

NEFCO

The Nordic Green Bank



Annual Environmental & Sustainability Report

2021

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*Our task is to
accelerate the
green transition.*

Review by the Managing Director

In 2021 we launched our new strategy and celebrated 30 years of green financing. Over the years we have financed more than 1,500 green projects.

With the new strategy, we are increasingly focusing on financing the internationalisation of green projects by Nordic SMEs. It is often difficult for these companies to access scale-up funding, but we can support them by taking a greater financial risk – if there is a green upside.

It has been a challenging year for many companies as the pandemic has slowed business growth. That is why we developed the green recovery loan programme; the first projects were approved in January, soon after launch. Over the year we financed a steady flow of interesting green projects under the programme.

In Eastern Europe, we are continuing our work with municipalities to modernise district heating, improve energy efficiency and modernise wastewater treatment. These projects are showing good results and are excellent examples of what can be achieved in climate mitigation and in creating safer, healthier, and more sustainable communities.

Our third area of financing activities involves fund assignments from governments and agencies in the Nordics and beyond, with specific mandates to mitigate climate change and protect water and marine resources. The new initiatives for clean energy access in Africa and the positive development regarding the Paris Agreement's new Article 6 rules provide excellent opportunities for new fund assignments for Nefco.



Nefco has had its own environmental criteria and assessment tool for 30 years. The EU Taxonomy is now providing new ways to classify and evaluate financing activities, and in 2021 we started to apply this classification system in addition to our already proven assessment methodology when evaluating project proposals. Although still being work in progress, as the Nordic Green Bank, we are pleased to see the results of our first year using the Taxonomy classification.

Values and working culture

Born in the Nordics, Nefco was formed with the belief that the future of finance is green. We believe that all finance can and should be green, for good. There is still a lot of work to be done, and to achieve our purpose, we need a committed team. Over the year, we have worked together with our staff to define our values and working culture. Our culture is based on three strong values: Thrive Together, Grow for Good and Ever Improve.

Our task is to accelerate the green transition. Our happiest moments are when a Nordic green entrepreneur scales up internationally or a Nefco financed green project has encouraged others by demonstrating what is possible. As the Nordic Green Bank, we expect more than just Return on Investment: we expect Return on Impact.

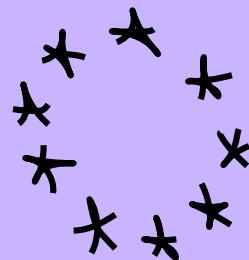
Trond Moe, Managing Director

The year 2021 at a glance



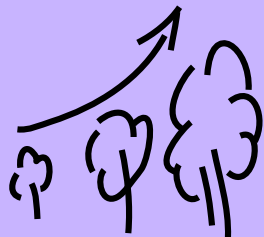
400

active projects
at the end of 2021



76%

of investments
EU Taxonomy eligible



203

Nordic SMEs scaling up
on global markets

About Nefco

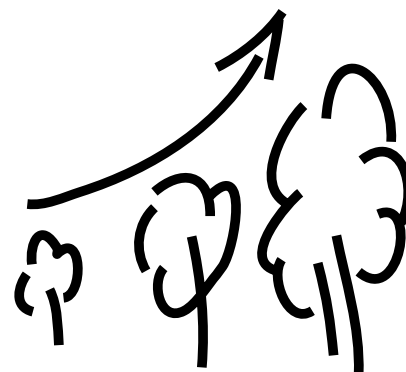
Nefco is an international financial institution (IFI) that finances the initial scale-up of Nordic green solutions on international markets. Founded in 1990 by the five Nordic countries, we serve the interests of our owners, Denmark, Finland, Iceland, Norway and Sweden, support globally set environmental and climate targets and take concrete actions to accelerate the shift to green.

Our task is to accelerate the green transition by financing Nordic green solutions that have the potential to be scaled up on global markets. By offering risk capital to small and medium-sized projects, we are ready to take financial risks if a project has a scalable green upside. In addition to our own capital, the Investment Fund, we manage several trust funds on behalf of various donors to support environmental and climate-related projects.

As a pioneer in green financing, Nefco only finances projects that generate positive environmental and/or climate-related impacts. We focus particularly on projects in which our financing can provide additionality, meaning that the projects may otherwise not have been realised.

We evaluate project proposals using the EU Taxonomy classification, the Sustainable Development Goals and our own environmental and sustainability criteria. We expect more than Return on Investment: we expect Return on Impact.

Nefco's purpose



- Financing environmentally sustainable small and medium-sized projects using Nordic solutions and technologies that have the potential to be scaled up on global markets, have a substantial positive environmental impact and support globally set common targets and contributions.
- Continuing its original regional mandate for Eastern Europe, with particular focus on the completion of existing projects, and refocusing its efforts on small-scale projects in neighbouring regions in close cooperation with the Nordic governments.

Nefco's business areas

To fulfil its mission, Nefco works in three business areas:

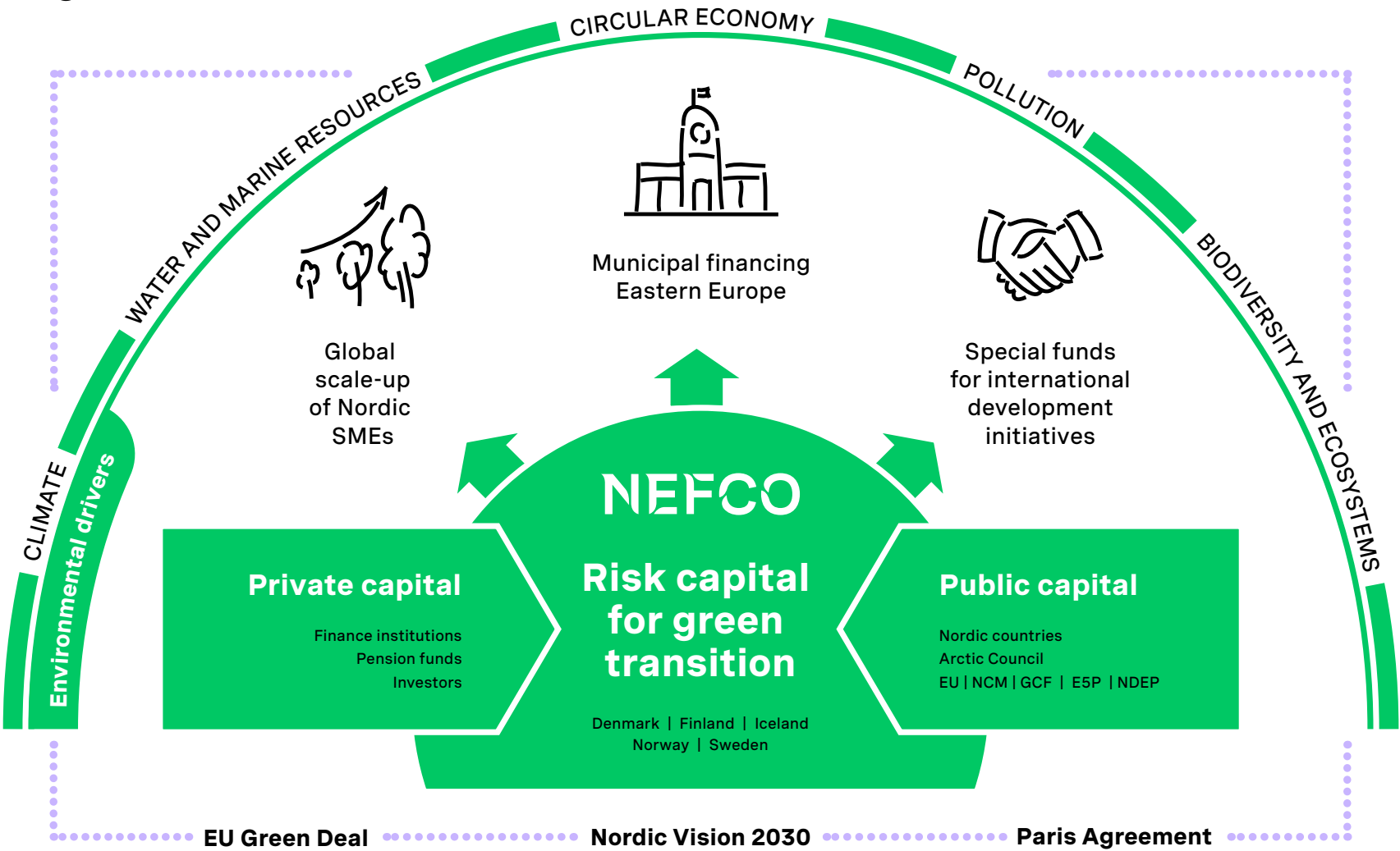
1. Global scale-up of Nordic SMEs green transition projects
2. Municipal financing for green transition in Eastern Europe
3. Special green transition funds for international development initiatives

We focus on practical project financing with a 'bottom-up' approach, processing a large number of projects by private companies, public entities and other organisations. In our investments we always assess

- the potential positive environmental effects of the project
- the potential for scaling up or replicating the project solution or technology
- the environmental results of the projects on an annual basis during the implementation and after completion.

Accelerating the green transition

Through small and medium-sized green projects



A man with a beard, wearing a light blue button-down shirt and dark trousers, is walking towards the left. A woman with long blonde hair, wearing a white ruffled blouse, is walking towards the right. They are both smiling and appear to be in a modern, well-lit interior space with a wall made of vertical wooden slats. The text is overlaid on the left side of the image, partially covering the man.

*We often supplement
financing offered by
commercial banks
and large finance
institutions.*

About this report

This report summarises the non-financial results and context of our operations. It includes the environmental and sustainability outcomes of our financing activities, comprising both our own capital (Investment Fund) and trust funds. The figures are based on realised results reported by project owners. Due to reporting schedules, not all the figures from 2021 are available yet; in these cases figures for 2020 are presented.

The report also includes information about our internal operations, our own carbon footprint and governance-related topics.

Nefco adopted a new five-year strategy in March 2021 and is currently updating its Sustainability Policy. This will affect our impact reporting once the new Policy is adopted. Impact indicators have also been updated since last year's report and will be further elaborated during 2022. Reports from previous and coming years may therefore not be fully comparable.

5.1. Seeking high demonstration value

Nefco's financing is targeted at small and medium-sized private and public projects (SMPs) that demonstrate new technologies or solutions with the potential to be replicated (referred to as demonstration value). Many of the projects financed by Nefco are at the forefront of technological innovation and aimed at testing the application of Nordic green solutions with scale-up potential in local, non-Nordic contexts.

Projects with a high demonstration value have the potential for environmental impacts worth many times Nefco's initial investment. The implementation of a demonstration project provides an indication of how well the solution in question can be adopted at scale in a new market and what kind of green impact it can generate. However, the value of accumulated impacts is not calculated, as it is not guaranteed and often only realised far into the future.

5.2. Providing high additionality

Nefco seeks out projects in which its financing will accelerate the process of achieving the environmental targets and reduce implementation time. We do this by taking greater financial risks than are normally accepted by the market; in some cases, projects would never be implemented without our financing; this is referred to as additionality.

Our higher risk tolerance for financing small projects and growth-phase companies means that we often supplement financing offered by commercial banks and large finance institutions. In addition, we engage with new and existing clients and projects to align their activities with the EU Taxonomy, the UN Sustainable Development Goals and our own environmental and sustainability criteria.

5.3. Financing activities covered

This report covers activities financed with both Nefco's own capital and through trust funds.

5.3.1. Investments in green economic activities

Nefco's main priority is to finance green projects through loan or equity-type investments from its own capital (the Investment Fund). In addition, Nefco provides subsidised loans to the municipal sector in Eastern Europe through programmes financed by the Nordic Environmental Development Fund on behalf of the Nordic Council of Ministers.

The projects we finance are normally economic activities that lead to concrete environmental or climate impacts, e.g., by saving energy and reducing emissions, pollution, harmful discharges or (hazardous) waste. The main results from these projects are presented in this report. In addition, the number of active, agreed and completed projects during the year are presented based on the environmental driver corresponding to the Taxonomy objectives.

5.3.2. Trust fund support to green projects

Nefco also manages several trust funds on behalf of various donors and acts as an implementing agency for a number of multi-national partnerships to support green projects. In some projects, particularly in Eastern Europe, loan financing is blended with financial support from a trust fund.

A majority of these funds are dedicated to capacity building, feasibility studies and technical assistance. This means they often do not lead to immediate environmental results but are meant to facilitate project implementation in a near future.

The exception is Carbon Fund projects that have led to concrete emission reductions, which are presented in this report, and the new results-based programmes for clean energy in Africa. Trust fund and carbon fund activities have not been evaluated against the Taxonomy for eligibility and alignment in this report but are presented based on the environmental driver of the project and on the number of active, agreed and completed projects during the financial year ended.

A list of funds managed by Nefco can be found at the end of this report.

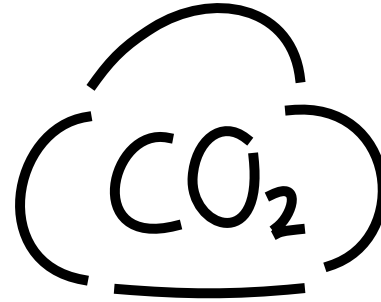
5.4. Status of projects

We use the following terms to define the status of the projects in our external reporting:

- Agreed - financing agreement signed by all parties
- Approved (for Nopef projects only) - application approved by the Nopef credit committee
- Active - project not yet repaid, and under implementation, or implemented and reporting results
- Ended - loan repaid and reporting ended

A list of all projects financed by and/or through Nefco, including both the Investment Fund and trust funds, and their status can be found on Nefco's website www.nefco.int/agreed-projects/.

Internal carbon footprint



In line with our objective to have a positive impact on the climate and environment, we believe it is important to measure, monitor, report and manage our own footprint. In 2021, we started to calculate the carbon footprint from Nefco's internal operations.

The calculation is comprehensive and follows the Greenhouse Gas Protocol Standard. It includes both direct and indirect greenhouse gas emissions in our value chain and comprises Nefco's offices in Helsinki, Kyiv and Saint Petersburg. Mobility, energy use, waste, cleaning services and IT procurements are included in the calculations. Nefco's financing activities are excluded from the internal footprint results. The calculation allows us to systematically track our emissions.

In 2021, our carbon footprint was 132 tonnes of CO₂e. In 2020, our footprint amounted to 71 tonnes of CO₂e.

More information on our internal footprint will be available on our website www.nefco.int.

A man with a beard and a woman are smiling and holding a large black pot containing a lush arrangement of white lilies and green foliage. The man is on the left, wearing a black t-shirt, and the woman is on the right, wearing a light-colored sweater. They are standing in front of a green background. The text is overlaid on the left side of the image, partially on a green vertical bar.

*We engage with new
and existing clients
and projects to help
fulfil the criteria.*

EU Taxonomy and the active portfolio

Since the beginning of 2021, Nefco has adopted the EU Taxonomy for sustainable investments framework as its primary classification system to identify investment projects. Projects are categorised based on whether the economic activity is

- a) eligible for the Taxonomy, i.e., it provides a 'substantial contribution' to one of the six Taxonomy objectives, and
- b) aligned with the Taxonomy, i.e., it fulfils the screening criteria and the 'Do No Significant Harm' (DNSH) principle and complies with minimum social safeguards.

The first phases of the EU Taxonomy came into effect in 2021 and many economic activities do not yet fully align with the requirements. Our aim is to continuously increase the alignment of the portfolio and we engage with new and existing clients and projects to help fulfil the criteria. We also follow the progress of the Taxonomy and develop our evaluation procedures accordingly.

Green is not only defined by the Taxonomy. There are also sectors that are not covered by the Taxonomy but may still meet Nefco's own environmental and sustainability criteria developed over the years since its establishment. These projects may not be Taxonomy eligible yet but still worth implementing due to their direct or indirect positive impact on the environment and climate. Nefco only finances projects with such positive impact.

EU Taxonomy objectives



Climate change mitigation



Climate change adaptation



Sustainable use of water and marine resources



Transition to a circular economy



Pollution prevention and control



Protection and restoration of biodiversity and ecosystems

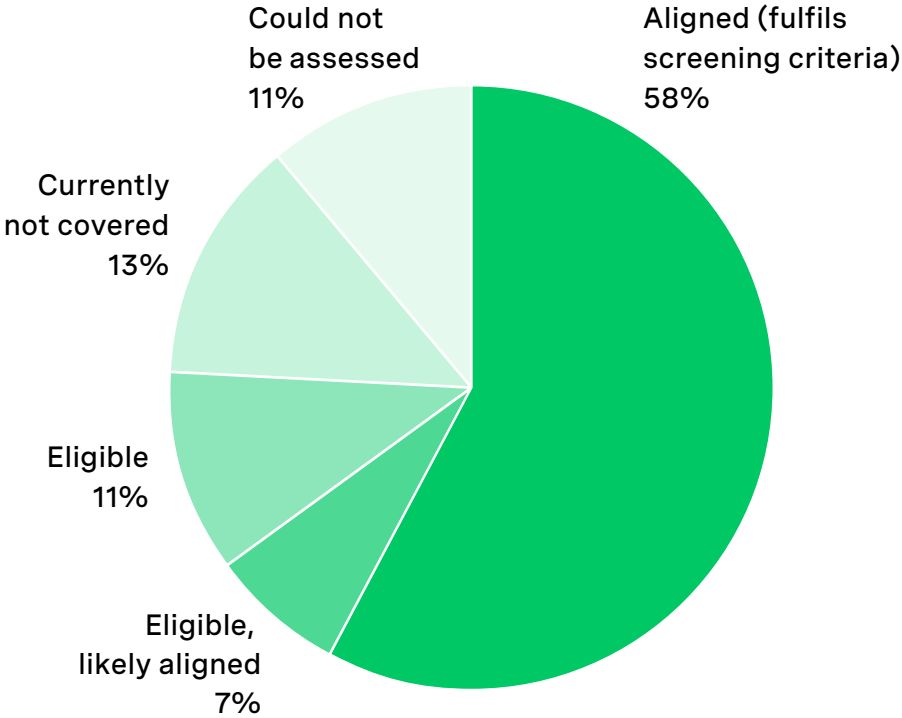
7.1. Preliminary assessment of eligibility and alignment under the EU Taxonomy

In this report, we present how many of our active investment projects are eligible and/or aligned with the Taxonomy. These are economic activities that have received loan or equity-type financing from Nefco's own capital (the Investment Fund) and/or NMF Credits.

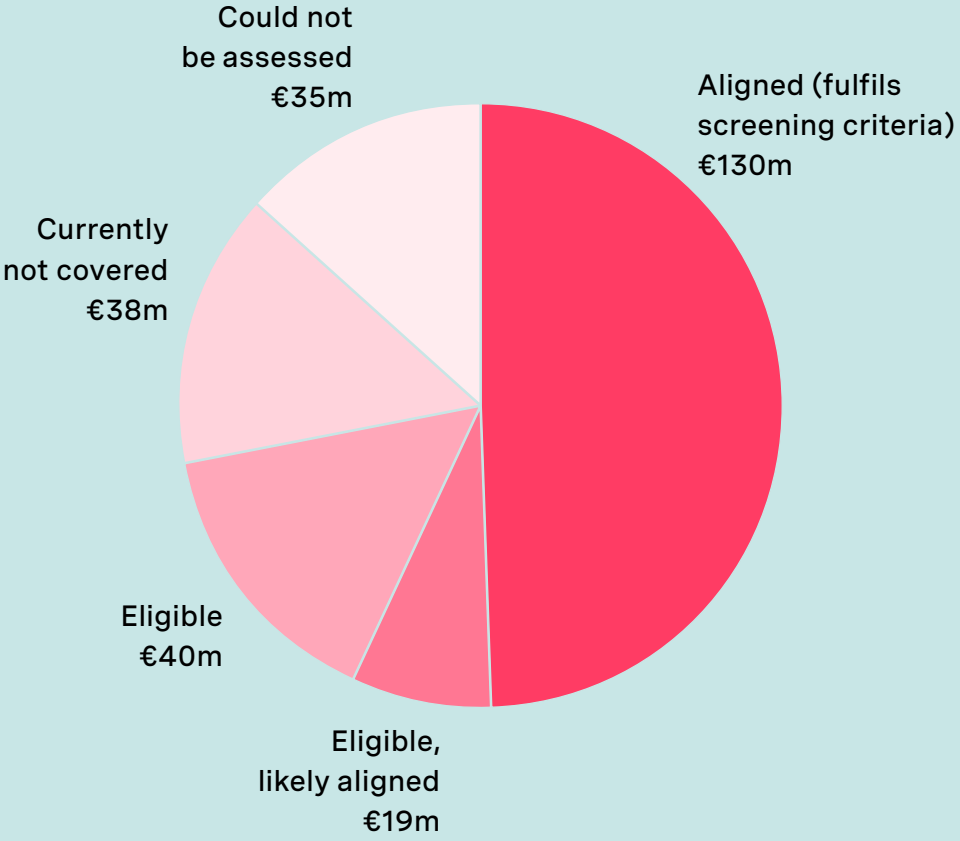
In this preliminary mapping we have not yet assessed the projects against the 'do no significant harm' (DNSH) principle, as most of them started before the adoption of the Taxonomy and the required data is not available..

Eu Taxonomy assessment	Number of active projects assessed	% of active projects assessed	Nefco investment in EUR
Eligible	16	11.3%	EUR 39 million
Eligible, likely aligned	11	7.3%	EUR 19 million
Aligned (fulfils screening criteria)	77	58.0%	EUR 124 million
Currently not covered by the Taxonomy	19	12.7%	EUR 38 million
Could not be assessed	14	10.7%	EUR 31 million
Total	137	100%	EUR 251 million

Assessment against EU Taxonomy criteria
Number of projects in %



Assessment against EU Taxonomy criteria
Investments in EUR



Financing activities in total

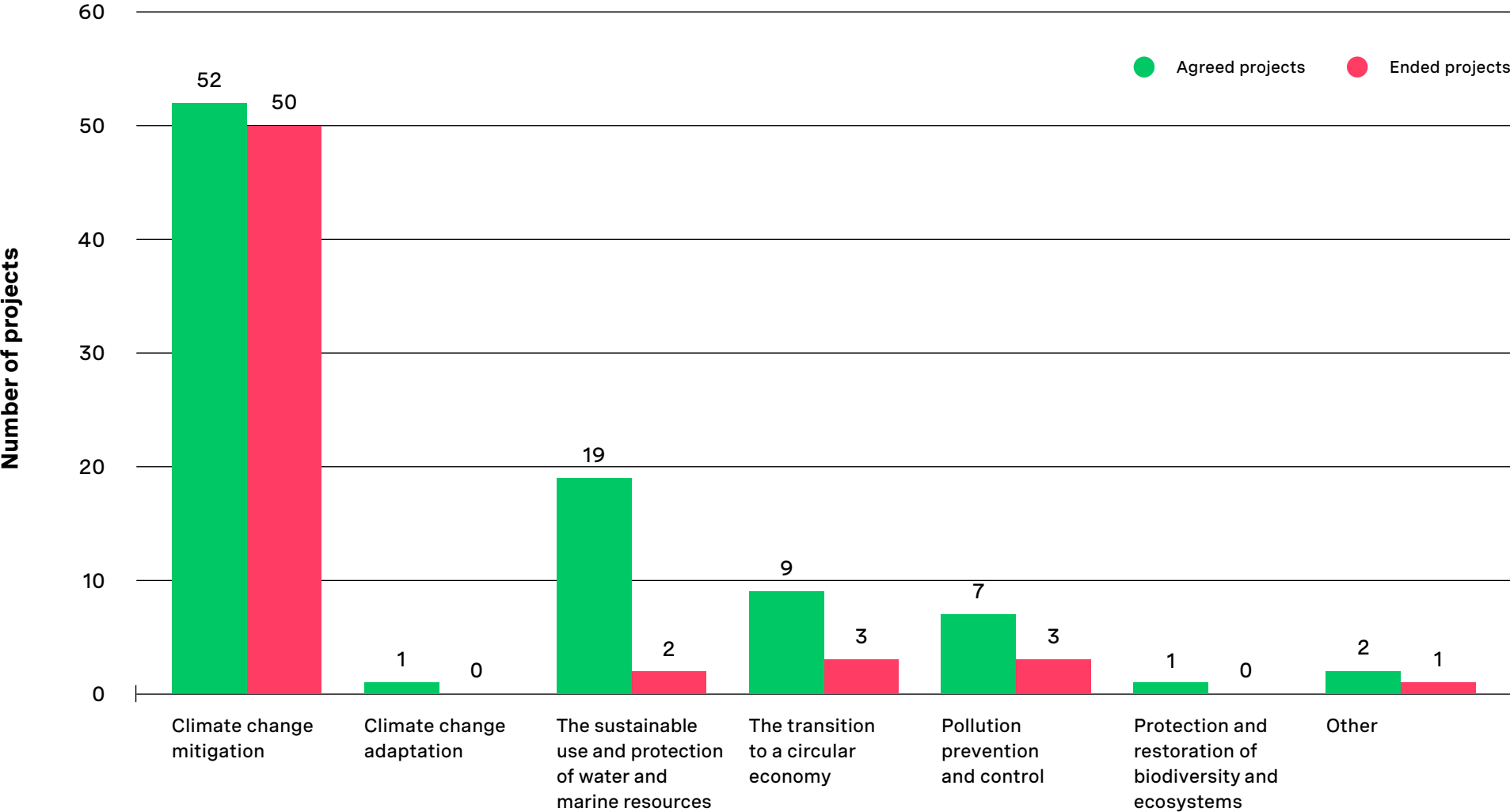
At the end of 2021, Nefco had a total of 400 active projects in its portfolio. This number includes investments made from our own capital and trust fund projects. During the year, 59 projects ended and 91 new ones were agreed.

In addition to evaluating projects against the EU Taxonomy and the Sustainable Development Goals, Nefco uses a number of environmental indicators to evaluate the results of its projects. The core indicators are environmental drivers, avoided and reduced CO2 emissions and reductions of nutrient discharges to the sea and other water resources.

8.1. As per environmental driver

The majority of the projects in the active portfolio, including loan, equity and grant-funded projects, are related to climate change mitigation, mainly through energy efficiency measures or the production of renewable energy. The number of projects related to the sustainable use and protection of water and marine resources, pollution prevention and circular economy is increasing.

Number of agreed and ended projects in 2021



**Active projects at
31 December 2021**

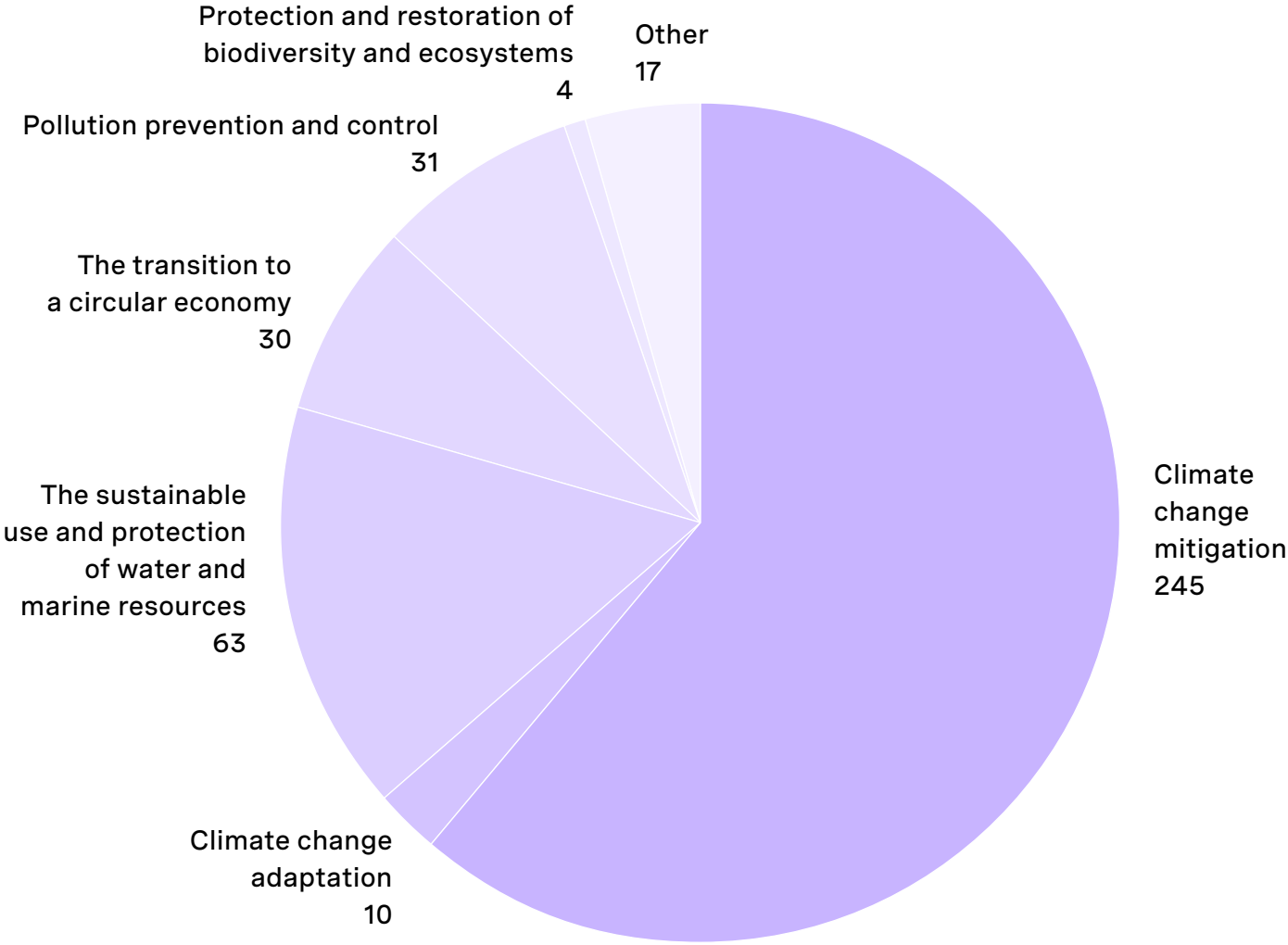




Photo: Patrik Rastenberger

*The result of Nefco's own investments is from 2020, the corresponding figures for 2021 are not yet available. See section 14. Accounting principles.

8.2. Avoided CO2 emissions

A majority of projects financed by Nefco contribute to climate change mitigation by reducing or avoiding CO2 emissions. Altogether they contributed to the avoidance of 0.46 million* tonnes CO2, of which Nefco's share was 11%. Carbon fund projects managed by Nefco contributed to 2.09 million tonnes of avoided CO2 emissions. In terms of energy-efficiency measures, projects financed by Nefco directly reduced energy consumption by 109 gigawatt-hours.

8.3. Nutrient discharge reductions

Over the years Nefco has invested in a large number of projects that contribute to the reduction of phosphorus and nitrogen discharges. Wastewater treatment and the reduction of nutrient discharges to the Baltic Sea area have been particularly important for Nefco. Since 1996, we have financed 38 projects improving wastewater treatment. Most of these investment projects ended before 2021, and therefore we have no reduction figures to report at this time.

There are currently four active wastewater treatment projects under implementation that are not yet reporting. These projects focus on the renovation of deteriorated process parts and energy efficiency and will also help to reduce nutrient discharges. In addition, there are several new projects within the Baltic Sea Action Plan Fund. Once implemented, we can report on the results of these projects.

A close-up photograph of a person's hand on a bicycle handlebar. A wire basket attached to the front of the bike is filled with a large quantity of fresh, green leafy herbs, likely dill or similar. The background is blurred, suggesting an outdoor setting.

*The majority of agreed
and active Nordic
SME projects were
focused on climate
change mitigation.*

Business units

9.1. Green transition for Nordic SMEs

We finance green projects by Nordic small and medium-sized companies (SMEs) that aim to scale up on global markets through our own capital (Investment Fund) to complement private capital and other funding. We also finance feasibility studies for internationalisation through Nopef, the Nordic Project Fund, which is financed by the Nordic Council of Ministers and has been managed by Nefco since 2014.

The aim is to facilitate the scale-up of green Nordic technologies and solutions, particularly in areas in which the Nordics demonstrate key competencies and innovation. Financing the internationalisation of green Nordic companies in their growth phases not only benefits the environment and climate but also increases their competitiveness and contributes to the creation of new jobs in both the Nordic and project countries.

9.1.1. Risk capital through the Investment Fund

Although their technologies or solutions are commercially and technologically proven, our clients often have a higher financial risk profile than is acceptable for traditional commercial bank financing. We provide risk capital such as subordinated and even unsecured loans, filling a financing gap between equity and traditional bank financing to enable the implementation of these demonstration projects. In 2021, we also launched a Green Recovery programme to help SMEs overcome recent economic challenges.

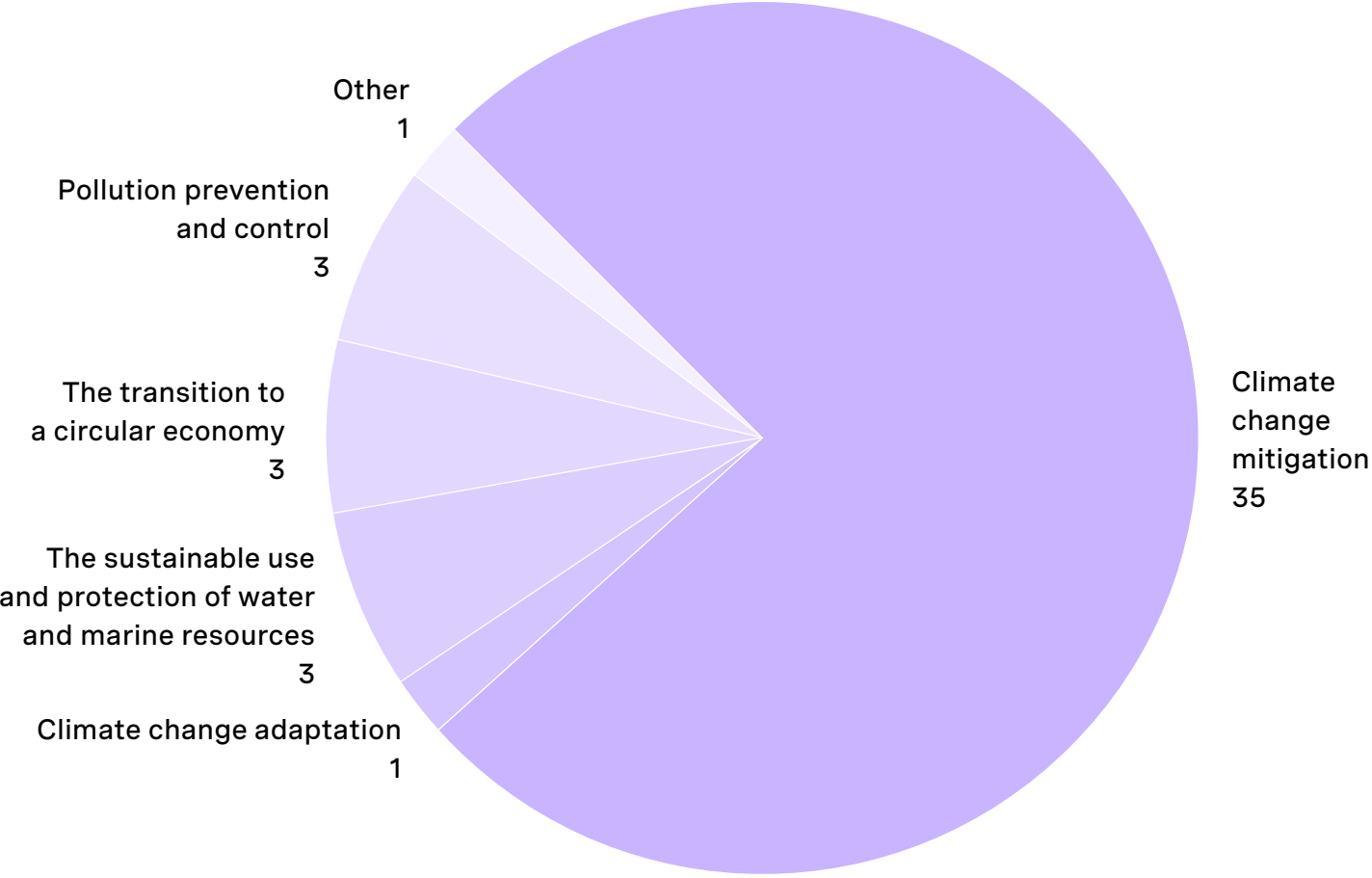


In 2021, the majority of agreed and active Nordic SME projects were focused on climate change mitigation such as energy efficiency- and renewable energy-related initiatives.

At the end of 2021, Nefco's portfolio included 46 active investment projects to support the scale-up of Nordic SMEs. During the year, two projects ended and twelve new ones were agreed. Many of the projects are still being implemented and have yet to start reporting results, and therefore we are only looking at the environmental drivers of the portfolio in this annual report.

Photo: Sensible 4

**Number of active Nordic
SME investment projects
per environmental driver
at 31 December 2021**



Case:
Automasjon og Data AS, Norway

Supporting the transition from oil and gas to renewable energy

Advanced weather forecasting models provide early warnings, ensure safe operation of offshore wind power equipment and increase the operational time of wind turbines for energy generation. The Norwegian company Automasjon og Data AS, which is experienced in providing meteorological and oceanographical data systems, started a transition from the oil and gas sector to the renewable offshore wind market in 2012, an excellent demonstration of the transition to green.

With financing from Nefco's Green Recovery programme, Automasjon can resume its

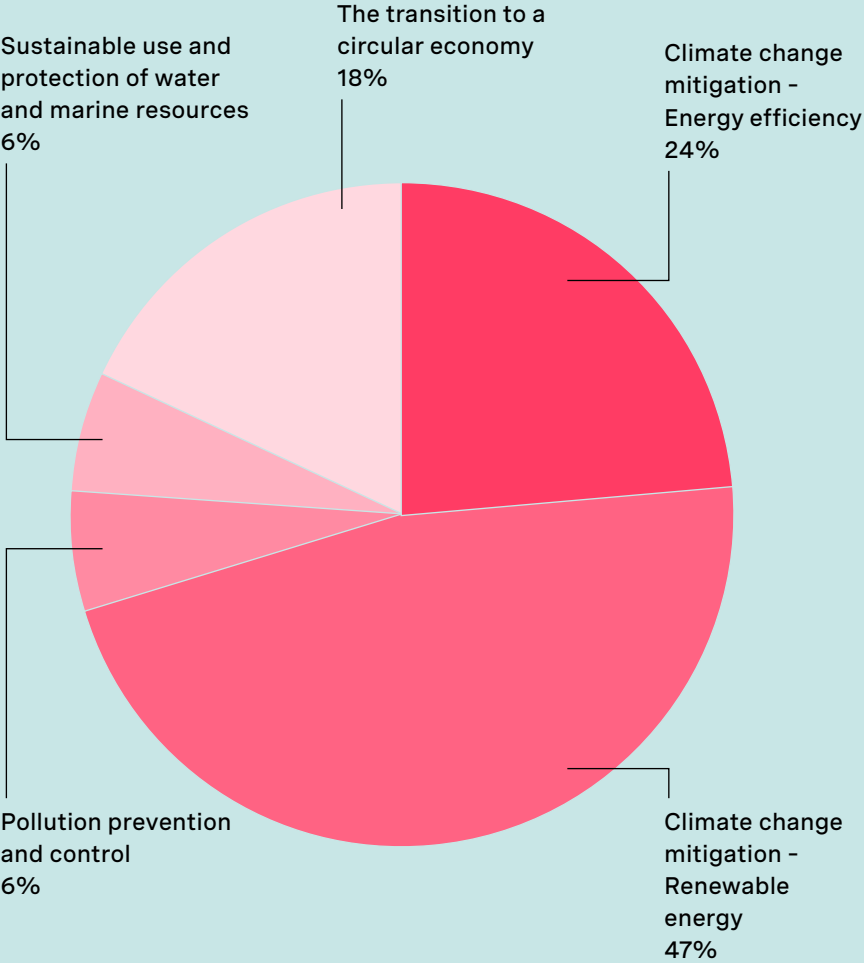
activities, which were halted due to the pandemic, in the UK and particularly in the offshore wind sector in Scotland, generating new job opportunities in both Norway and the UK. These data-driven solutions will help to secure stable energy generation from renewable sources over prolonged periods of time and contribute to mitigating climate change.

Full story:
[Norway's Automasjon receives Nefco financing to provide meteorological data for offshore wind energy](#)



Photo: Automasjon - Metmast from the Fecxamp offshore wind farm in France

Realised Nopef projects 2021 per environmental driver at 31 December 2021



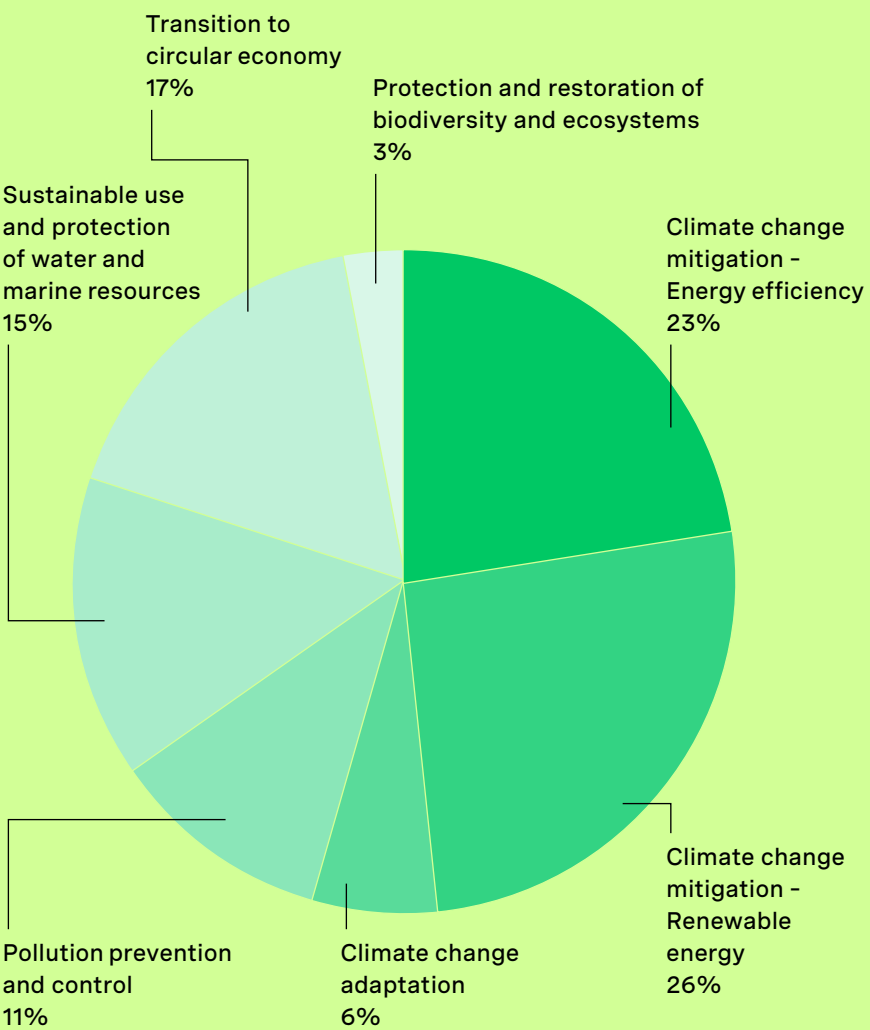
9.1.2. Nopef support for internationalisation

Nopef provides conditional loans to Nordic small and medium-sized enterprises (SMEs) for feasibility studies into international investments, demonstration projects and pilot installations of green technologies and solutions on international markets outside the EU. The overall objective is to facilitate and support the internationalisation of Nordic green solutions with scale-up potential on global markets. Furthermore, Nopef supports the Nordic Vision 2030 and contributes to the priorities set by the Nordic Council of Ministers.

At the end of 2021, Nopef’s active portfolio comprised 157 projects. During the year, 37 new projects were approved for financing, in line with the set targets for the year, and 17 projects were completed, resulting in completed business establishments and investments in the project countries.

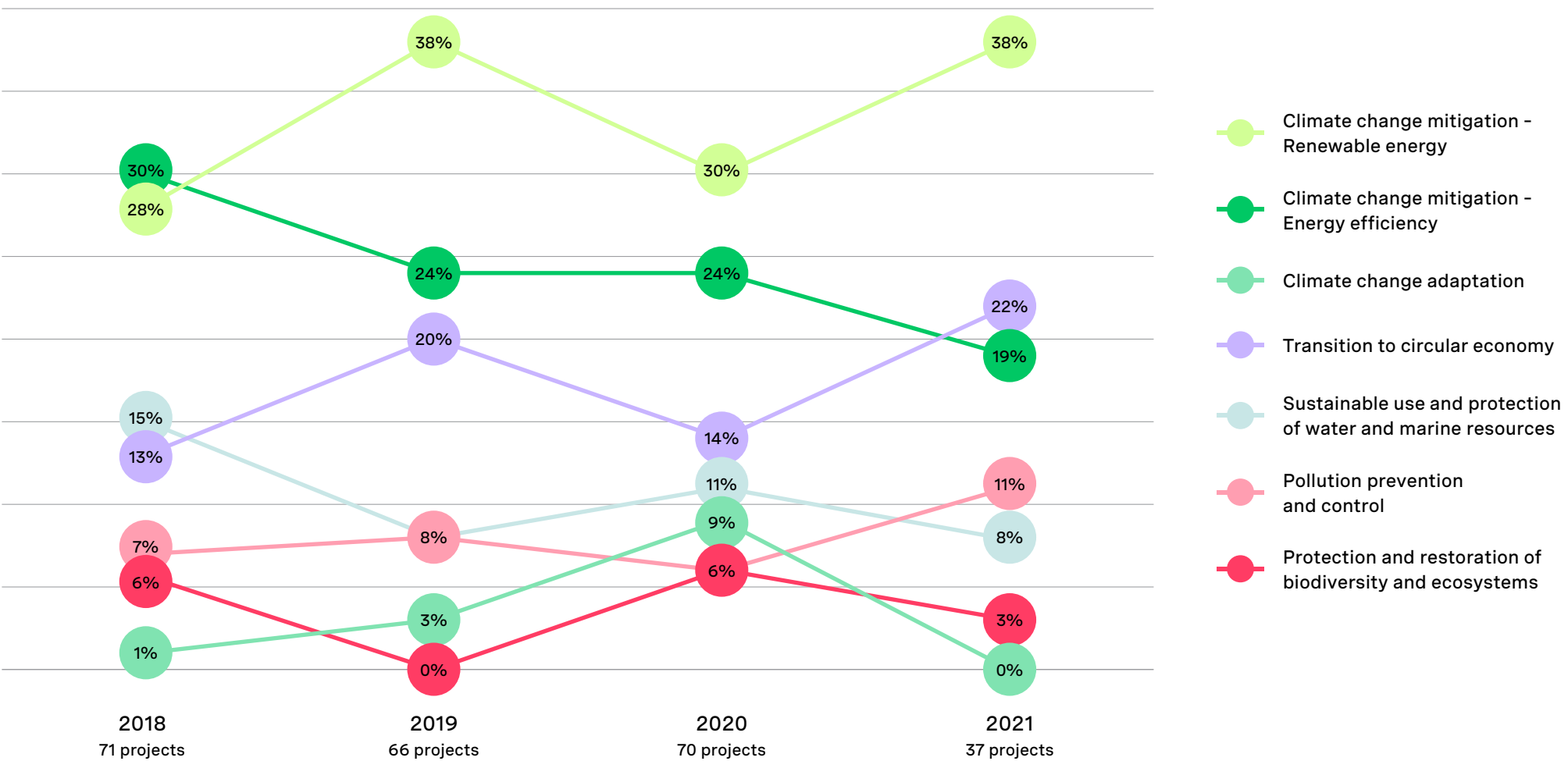
The majority of projects in Nopef’s portfolio is related to climate change mitigation, more specifically renewable energy and energy efficiency. We are also seeing an increase in the number of projects with solutions for the transition to circular economy and pollution prevention and control.

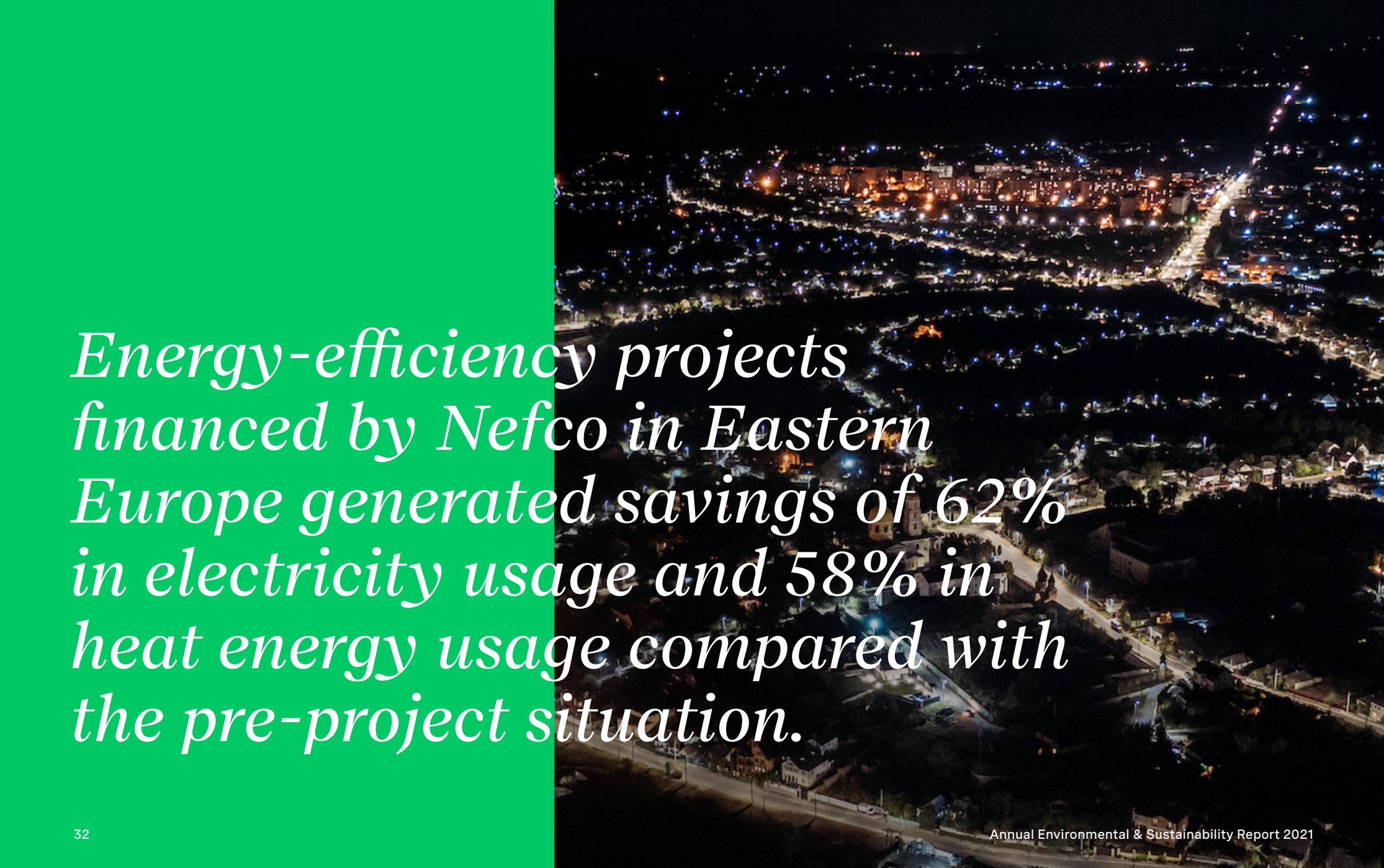
Active Nopef projects 2021 per environmental driver at 31 December 2021



During 2021, Nefco also assessed the projects that were completed in 2018. The results indicate that each realised project has on average contributed to ten new jobs during the preceding three-year period, with two new jobs being created in the Nordic region. The average project-related investments amount to EUR 1.0 million per project. Given these average project outcomes, the projects financed by Nopef in 2021 can be expected to contribute, in total, to some 189 new jobs and over EUR 26 million in green investments in the coming years.

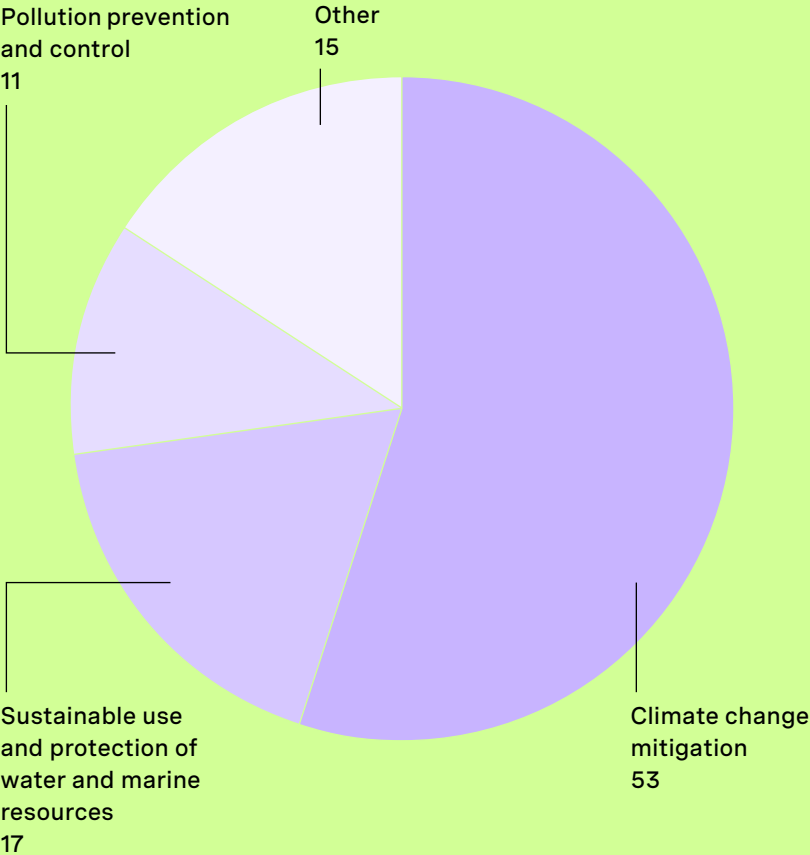
Approved Nopef projects 2018-2021 per environmental driver



An aerial night photograph of a city, likely Copenhagen, showing a dense urban area with numerous lights reflecting on the water in the background. The city lights are a mix of warm yellow and cool blue tones. A prominent bridge or road cuts through the city, illuminated by streetlights. The overall scene is a vibrant, high-angle view of a city at night.

Energy-efficiency projects financed by Nefco in Eastern Europe generated savings of 62% in electricity usage and 58% in heat energy usage compared with the pre-project situation.

Number of active projects in Eastern Europe per environmental driver at 31 December 2021



9.2.Eastern Europe

9.2.1. Investments in energy efficiency, district heating and wastewater management

In Eastern Europe, Nefco has continued its original regional mandate of financing small and medium-sized, municipal sector projects using concessionary loan financing and blending loan financing with grant programmes from Nordic governments, the EU and other countries (see list of programmes at the end of this report).

Energy use in buildings accounts for about 28 per cent of global greenhouse gas emissions ([Tracking Buildings 2020 - IEA](#)). In the Eastern European region, Nefco focuses on energy-efficiency improvements such as energy-saving measures in public buildings and modernisation of street lighting systems in municipalities in Armenia, Georgia, Moldova and Ukraine, and on making a substantial contribution to the modernisation of Ukraine’s obsolete district heating sector based on Nordic expertise combined with policy-related efforts.

A new programme partly financed by the EU aims to support the modernisation of water treatment facilities in Ukraine and improve the energy efficiency of the same.



The environmental results from 2021 are not yet available. Based on data from 2020, the energy-efficiency projects financed by Nefco in Eastern Europe generated savings of 62% in electricity usage and 58% in heat energy usage compared with the pre-project situation, which resulted in CO2 emission reductions of 63%. In street lighting projects the average electricity saving is 75%.

Note that the EU Taxonomy alignment criteria, requiring at least 30% energy savings in buildings, is based on primary or base-line energy demand. As many of the buildings in Nefco's projects have been underheated against European sanitary norms, the starting point is lower than the baseline defined in the Taxonomy. Nefco measures the actual energy consumption at the start and end of the project, and therefore the actual savings reported are smaller than when measuring against the baseline. A similar deviation may occur in terms of electricity savings from street lighting projects.

In 2020, the ten implemented energy efficiency projects in Nefco's portfolio reported annual savings of 17 GWh in heating. Fifteen implemented projects generated savings of 10 GWh in electricity. Nefco's share of the environmental results is 71%.

In 2021, there were twelve active investment projects, and one ended. In addition, there were 65 active energy-efficiency projects that received soft loans from NMF Credits; fourteen of these projects ended during the year.



A large-scale project monitoring microplastics in Lapland waters demonstrated that cross-border cooperation in the Arctic region can contribute to a cleaner environment.

Case:
Modernisation of public buildings in Ukraine

The city of Lutsk is saving energy and improving learning environments

Lutsk is a city in north-western Ukraine with approx. 217,000 inhabitants. Prior to the project implementation, the city struggled with high energy consumption, mostly from heating its public buildings, and mainly due to worn-out facades, roofs, windows and doors, as well as energy-intensive kitchen equipment and inefficient indoor lighting. In addition, low indoor temperatures in combination with worn-out heating and ventilation systems did not offer good learning environments for the children in the city.

With loan financing from Nefco, grant contributions from Sweden and the Eastern Europe Energy Efficiency and Environment Partnership (E5P) and local contributions from the city, energy-efficiency measures have been implemented in over 30 educational establishments, including day-care centres, schools, art and music schools, as well as sport

buildings and facilities, improving the learning conditions for over 26,000 schoolchildren and teachers. Of these, 27 buildings were fully renovated and 21 received new individual heat substations with smart weather-dependent heat supply regulation.

The implemented energy-efficiency measures are expected to result in annual reductions of about 11,000 MWh in heat usage, 600 MWh in electricity usage and 4,300 tonnes of CO₂ emissions. These savings will decrease annual costs for the city and are an important step in the city's transition towards a sustainable future.

Full story:

[Implemented energy-efficiency project in Lutsk is saving energy and improving the learning environment](#)





9.2.2. Grants for projects related to the Arctic and Barents

In 2021, Nefco continued to manage funds for Arctic Council member states, Nordic governments and the Nordic Council of Ministers to implement projects in the Arctic and Barents regions. Many of these are capacity-building projects that do not generate immediate environmental results but facilitate project implementation in a near future.

The programmes for the Arctic and Barents regions included various activities. One project ended, two new projects were agreed; seven projects are still ongoing within the Arctic Council programme. In North-West Russia, the Barents region, two new projects were agreed in 2021 and nine projects were ongoing at the end of the year. Exclusions from the Barents Hot Spot list are handled at ministerial meetings and the next one is to be held in February 2023 in Finland.

There were three active projects within the Nordic-Russian programme for environment and climate co-operation. A large-scale project monitoring microplastics in Lapland waters ended during the year demonstrating that cross-border cooperation in the Arctic region can contribute to a cleaner environment.

Case:

The largest project so far by the Arctic Council Project Support Instrument (PSI)

Concrete steps towards a more sustainable Arctic

The global problem of depletion of the ozone layer has a direct impact on sustainable development and the Arctic environment. The most effective way to control emissions is through phasing down production and consumption of fluorinated greenhouse gases. The currently ongoing Arctic Council project 'Phase-out of fluorinated green-house gases and ozone-depleting substances (ODS) at fish and seafood processing enterprises of the Murmansk Oblast, Russia' is the first one to provide a solution to this problem at a regional level.

This project is the most extensive one financed by PSI. The project was initiated by the Russian Ministry of Natural Resources and Environment and the International Centre for Scientific and Technical Information based in Moscow is implementing the project.

One aim is to facilitate the replacement of old equipment, conversion to environmentally safe refrigerants and introduction of new energy

efficient technologies at several fish and seafood processing enterprises in Murmansk. Another objective is to establish a training centre. To increase public awareness about the issue and stimulate a shift to ozone-safe technologies, a website has also been developed and launched at www.ozoneprogram.ru/eng/.

Within five years the project is expected to result in the phasing-out of about 18.65 ODP (ozone-depleting potential) tons of ozone-depleting substances through diminishing consumption of ODS and fluorinated greenhouse gases. The adoption of new energy efficient technologies and substances will also lead to the reduction of greenhouse gas emissions by approximately 308,000 tonnes of CO₂e.

Full story:

[Concrete steps towards a more sustainable Arctic](#)



Photo: Marina Tarnovskaya - delivery of safety equipment

The goal of the current funding rounds is to generate up to 1.3 million sustainable off-grid energy subscriptions, bringing clean and affordable energy to more than 6.7 million people in Sub-Saharan Africa.

9.3. Special funds

Our Special Funds area involves environmental and climate fund assignments from governments and agencies in the Nordics and beyond, with specific mandates. These can be results-based or other types of grant programmes that do not include investments from Nefco's own funds.

9.3.1. First funding rounds launched by Beyond the Grid Fund for Africa

The new Beyond the Grid Fund for Africa (BGFA) facility was established early 2019 at Sweden's (Sida's) request. BGFA offers direct, results-based financial incentives to private energy service companies to encourage them to establish innovative sustainable businesses in challenging markets and accelerate access to affordable and clean off-grid energy at scale for customers in peri-urban and rural areas in Sub-Saharan Africa.

The facility has entered the contracting phase for the first funding round launched in 2020 and started two new funding rounds during 2021. The goal of the current funding rounds is to generate up to 1.3 million sustainable off-grid energy subscriptions, bringing clean and affordable energy to more than 6.7 million people in Sub-Saharan Africa.

9.3.2. Baltic Sea Action Plan Fund

The goal of the Baltic Sea Action Plan by HELCOM is to restore the ecological status of the Baltic marine environment. Since the establishment of the Baltic Sea Action Plan Fund in 2010, financed by Finland and Sweden, a total of 46 projects have been financed to facilitate and speed up the implementation of the plan.

In 2021, fifteen new projects from four countries were selected to receive funding. Most of the projects selected were related to agriculture, recycling of nutrients and wastewater treatment, as well as projects to better understand and reduce hazardous substances from the seabed. At the end of the year, there were 20 active projects. A new funding round was launched in autumn 2021, generating over thirty applications that will be evaluated in 2022.

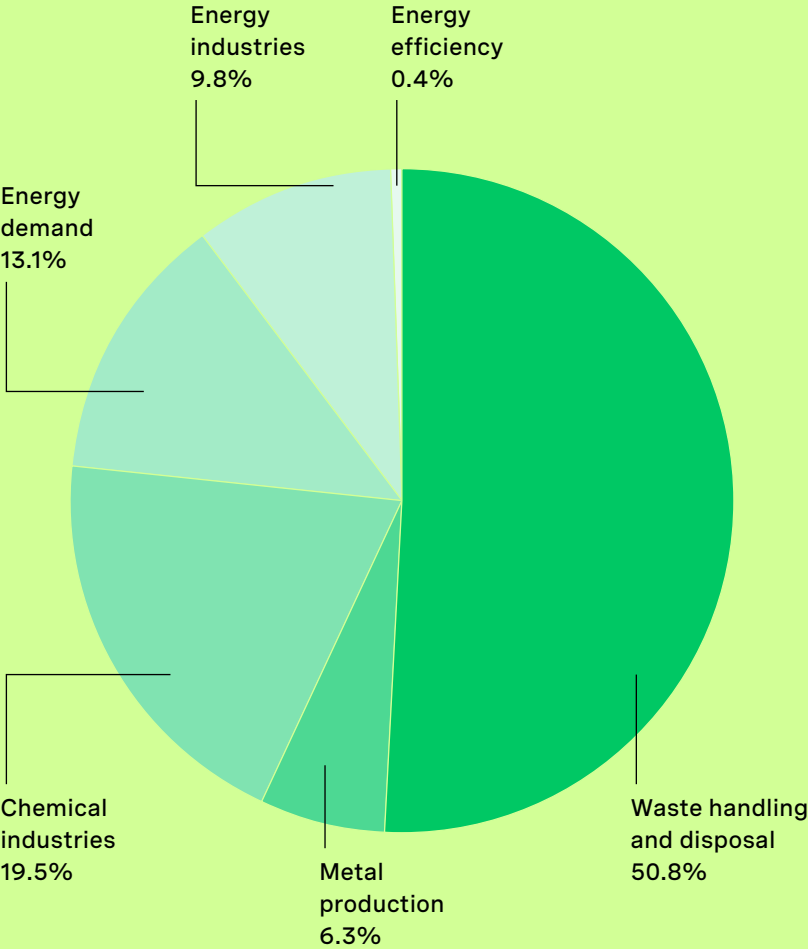
9.3.3. Carbon funds closing down

Since 2011, Nefco has managed two funds for purchasing carbon credits (Certified Emission Reductions) through Clean Development Mechanism (CDM) projects, based on the Kyoto Protocol compliance scheme. The last year of operations for the funds was 2021. Both the Nefco Carbon Fund (NeCF), which included Nefco and a number of private and governmental investors, and the Nefco Norwegian Carbon Procurement Facility (NorCaP), with Norway as the sole investor, closed at the end of 2021 as planned.



Most of the projects selected were related to agriculture, recycling of nutrients and wastewater treatment, as well as projects to better understand and reduce hazardous substances from the seabed.

Project types based on total CER volumes



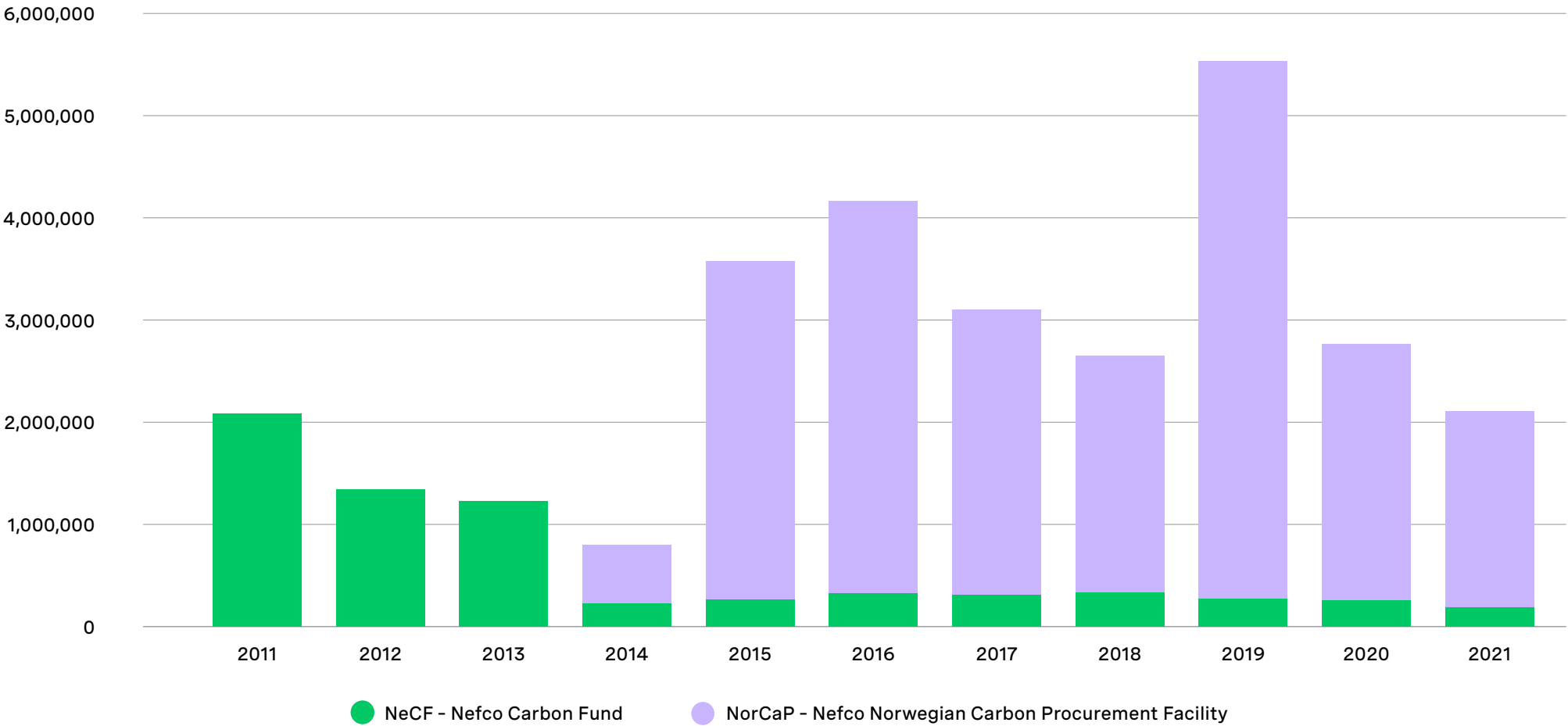
The division of the final project portfolio for both funds into sectorial areas based on UNFCCC’s categories is shown in the graph below, with waste handling and disposal representing the largest sector.

In total, NeCF purchased 6.76 million CERs from 19 projects in seven different countries during the years 2011-2021. NorCaP purchased 22.73 million CERs from 13 projects in five different countries during the years 2014-2021. During 2021, Certified Emission Reductions (CERs) were delivered as follows:

- 191,423 into the NeCF account, and
- 1,895,474 into the NorCaP account

One CER equals one tonne of CO₂e. The total number of CERs corresponded to 2,086,897 tCO₂e in 2021. Since their start, these two carbon funds have generated 28,995,796 CERs in total.

Certified Emission Reductions



A vertical garden featuring a grid of black frames, each containing different types of green plants. The plants are arranged in a way that creates a dense, living wall. The colors of the plants range from bright green to dark green, with some showing signs of aging or browning.

*Since their start, these
two carbon funds have
generated 29 million
CERs in total.*

Contribution to common global and Nordic environmental and climate goals

Agenda 2030 and its Sustainable Development Goals, adopted by all UN Member States in 2015, provide an action plan to achieve a better and more sustainable future for all. The goals address the global challenges we face, including those related to climate, environmental degradation, inequality and prosperity.

In August 2019, the Nordic prime ministers adopted a new vision for Nordic co-operation which aims to make the Nordic Region the most sustainable and integrated region in the world by 2030. The green transition remains the greatest challenge in the Nordic Region, while parameters such as social sustainability and competitiveness are edging closer to the target. As a Nordic institution that is guided by Nordic priorities, Nefco prioritises sectors and activities in which it can add most value to the Nordic Vision.

At Nefco, we do our best, together with our owners, partners and clients, to contribute to the common global and Nordic goals within the framework of our mandate.





Clean water and sanitation

Ensure availability and sustainable management of water and sanitation for all

What Nefco measures	Contribution
Reduced Phosphorus (Ptot) and Nitrogen (Ntot) discharges through investment and trust fund projects	27* active projects in 2021. No results from 2021 are available yet. *Some of these also contribute to SDG14

Case: Baltic Sea Action Plan funding

A process to remove and recover micro-plastics from industrial wastewater



Photo: Sofi Filtration

Microplastics can pass through municipal wastewater treatment plants and mix with many other types of solid contaminants. In 2015 in Finland alone, there were 530 companies manufacturing plastics with an estimated discharge of 22 tons of plastic waste per annum. The best method to prevent the problem is to remove and recover microplastics from industrial wastewater.

The Finnish company Sofi Filtration received a grant from the Baltic Sea Action Plan Fund from 2019 to 2021 to remove on-site microplastics from wastewater that could end up in the Baltic Sea. The project aimed to assess the need for microfiltration in the plastics industry in Sweden and Finland and the potential impact on the Baltic Sea. The applicability of Sofi Filter, an innovative water treatment technology that can remove plastic particles as small as 0.3 µm from the water flow, was also evaluated.



Affordable and clean energy

Ensure access to affordable, reliable,
sustainable and modern energy for all

What Nefco measures	Contribution
Number of beneficiaries or people with access to electricity through the BGFA programme	The goal of the current funding rounds is to generate up to 1.3 million sustainable off-grid energy subscriptions, bringing clean and affordable energy to more than 6.7 million people in Sub-Saharan Africa. The programme is in its contracting phase and therefore reporting has not yet started.
Heat energy saved (MWh and %) in energy-efficiency projects in Eastern Europe compared with the pre-project situation	Savings of 58% in heat energy usage in public buildings in ten Ukrainian cities, totalling 17,700 MWh/a, and resulting in 63% reductions in CO2 emissions. Based on data from 2020 as 2021 results are not yet available.
Electricity saved (MWh and %) in energy-efficiency projects in Eastern Europe compared with the pre-project situation	Savings of 62% in electricity usage in public buildings in nine cities, totalling 9,200 MWh/a. In street lighting projects, the average electricity saving is 75%. Based on data from 2020 as 2021 results are not yet available.
Number of beneficiaries in public building (municipal) projects in Eastern Europe	In 2021, 28 public buildings have been renovated, benefitting 15,420 people. In active projects, 30 buildings are being renovated, eventually benefitting 19,328 people. Since the initiative started, energy efficiency measures have benefitted 306,918 people.



Affordable and clean energy

Ensure access to affordable, reliable,
sustainable and modern energy for all

Case: Street lighting modernisation in Moldova

First energy- efficiency project implemented in Moldova



A street lighting modernisation project implemented in Feștelița, a village of approx. 3,000 inhabitants in the south-eastern part of Moldova, is the first Nefco-financed project in the country.

Since the project started in summer 2020, the street lighting network has expanded to cover all the main streets in the village and old lamps have been replaced with ten times more efficient LED lamps resulting in improved illumination and traffic safety. These modernisations have made the village a more attractive location to raise future generations and some younger people have moved back to the village as a result of the improvements.

The measures have resulted in 52% or 50,000 kWh annual reductions in electricity usage compared to the situation prior to the project. The project, which is loan financed through our Energy Savings Credit programme, has also resulted in cost savings for the village administration and some 63% annual CO2 emission reductions.

[Click to watch video](#)



Industry, innovation and infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

What Nefco measures	Contribution
Number of Nordic SMEs receiving financing (active projects) + EUR agreed	Currently 46 active investments in Nordic SME projects with loan or equity-type financing, and 157 active projects with conditional loans through Nopef

Case: Green Recovery financing to Icelandic D-Tech

Boosting sustainable food processing



Photo: D-Tech

The demand for sustainable disinfection systems in the food industry is expected to increase sharply as companies become more aware of the hygiene and environmental aspects of food production. The Icelandic company D-Tech, which has experience in disinfection solutions for the food industry, has developed a sprinkler system that disinfects all surfaces and production equipment and reduces water consumption by up to 90%. The system creates a dense mist with an antiseptic solution that shortens cleaning times and uses 70-80% less disinfectant.

Nefco's Green Recovery financing supports the expansion of this Nordic innovation to the UK and Lithuania and helps the company to strengthen its activities in Eastern Europe and Scandinavia, creating new jobs and scaling up sustainable disinfection systems.

Full article: [Icelandic company D-Tech receives financing from Nefco to bolster a sanitation solution for sustainable food processing](#)



Climate action

Take urgent action to combat
climate change and its impacts

What Nefco measures	Contribution
CO2 emission reductions through Nefco investments and Carbon funds	In 2021, investment projects directly reduced 0.46 million tonnes of CO2, of which Nefco's share was 11%. 2.09 million tonnes of CO2e reduced through Carbon funds in 2021.

Case:
Green Recovery financing to
Solar Water Solutions Oy, Finland

Solar-powered water purification to dry areas



Photo: Solar Water Solutions

There is an increasing need for safe and affordable drinking water. The Finnish family enterprise Solar Water Solutions Oy provides solutions for improving water security in dry areas in a cost-efficient and environmentally friendly way. The small-scale, decentralised reverse osmosis desalination units are powered by solar energy but can also use power from wind or the grid during non-solar hours to produce clean water.

Nefco's Green Recovery financing helps Solar Water Solutions to cover working capital costs for manufacturing, delivering and installing ten water treatment units in Morocco and speed up the scale-up of battery-free desalination systems. The system in Morocco is expected to decrease CO2 emissions by 57,000 tonnes and reduce hazardous waste by 1,600 tonnes. Decentralised, solar-powered water purification is also a response to climate adaptation needs.

Full article: [Solar Water Solutions receives funding from Nefco to scale up solar-powered water purification in water-scarce countries](#)



Life below water

Conserve and sustainably use the oceans, seas and marine resources for sustainable development

What Nefco measures	Contribution
Reduced Phosphorus (Ptot) and Nitrogen (Ntot) discharges through investment and trust fund projects	36* active projects in 2021. No results from 2021 available yet. *Some of these also contribute to SDG6

Case:
Baltic Sea Action Plan funding to
John Nurminen Foundation

Sustainable fish products from the Baltic Sea



Photo: John Nurminen Foundation

Sustainable fish stock management of specific undervalued fish is an effective and ecologically sustainable method of removing nutrients and reducing eutrophication of the Baltic Sea while increasing the supply of climate-friendly food products. Cyprinid fish, such as bream, roach and ide, are found in abundance in the Baltic Sea, but the tradition of eating them has been lost in many countries.

The Baltic Fish project, co-financed by the Baltic Sea Action Plan Fund and implemented between 2019 and 2021, has increased the interest in Cyprinid fish in Sweden and Åland and combined the removal of nutrients from the sea with local food production.

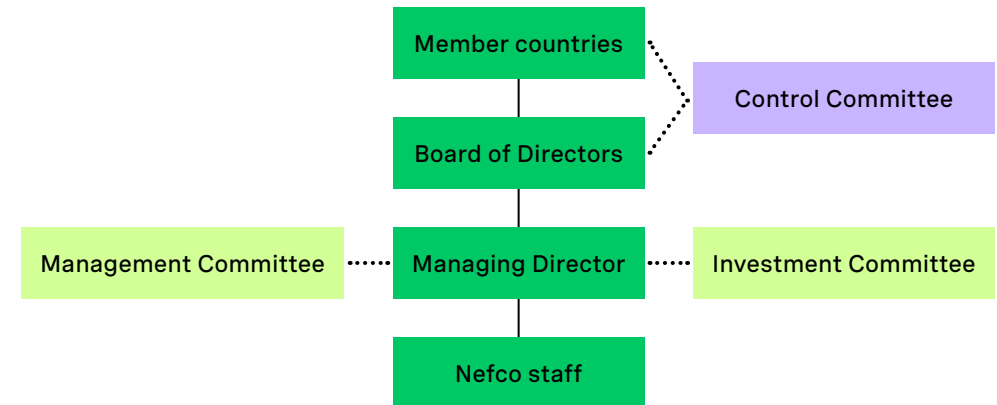
The fishing activities carried out during the project created a number of employment opportunities, removed about 400 kg of phosphorus from the Baltic Sea and developed low carbon footprint products, such as bream burgers, minced bream and fish patties.

Full article: [Sustainable fish products from the Baltic Sea](#)

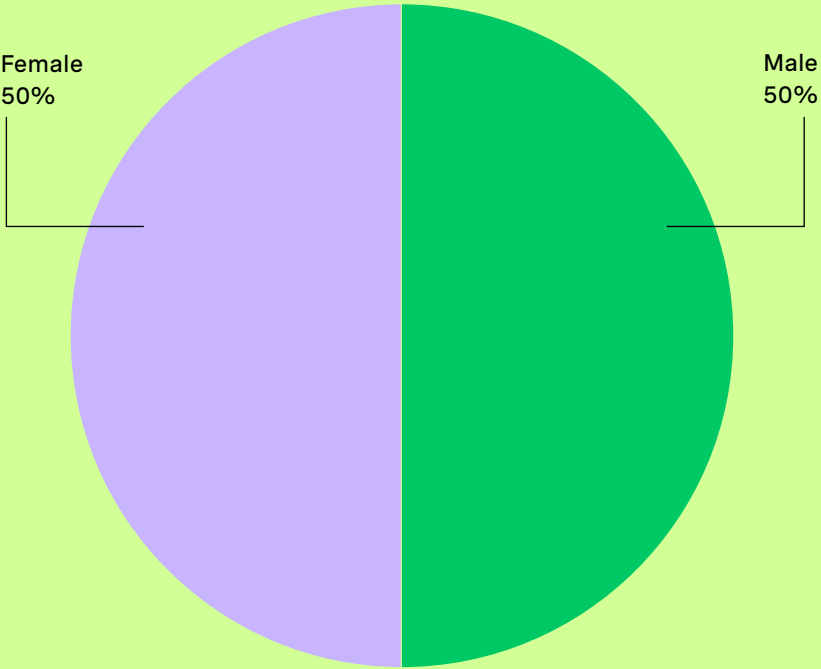
Governance

Nefco applies good governance principles and practices in all its operations, promoting transparency and accountability. We are committed to ensuring that the funds we manage are used for their intended purposes and to taking all reasonable steps to ensure that resources entrusted to us are managed with the highest level of integrity.

All our financing activities are assessed by a dedicated project team, including financial, legal and integrity experts. In addition, independent teams perform various assessments, including an environmental assessment and review of social and governance aspects, a financial analysis and an integrity due diligence review. We apply a risk-based assessment to evaluate the potential negative environmental and social risks of a project, depending on its nature and scale. All projects are assessed for their compliance with international and/or national legislation, regulations and standards.



**Nefco Board Members and Alternates
Gender at 31 December 2021**



11.1. Board of Directors

The Board of Directors makes policy decisions concerning the operations of Nefco and approves the financing of projects proposed by Nefco’s Managing Director. The Board of Directors also approves the annual budget and is responsible for Nefco’s financial statements. The Board of Directors may delegate its powers to the Managing Director where appropriate.

The Board of Directors consists of five members, each of whom has one alternate. The Board of Directors and their alternates are appointed by Nefco’s owner countries for a term of up to six years at a time. The Board appoints a chairman and a deputy chairman from among the members for a period of one year. The chairmanship and the deputy chairmanship rotate among the owner countries.

Members and alternates of the Board in 2021

Denmark

- Chair until end February 2021

Carsten Møberg Larsen

- Chairman of the Board (until 28 Feb 2021)
- Senior Policy Adviser, Danish Environmental Protection Agency

Alternate:

Sara Jakobsen Takatomi

- Ministry of Foreign Affairs

Finland

- Chair since March 2021

Ismo Tiainen

- Chairman of the Board (as of 1 Mar 2021)
- Director General, Ministry of the Environment

Alternate:

Mikko Kivikoski

- as of 19 Aug 2021
- Deputy Director General, Ambassador, Ministry for Foreign Affairs

Sannamaaria

Vanamo

- until 18 August 2021
- Deputy Director General for Eastern Affairs, Ministry for Foreign Affairs

Iceland

Danfríður Skarphéðinsdóttir

- Senior Adviser, Ministry for the Environment and Natural Resources

Alternate:

Helga Barðadóttir

- Head of Division, Deputy Director, Department of Climate Action, Ministry for the Environment and Natural Resources

Norway

Agnethe Dahl

- Deputy Director General, Ministry of Climate and Environment

Alternate:

Birthe Ivars

- Department Director, Ministry of Climate and Environment

Sweden

Erik Kiesow

- as of 16 Sep 2021
- Senior Adviser, Ministry of the Environment and Energy

Jessica Andersson

- until 15 Sep 2021
- Senior Advisor, Ministry of the Environment and Energy

Alternate:

Henrik Norberg

- Deputy Director, Ministry for Foreign Affairs

11.2. Observers

A representative of the Nordic Investment Bank and the Secretariat of the Nordic Council of Ministers may participate in the board meetings as observers without the right to vote.

11.3. Control Committee

The Control Committee is Nefco's supervisory body. It ensures that Nefco's operations are conducted in accordance with the Statutes of Nefco. The Control Committee is responsible for the audit of Nefco and submits its annual audit report to the Nordic Council of Ministers.

The Nordic Council appoints five Nordic parliamentarians to the Committee. The Chairman of the Committee is appointed by the Nordic Council of Ministers. The Control Committee appoints two professional external auditors for the purpose of assisting the Committee in carrying out its work and responsibilities. One of the appointed professional auditors is from Nefco's host country (Finland) and one from another owner country.

Control Committee members in 2021:

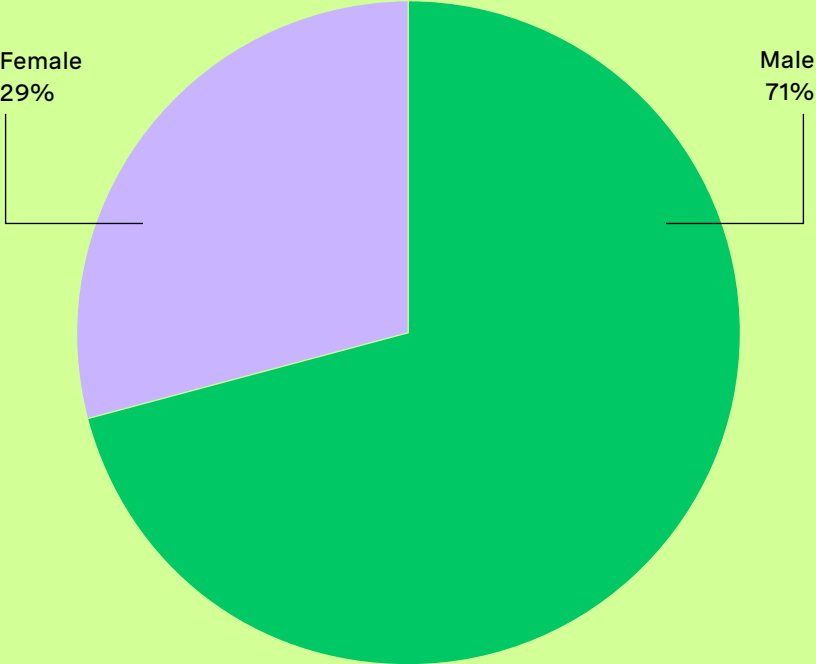
- Chairman: **Jan-Erik Enestam**, Minister, Independent Consultant
- Denmark: **Sjúrður Skaale**, Member of Parliament
- Finland: **Wille Rydman**, Member of Parliament
- Iceland: **Vilhjálmur Árnason**, Member of Parliament
- Norway: **Michael Tetzschner**, Member of Parliament
- Sweden: **Johan Andersson**, Member of Parliament

11.4. Managing Director

The Managing Director is appointed by the Board of Directors for a term of up to six years at a time. The Managing Director is responsible for the conduct of Nefco's current operations and must follow the guidelines and instructions given by the Board of Directors. The Managing Director is assisted in his or her work by the Management Committee and different Investment Committees.

- Managing Director since 2019: **Trond Moe**, Norway

**Nefco Management Committee and Managing
Director Gender at 31 December 2021**



**Nefco Management Committee and Managing
Director Nationalities at 31 December 2021**

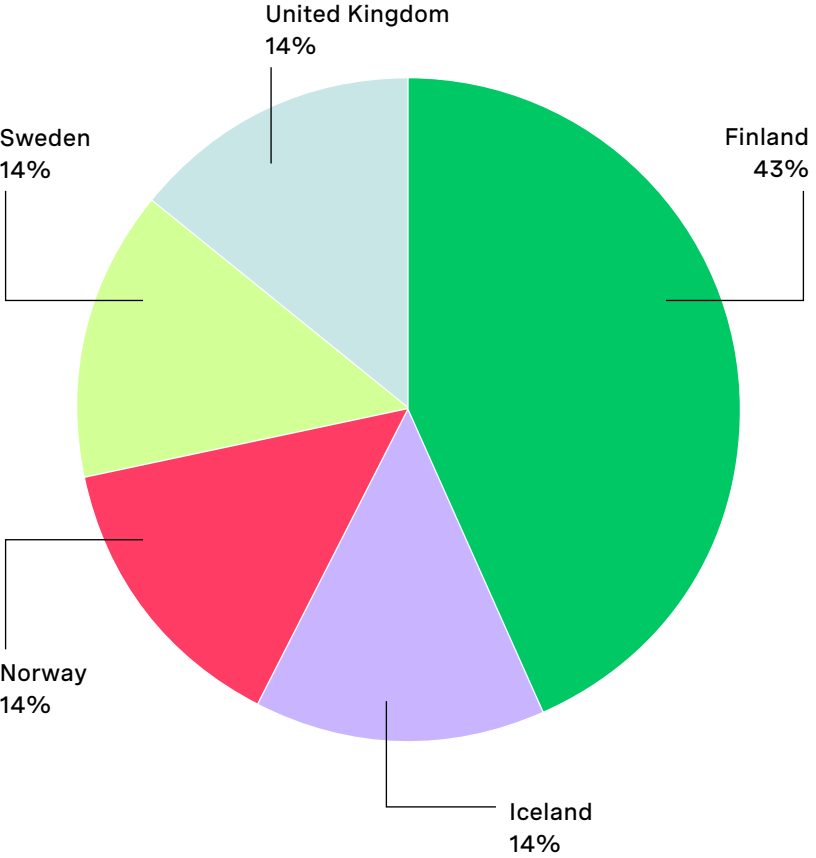




Photo: Garrett Sears

11.5. Management Committee

The Management Committee is an advisory body to the Managing Director. The Vice Presidents and the Managing Director form the Management Committee.

Members of the Management Committee in 2021:

- **Trond Moe**, Managing Director
- **Mikael Reims**, Vice President, Origination
- **Thor Thorsteinsson**, Vice President, Green Transition Nordic SMEs
- **Ulf Bojö**, Vice President, Green Transition Eastern Europe
- **Ash Sharma**, Vice President, Green Transition Special Funds (as of 1 December 2021)
- **Helle Lindegaard**, Vice President, Beyond the Grid Fund for Africa (until 30 November 2021)
- **Tita Anttila**, Vice President, Legal and Project Administration, Chief Counsel
- **Josefin Hoviniemi**, Vice President, Communications

Note: Until 30.11.2021 the gender division was 43% female and 57% male, and one member was from Denmark; this changed on 1.12.2021.



11.6. Ethics and compliance

To efficiently manage risks related to compliance and integrity, Nefco has an Ethics and Compliance function that leads the work on integrity, ethics and accountability issues. This function supports staff and management in identifying and managing integrity risks as well as leading the development and implementation of policies, rules and procedures related to ethics and integrity.

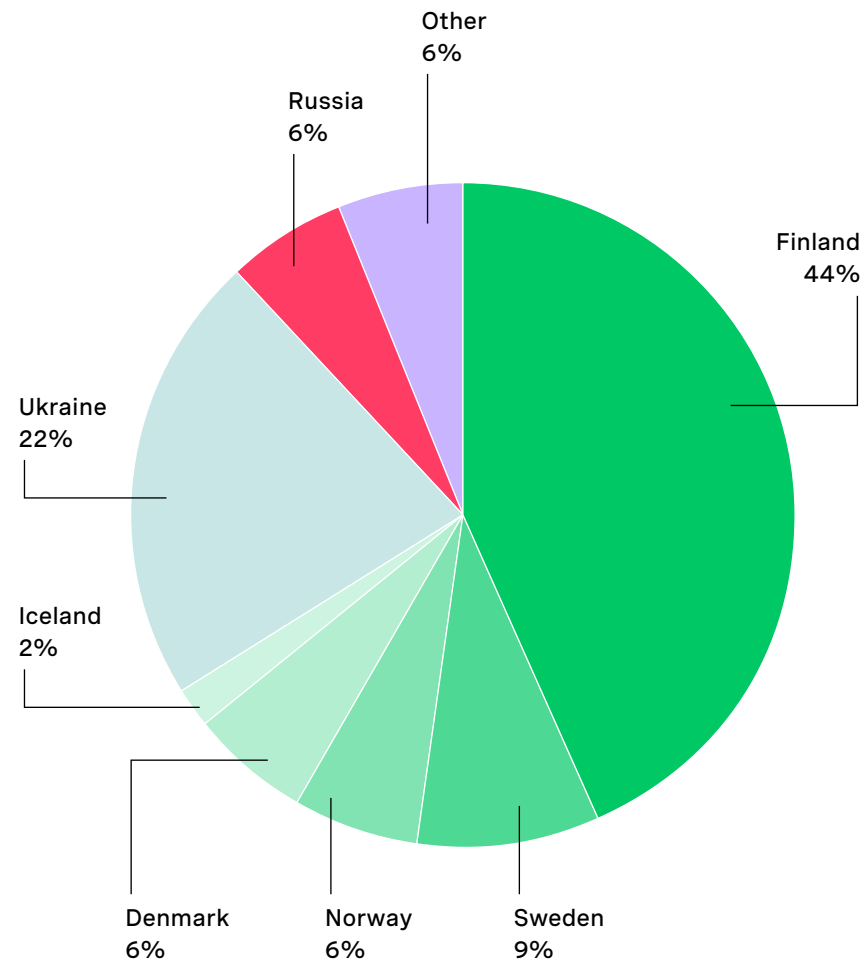
The Ethics and Compliance function is independent of the operational departments. The Chief Ethics and Compliance Officer reports to the Managing Director but has free access to the Chair of the Board of Directors and the Chair of the Control Committee.

11.7. Location and staff

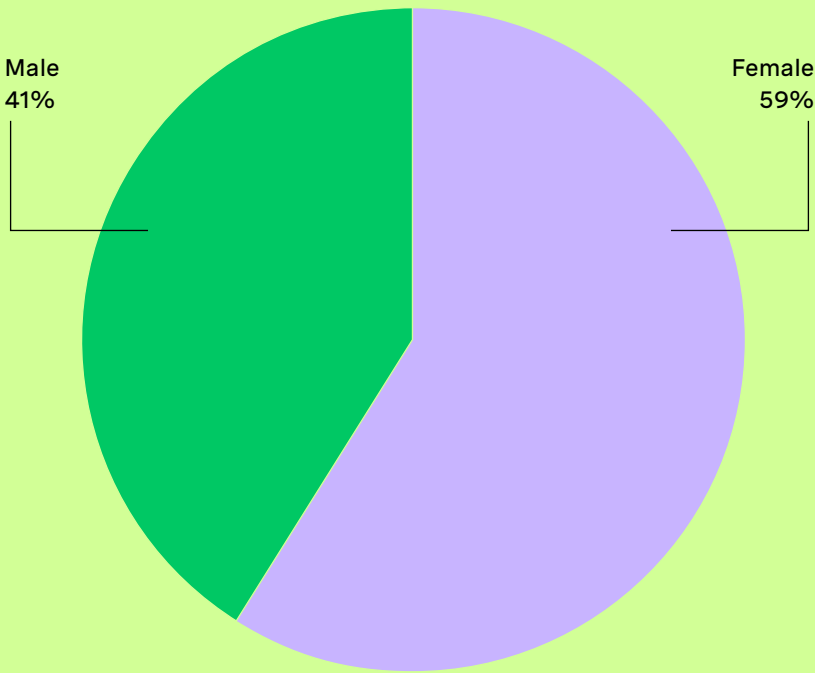
Nefco staff comprises both direct employees and long-term consultants, altogether 56 people at the end of 2021, from ten different nationalities. The age of the staff ranges from 24 to 64 years, and the average age was 45 years at the end of 2021.

The headquarters is located in Helsinki, Finland, and Nefco has a Representative Office in Kyiv, Ukraine.


**Nefco Staff and Representatives
Nationalities at 31 December 2021**



**Nefco Staff and Representatives
Gender at 31 December 2021**



Number of staff: 56 people
Average age: 45 years

A close-up photograph of a person's hands holding a basil plant. The plant's roots are exposed and wrapped in a ball of dark soil. The person's face is blurred in the background, and several other potted plants are visible. A solid green vertical bar is on the left side of the image.

*We believe that all
finance can and
should be green,
for good.*

Values and culture

To accelerate the green transition and reach our purpose we need a committed team. Our culture is based on shared beliefs and behaviours that guide us towards better decisions. Our purpose is to accelerate the green transition and we encourage others do the same. Our dream is for all finance to be green. Our core values strive to Thrive Together, Grow for Good and Ever Improve.

Values for all of us

Thrive together

We embrace our diversity and show trust, respect and appreciation towards our colleagues. We foster a no blame culture and have fun together

By being inclusive we invite ideas, innovation, trust and friendship.

Grow for good

We inspire each other to grow as humans and as professionals. We encourage improvement and learning, and learning from mistakes.

By sharing information and knowledge we boost each other along the way.

Ever improving

We are committed to add value to anything and everything we do for our cause. By doing our own work as well as we can, we help others do the same.

By simplifying our structure and processes we speed up the way we work.

Policy work

13.1. Nefco Environmental and Sustainability Policy update

During 2021, Nefco's Environmental and Sustainability Policy was fully updated to meet Nefco's new strategy and the EU Taxonomy for sustainable investments framework. The updated Environmental and Sustainability Policy was presented to Nefco's Board of Directors for review.

The work of revising Nefco's Environmental and Sustainability Guidelines started in October 2021.

13.2. Integrating the EU Taxonomy with project work

Since the beginning of 2021, Nefco has adopted the EU Taxonomy as its primary classification system to identify investment projects. This means that the EU Taxonomy objectives are taken into account in all investment projects.

13.3. MFI environmental and social experts' meeting

Nefco's Environmental and Sustainability department participated in a meeting hosted by the Multilateral Financial Institutions Working Group on Environment and Social Standards to promote the Working Group's attempts to harmonise the environmental methodology applied at international financial institutions.



13.4. Collaboration with HELCOM

As a HELCOM Observer Nefco has followed the work of HELCOM, and in particular updates to the Baltic Sea Action Plan (BSAP) through participating in workshops and meetings.

The way towards a healthy Baltic Sea was charted during the HELCOM Ministerial Meeting 2021, held on 20 October 2021. In this meeting, the Baltic Sea countries and the EU adopted the updated BSAP. A new funding round for Baltic Sea projects through the BSAP Fund, jointly managed by Nefco and NIB, opened soon after.

Accounting principles

Nefco has requested annual environmental status reports for every project and from every client since it was established in 1990. The environmental and sustainability indicators of Nefco-financed projects enable comparison and follow-up of the actual impact of each project. Environmental and resource-efficiency indicators are selected to allow the evaluation of the situation prior to the implementation of each project. The selected indicators are followed up in the annual environmental reporting process.

Environmental benefits can be achieved directly, as a consequence of investments, and indirectly, by supporting companies that manufacture environment-related products or services. Direct environmental impacts are reported by projects. The indirect environmental impacts are typically calculated based on reporting by project companies, e.g., production of equipment that decreases emissions.

International Financial Institutions (IFIs) have been working together to agree on a harmonised approach to project-level greenhouse gas (GHG) accounting*. The rationale for this work is to harmonise GHG accounting in project appraisals. The aim is to establish minimum requirements for appraisals, which can be exceeded with additional considerations and reporting.

Environmental benefits achieved through completed investment projects (Investment Fund and NMF Credit), or those in which Nefco's involvement has ceased, are calculated as total emission reductions. The assessment of the environmental performance



Photo: Jordan Sanchez

of projects is calculated using realised annual reductions and expected annual reductions based on the project baseline prior to implementation. The assessment is normally expressed as a mass unit (e.g., kg, tonnes) on an annual basis. For the purposes of comparison, the data are shown as reductions or savings per annum.

In order to avoid double accounting with co-financiers, the emissions reductions are also given prorated to Nefco's share of the financing.

It is good to note that this methodology is limited to measuring the environmental effects of Nefco's projects, since it ignores additionality, which is highly important in financing decisions. The purpose of Nefco's investment in a project is to reduce its overall environmental impact, not just its own share. This is the main rationale for Nefco's project reporting.

* International Financial Institution Framework for a Harmonised Approach to Greenhouse Gas Accounting
November 2015

Funds managed by Nefco during 2021

Nefco's own equity

Fund	Purpose	Contribution from
Nefco Investment Fund	Loan and equity-type financing for Nordic SMEs and municipal projects in Eastern Europe Green Recovery loan financing for Nordic SMEs	Nefco's own capital provided by the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden)

More information on:
<https://www.nefco.int/fund-mobilisation/>

Nefco as fund manager

Fund	Purpose	Contribution from
<p>Nordic Environmental Development Fund (NMF and NMF Credits)</p> <ul style="list-style-type: none"> Energy Savings Credits (ESC) Cleaner Production Facility (CPF) 	Soft loans and grants for technical assistance to public projects in Eastern Europe related to energy efficiency or cleaner industrial processes	Nordic Council of Ministers (NCM), all Nordic countries and Nefco
Nordic Project Fund (Nopef)	Conditional loans/grants for feasibility studies for the internationalisation of Nordic SMEs outside the EU	Nordic Council of Ministers (NCM)
The Nordic Energy Efficiency and Humanitarian Support Initiative for Ukraine (NIU)	Grant financing for the refurbishment and reconstruction of municipal buildings in vulnerable areas of Eastern and Southern Ukraine	Finland, Norway, Sweden and the Nordic Environmental Development Fund (NMF, see above)
Norway-Ukraine Energy Efficiency Initiative (NUEE)	Grant financing for the refurbishment and reconstruction of municipal buildings in vulnerable areas of Eastern and Southern Ukraine	Norway
Sweden Ukraine District Heating Fund (SUDH)	Grant financing to complement Nefco loans for sustainable projects aimed at having a significant positive impact on Ukrainian district heating systems	Sweden

Nefco as fund manager

Fund	Purpose	Contribution from
Finland Ukraine Trust Fund (FUTF)	Grant financing for cooperation between Ukrainian and Finnish actors in the fields of energy efficiency, renewable energy and alternative energy sources for power and heat generation and in district heating networks	Finland
Danida-Georgia Fund	Grant funding for project consultancy through a bilateral programme, 'Support to Energy Efficiency and Sustainable Energy in Georgia', to complement Nefco loans	Denmark
Danida Sustainable Infrastructure Finance Programme (DSIF)	Grant financing to non-commercial sustainable infrastructure projects in selected countries to complement Nefco loans	Denmark
Sida funds for Technical Assistance & Guarantee		Sweden
Arctic Council Project Support Instrument (PSI)	Grants for pollution mitigation and biodiversity-related projects approved by the Arctic Council working groups	Finland, Iceland, Norway, Russia, Sami Parliament of Norway, Sweden, the USA and Nefco

Nefco as fund manager

Fund	Purpose	Contribution from
Barents Hot Spots Facility (BHSF)	Grant financing for technical assistance to address hot spots and other similar issues in the Russian Barents regions	Finland, Iceland, Norway, Sweden and the Nordic Environmental Development Fund (NMF), which include contributions from all Nordic countries, the Nordic Council of Ministers and Nefco
Programme for Environment and Climate Co-operation (PECC)	Grant financing for co-operation projects between non-commercial partners in the Nordics and Northwest Russia to mutually benefit the environment and climate at regional and local levels	Nordic Council of Ministers (NCM) and the BHSF
Baltic Sea Action Plan Fund (BSAP Fund)	Grant financing for technical assistance and demonstration projects that support the implementation of the HELCOM Baltic Sea Action Plan (BSAP)	Finland, Sweden
Beyond the Grid Fund for Africa (BGFA)	Results-based financing to incentivise clean off-grid energy in Sub-Saharan Africa	Sweden, Denmark, Germany, and Power Africa/USAID
Modern Cooking Facility for Africa (MCFA)	Results-based financing to support the development and upscaling of clean and sustainable cooking solutions in Africa	Sweden (initially)

Nefco as fund manager

Fund	Purpose	Contribution from
NEFCO Carbon Fund (NeCF) (until the end of 2021)	For environmental projects that meet Kyoto Protocol joint implementation or Clean Development Mechanism (CDM) requirements	Danish Energy Agency, Ørsted A/S (DK), Eesti Energia (EE), Electrabel (BE), EPV Energy (FI), the Finnish Ministry of Foreign Affairs, Industrialiseringsfonden for Udviklingslandene (IFU) or the Industrialisation Fund for Developing Countries (DK), Kymppivoima (FI), the Norwegian Ministry of Climate and Environment, Vapo (FI) and Nefco
NEFCO Norwegian Carbon Procurement Facility (NorCaP) (until the end of 2021)	For UN-approved projects that contribute certified emission rights	Norway
Nordic Initiative for Cooperative Approaches (NICA)	Grant financing to demonstrate how international partnerships can scale up and accelerate ambitious climate action related to market-based collaboration under Article 6	Finland, Norway, Sweden and the Nordic Council of Ministers

Nefco accredited as implementing agency

Fund	Purpose	Contribution from
E5P - Eastern Europe Energy Efficiency & Environment Partnership	Grants used as an incentive for municipal clients to take loans provided by implementing agencies such as Nefco	EU, Denmark, Estonia, Finland, Germany, Iceland, Ireland, Latvia, Lithuania, Norway, Poland, Slovak Republic, Sweden, Switzerland, Ukraine and the USA
EU NIP - Neighbourhood Investment Platform	Grants to complement other financing to capital-intensive infrastructure projects in EU partner countries	EU
Northern Dimension Environmental Partnership (NDEP)	Grants to complement loans by IFIs such as Nefco to improve the ecology of the Northern Dimension Area, from north-west Russia in the east to Iceland in the west	EU, Belarus, Belgium, Canada, Denmark, Finland, France, Germany, the Netherlands, Norway, Russia, Sweden and the United Kingdom
Green Climate Fund	Scaling Smart, Solar Energy Access Microgrids in Haiti (SAP 013)	Parties to the United Nations Framework Convention on Climate Change (UNFCCC)

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