

Annual Review 2022



Nopef

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Photo: Piotr Wawrzyniuk

Introduction

Nopef (the Nordic Project Fund) aims to promote the green transition to a climate-neutral and sustainable society by supporting the internationalisation of Nordic environmental and climate solutions. Nopef offers financial support to Nordic small and medium-sized growth companies (SMEs) for feasibility studies, with a special focus on promoting green investments with demonstration value and potential for scale-up and growth on international markets.

Nopef has financed
3275
projects
with total value of
EUR 113 million

In 2022, Nopef celebrated 40 years of operations. Since its establishment in 1982, Nopef has provided funding for 3,275 projects with a total value of over EUR 113 million. Originally established to promote exports and the internationalisation of Nordic companies, Nopef has shifted its focus towards solely Nordic green solutions. Every funded project undergoes an environmental evaluation and has the potential to generate direct or indirect environmental benefits.

Nopef has been administered by Nefco (Nordic Environment Finance Corporation) since 2014 and is financed through annual budget allocations from the Nordic Council of Ministers. In its operations, Nopef strives to cooperate with other Nordic institutions and agencies that promote exports and innovation in the Nordic countries.



*Nopef (the Nordic Project Fund) celebrated 40 years of operations in 2022.
Photo: Niklas Sandström for Nefco*



35
new projects
approved



EUR 1.3m
in project
financing



23
Nordic SMEs
established
on international
markets

Activities and results in 2022

In 2022, all Nopef's operational goals for the year were achieved. During the year, funding was granted for 35 new projects worth EUR 1.3 million. All approved projects contributed to the Nordic Council of Ministers' action plans for the Nordic Vision 2030, particularly initiatives related to circular economy, sustainable construction and buildings and sustainable ocean economy.

Nopef portfolio
in the end of 2022:

140
conditional loans
worth
EUR 4.8 million
in
40
project countries

Nopef provides funding for feasibility studies into international establishments and the implementation of commercial pilots and demonstrations of Nordic green solutions. Pilots and demonstration projects continued to see significant demand in 2022 and resulted in nine approved projects, representing 25% of all project financing. The approved projects focus on the demonstration and installation of sustainable and green Nordic solutions in countries such as Brazil, Georgia, India, Indonesia, Kenya and Uganda.

All approved projects have been analysed by Nefco's environmental and sustainability experts and are expected to provide measurable environmental benefits when implemented. Of the projects approved for funding by Nopef in 2022, 16 (46%) are climate projects aimed at reducing greenhouse gas emissions through increased energy efficiency or renewable energy production. The share of projects focused on solutions for the transition to a circular economy increased during the year to 14, representing 40% of all approved projects.

Our portfolio

Nopef's active project portfolio at the end of the year consisted of 140 conditional loans worth EUR 4.8 million, compared with 157 conditional loans worth EUR 5.3 million last year. Nopef's portfolio represented 40 project countries. The largest number of active projects was in the US (25), followed by India (19), China (12), Brazil (6), Canada (6), Colombia (6) and Indonesia (6).

Completed projects

During the year, 23 feasibility studies (target 23) resulted in the establishment of an international business or a completed investment in the project country. This corresponds to a success rate of 50% (target 50%) for projects completed in 2022.

The completed projects represented all five Nordic countries and were spread across 15 project countries, including six projects in the USA and two in Brazil, Colombia and India respectively.

Additional financing for Nopef companies

Nopef has continued its collaboration with Nefco to promote further financing options for SMEs. Many Nopef clients turn to Nefco to apply for further financing once their plans have proceeded. As a result of this collaboration, Nefco approved financing for eight of Nopef's past and current client companies in 2022 to scale up Nordic green solutions globally. To date, some 70% of clients that have received fast-track loans from Nefco previously conducted a feasibility study with support from Nopef.



Nefco approved financing for eight of Nopef's past and current client companies in 2022 to scale up Nordic green solutions globally. Photo: Niklas Sandström for Nefco



Photo: Karin Beate Nøsterud

Four decades of supporting Nordic green solutions

In 2022, Nopef celebrated its 40th anniversary. Mikael Reims, Head of Origination at Nefco, shares his insights on why Nopef's mission to support the global growth of Nordic green solutions is more important than ever and the kinds of companies that can benefit from Nopef financing.



Mikael Reims, Head of Origination at Nefco. Photo: Jussi Ratilainen for Nefco

Why is Nopef a relevant financing option for Nordic SMEs?

Nopef has adapted and updated its financial instruments since its establishment in 1982, but its core objective remains the same: help innovative Nordic SMEs identify growth opportunities and establish a foothold on international growth markets.

The Nordic countries are leaders in developing highly innovative and competitive solutions, but many companies within the region lack the necessary resources to take the first step into a new and demanding market. Nopef can offer critical support in this challenging growth stage. By focusing on the most promising green and sustainable solutions in its financing activities, Nopef has consistently improved its results over the years, in terms of project success rates as well as commercial and economic results, such as job creation and investments. This further underlines the strong link between sustainability and international competitiveness.

" Many companies within the Nordics lack the necessary resources to take the first step into a new and demanding market. Nopef can offer critical support in this challenging growth stage. "

Why the environmental focus?

Nopef's key objective is to support the programme initiatives in the Nordic Vision to make the Nordic countries the most sustainable and integrated region in the world. By combining four decades of experience supporting the internationalisation of Nordic SMEs with the environmental expertise of Nefco, the fund's manager, Nopef is in a unique position to achieve this ambition.

Nopef's environmental mandate was introduced in 2014, when Nefco took over as the fund manager. However, green growth was one of Nopef's key focus areas long before this. Today, Nopef's financing and environmental criteria often serve as a stamp of quality for the projects it supports, helping companies to establish themselves in their target markets.



Nopef's environmental mandate was introduced in 2014, when Nefco took over as the fund manager. Photo: Johannes Jansson

What type of companies can receive Nopef financing?

Projects financed by Nopef have the potential to provide concrete and measurable environmental benefits. Nopef has a flexible mandate to finance sustainable Nordic SMEs across a range of sectors, such as circular economy and sustainable business models, ocean economy, green transport and sustainable building and construction. The sectors Nopef

finances are directly linked to the specific initiatives of the Nordic Council of Ministers' action plans for the Nordic Vision.

" The sectors Nopef finances are directly linked to the specific initiatives of the Nordic Council of Ministers' action plans for the Nordic Vision. "

The demonstration value and scale-up potential of solutions are also important: Nopef prioritises projects that will demonstrate a sustainable Nordic solution on a new international market and create opportunities for further scale-up and growth in the coming years.

What does a typical Nopef project cycle look like?

One reason for Nopef's continued popularity and high demand among Nordic SMEs is its relatively simple and straightforward application process. Nopef accepts new applications on an ongoing basis with an average processing time of six to seven weeks. We maintain an active dialogue with the company and support them throughout the project cycle.

" Nopef accepts new applications on an ongoing basis with an average processing time of six to seven weeks. "

Once a project has been approved for funding, the average feasibility study funded by Nopef takes 1-2 years to complete. During this period, the company undertakes all necessary activities and analysis needed for its investment decision, including developing a business plan, holding meetings with stakeholders in the project country, conducting assessments of legal, financial and commercial issues, and identifying and assessing potential risks. After the final project report has been approved by Nopef, the disbursed funds can be converted from a conditional loan into a financial grant to the client company.

40 years on – what's next?

This year, Nopef is collaborating with Nordic Innovation and Nordic Innovation Houses in Tokyo and Singapore to boost Nordic companies' growth efforts in Asian markets. Our goal is to create new business opportunities for Nordic companies while identifying synergies and testing new operating models between the organisations. Nefco is proud to continue in its role as the fund manager of Nopef and the continued collaboration and cross-promotion of financing opportunities is likely to speed up the global growth of many Nordic SMEs in the coming years.



Nopef



Photo: Jonas Jacobsson

Promoting Nordic interests and contributing to the Nordic Vision

Nopef aims to contribute to the priorities of the Nordic Vision 2030 and to the specific goals of the business sector action plans. All projects funded by Nopef will contribute to concrete actions to realise the Nordic Vision. Furthermore, Nopef prioritises projects that involve the participation of Nordic partners and actors from two or more Nordic countries.

When evaluating project applications, significant emphasis is placed on the additionality Nopef can provide. This is followed up in annual customer surveys, which have been conducted since 2014, with the aim of measuring the results achieved through funded projects.

An important priority for 2022 was to further develop Nopef's organisational collaborations, primarily through the implementation of pilot projects in connection with Nordic Innovation and Nordic Innovation Houses in Tokyo and Singapore. The project is coordinated in close connection with the Nordic Trade Promotion Organisations (TPOs). The activities and results of the pilot projects will be seen in 2023.

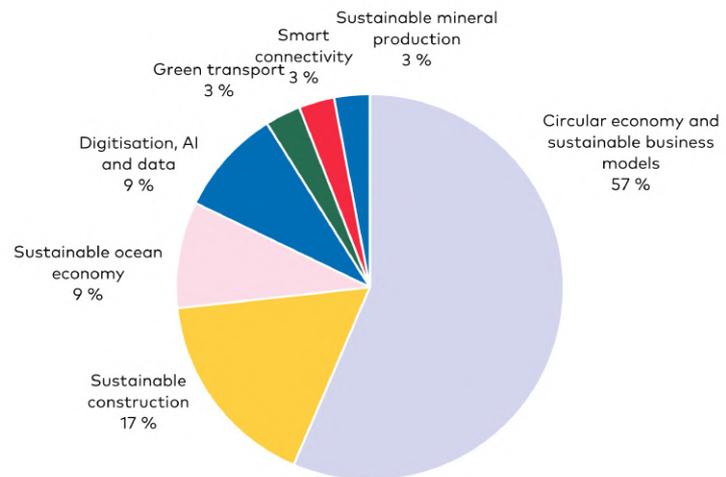
Projects in relation to Nordic Vision objectives

All 35 projects approved for financing in 2022 contribute to one or more of the initiatives in the business sector action plans.

In 2022, Nopef operations increased significantly in the area of circular economy and sustainable business models (20 projects). Nopef also granted funding for projects in the areas of sustainable construction and buildings (6 projects), sustainable ocean economy (3 projects), digitalisation, AI and data (3 projects), green transport (1 project), smart connectivity (1 project) and sustainable mineral production (1 project).

Many projects overlap with more than one of the programme initiatives for the Nordic Vision. In that case, the categorisation has been determined according to the area in which the clearest impacts are identified.

**Approved Nopef projects in 2022 per programme initiatives for the Nordic Vision
(total of 35 projects)**

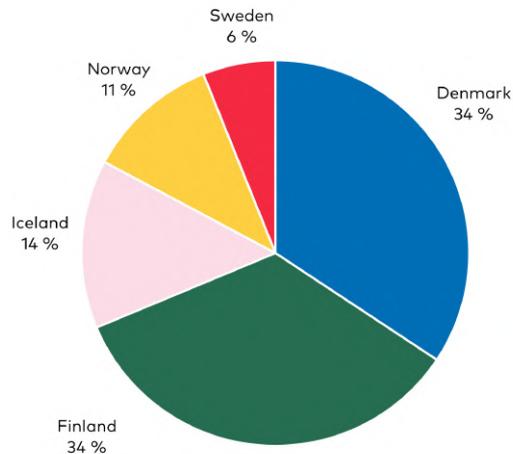


57%
of projects
included partners
from multiple Nordic countries

Increased collaboration in the Nordic region

Nopef strives for a reasonable distribution of projects between the Nordic countries. However, this may vary from year to year. To maintain a high level of project activity in all five Nordic countries, market scoping and research is carried out throughout the Nordic region on an ongoing basis. The projects approved in 2022 were distributed according to the country of origin of the main applicant company as follows: Denmark 34%, Finland 14%, Iceland 6%, Norway 11% and Sweden 34%.

Country of origin of the approved Nopef projects in 2022



Nopef gives special priority to projects that include participating co-applicants, actors and collaborators from multiple Nordic countries, which offer the potential for new Nordic collaborations, networks and solutions. Of the applications approved for funding in 2022, 57% of projects (20 projects) included the participation of partners from more than one Nordic country, an increase from 49% in the previous year. Therefore, a significant proportion of the projects funded by Nopef have the potential to create new Nordic networks and contribute to knowledge transfer between Nordic companies.



Photo: Nefco

Impact from Nopef projects

93 %
of companies
have operations
in the project country
after 3 years

Nopef carries out an annual project evaluation to assess the impacts of implemented projects. The results of this year's survey show a continued positive trend in perceived customer benefit and added value among Nordic companies that have received funding from Nopef.

According to results from 2022, 75% of companies believe that Nopef's support had a significant or very significant impact on their decision to carry out a feasibility study with a focus on internationalisation, an increase from 74% in 2021. Of the Nordic companies that carried out an international establishment with the support of Nopef, 93% still have ongoing operations in the project country three years after their establishment abroad.

Average project impact

Each Nopef project creates

10
new jobs
EUR 1 million
investments
EUR 2 million
sales

On average, each project realised with funding from Nopef creates 10 new jobs at participating companies during the subsequent three-year period following project implementation, of which two are located in the Nordic region.

According to the client companies, the projects on average result in project-related investments of EUR 1 million, as well as average project-related sales of EUR 2 million. Three out of four client companies have used or plan to use Nordic subcontractors in their project country operations.

Expected impact from
projects financed in 2022

172
new jobs
EUR 25 million
investments
EUR 35 million
sales

Impact from projects financed in 2022

Given the average project impact presented above, the projects financed by Nopef in 2022 are expected to contribute to the creation of approximately 172 new jobs, including 30 in the Nordic region, over EUR 25 million in green investments and an estimated EUR 35 million in project-related sales in the coming years.

Case story: Cycled Technologies decentralises recycling in Nigeria

A Norwegian company is creating one-stop shops for plastic recycling in Nigeria. These small units cost less than 1% of a typical facility and encourage local recycling.

Cycled Technologies, based out of Skien, Norway, has developed a modern solution to the problem of plastic waste. The company collects, sorts and sells used plastic in Nigeria, a large country with a population of 200 million people. Its latest idea is to decentralise plastic recycling and use the resulting material to manufacture new products, producing high value plastic items such as roofing tiles, electrical wall sockets and wall clocks.

" The philosophy of the company is to incentivise recycling. We want to make recycling fun and rewarding for all participants in the chain. "

Thor Sverre Minnesjord
CEO, Cycled Technologies



*Example of one-stop shop for sorting, shredding and injection moulding plastic.
Photo: Cycled Technologies*

Cycled Technologies wanted to create a one-stop shop for sorting, shredding and injection moulding plastic. A smaller unit would fit in a standard shipping container, cost only USD 30,000 and be capable of processing 100 kilograms of material per day. As they would be located closer to sources of material, the units would drastically shorten logistics lines, saving time and fuel.

Through a Nopef-funded feasibility study, Cycled Technologies concluded that its idea was viable. The next step is to build a demonstration unit and study potential products for manufacture.

More project stories: www.nopef.com/cases



Photo: Johannes Jansson

Governance

Nopef is managed by Nefco (Nordic Environment Finance Corporation) in accordance with a funds administration agreement with the Nordic Council of Ministers. A Steering Committee for the fund with members from each Nordic country is appointed by the Nordic Council of Ministers.

Nopef Steering Committee Members in 2022

Denmark

Sara Jakobsen Takatomi
Ministry of Foreign Affairs

From August 2022

Jakob Tvede
Ministry of Foreign Affairs

Finland

Tiina Ingman
Ministry of Economic Affairs and Employment

Iceland

Guðmundur V. Friðjónsson
Ministry of Industries and Innovation

From December 2022

Ragnheiður H. Magnúsdóttir
Nordic Ignite

Norway

Geir Ove Hansen
Innovation Norway

Sweden

Maria Olofsson
Ministry of Enterprise and Innovation

From March 2022

Carl Rosén
Ministry of Enterprise and Innovation



Photo: Unsplash

About Nopef



Nopef (the Nordic Project Fund) was established by the Nordic countries in 1982 with the aim of strengthening the competitiveness of Nordic companies by providing support for feasibility studies and preparatory activities for internationalisation. Today, Nopef finances projects that contribute to the green transition, with a particular focus on the internationalisation of Nordic SMEs providing environmental and climate solutions with demonstration value and potential for scale-up and growth on global markets. Nopef is managed by Nefco and funded by the Nordic Council of Ministers.

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