument is also under establishment. The instrument will issue guarantees for renewable energy up to a total of NOK 5 billion over a period of five years. The aim is to reduce risk for private investments in developing and emerging markets in a way that contributes to increased energy infrastructure.

The second area is business promotion. The state budget enshrines as a main principle that projects that receive funding through the business-oriented support schemes must be aligned with the government’s transition target for 2030 and the goal that Norway will be a low-emission society in 2050. This principle also applies to business promotion internationally. The principle embraces both projects with a neutral effect and projects with a positive effect on green transition and means that there will be room for projects in the petroleum industry that are aligned with the Paris Agreement.

The third area is official export credits. Norway's export credit agency, Export Finance Norway (Eksfin), will no longer provide financing for new unabated oil and gas projects. Eksfin can provide loans and guarantees for climate and environmental technology (e.g., carbon capture and storage) and HSE measures on existing infrastructure for the extraction of oil and gas. Eksfin's portfolio has significantly shifted towards renewable energy during the last decade. This includes increased financing to industries such as offshore wind and solar energy.

These Guidelines will also guide Norway's voting on the boards of multilateral development banks (MDBs), and guide Norway's positions in multilateral foras.

Policy exemptions and conditions

The Government of Norway may continue to provide support in certain limited and clearly defined circumstances that are consistent with the 1.5°C warming limit and the goals of the Paris Agreement.

Within our development policy, all cooperation from Norway must be aligned with the goals of the Paris Agreement. No new support for fossil-related activities will be provided after 2022 given the decision to phase out the Oil for Development program and the decision that Norfund will not invest in gas after 2022, except for in clearly defined circumstances that are consistent with the 1.5°C warming limit and the goals of the Paris Agreement.

On business promotion, no new support will be provided, however, grants to existing schemes will continue. Any increases beyond inflation adjustments to existing schemes must be directed towards renewables, unless it appears that CCS or other measures to reduce greenhouse gas emissions in line with the 1.5-degree target are included. Innovation Norway's field offices and foreign stations can facilitate activities for Norwegian businesses that have oil and gas activities, with an emphasis on low-emission solutions. Businesses can participate in state visits and embassies can have events that promote such activities. General economic support outside the oil and gas sector is not affected by the declaration. This means that the current arrangements in the fisheries and maritime sector can continue.

Within export finance, there will be exemptions for financing sale and distribution of oil and gas when this is necessary for energy security or a just transition. Eksfin can also provide finance for projects in the supply industries, as long as the project or the company has areas of use or activities outside fossil energy. Such projects can play an important role in the green transition.