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Factsheet for case NO-2020-13/729

Restoration of The Government Bond Fund

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Country	Norway, applies nationwide
Time period	Open ended, started on 27 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	19 April 2020 (updated 23 April 2020)

Background Information

The government proposes to restore the Government bond fund with a limit of up to NOK 50 billion. The largest Norwegian companies largely borrow money in the credit bond market. In the near future, many of these companies will need to secure financing in this market. However, the bond market's ability to provide credit has diminished substantially in recent weeks. Liquidity is low and risk premiums are high. Previous experience has shown that the Government bond fund can contribute to a more efficient market for credit bonds. This will make it easier for the big companies to get the liquidity they need in the difficult situation created by Covid-19.

Content of measure

The Government Bond Fund shall be used for the purchase of bonds in the market. It is established with an investment limit of up to NOK 50 billion. The presence of the fund is intended to encourage other investors to participate in the bond market as well. The Government Bond Fund's Investments in new credit bond loans will be made in cooperation with other investors and on market terms. Within a mandate set by the Ministry of Finance, the National Insurance Scheme Fund (Folketrygdfondet) will decide on which bond loans to invest in. The mandate of the Fund instructs management to seek to achieve the highest possible return on costs over time and at the same time contribute to increased liquidity and capital access to the credit bond market in Norway, within the framework that applies as for the management of the Fund. The return is measured in Norwegian kroner. In its exercise as creditor, the management of the fund shall have as its overriding objective to protect the financial interests of the fund.

Use of measure

No information to date.

Actors, target groups and funding

Actors	Target groups	Funding
National government	Larger corporations	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Direct consultation

Social partners have been consulted regularly during design and implementation of the measure.

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 20 March 2020: Prop. 58 LS (2019–2020) Lov om statlig garantiordning for lån til små og mellomstore bedrifter (www.regjeringen.no)
- 27 March 2020: Mandat for forvaltningen av Statens obligasjonsfond (lovdata.no)