

NEFCO

# Annual Report 2024



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### About the report

This annual report combines our reporting on Nefco's activities, sustainability and impact with our financial statements for the year 2024. A separate report on Nefco's Ethics and Compliance for 2024 is available [here](#).

We welcome all questions and comments regarding this report or our performance. These can be addressed to [info@nefco.int](mailto:info@nefco.int) or through [our contact channels](#).

Nefco - the Nordic Green Bank - is an international financial institution owned by the Nordic countries. Our task is to accelerate the green transition. We take concrete action and work broadly from energy efficiency and clean energy to circular economy and conservation of biodiversity.

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# 2024 in brief



# Nefco in brief

Nefco, the Nordic Green Bank, is an international financial institution founded in 1990 by the five Nordic countries Denmark, Finland, Iceland, Norway and Sweden.

Our task is to accelerate the green transition by financing the initial scale-up of innovation-driven Nordic green solutions on global markets. In addition to our paid-in capital, we manage several trust funds on behalf of various public sector donors to support small and medium-sized green projects.

As a pioneer in green financing, we only finance projects that generate positive environmental or climate-related impacts. We place particular focus on investments that can demonstrate the scale-up potential of a green solution and to which our financing can provide additionality.

We are guided by Nordic priorities and Vision 2030, the EU Green Deal, the Paris Climate Agreement and the Kunming-Montreal Biodiversity Framework. We expect more than Return on Investment: we expect Return on Impact.

→ [Read more on our website](#)

## What kind of green projects does Nefco finance?

- Nordic companies' expansion into new markets with green solutions
- Municipalities' recovery and transition to green in the Eastern European region, particularly Ukraine
- Clean, off-grid energy businesses in low-income countries
- Demonstration projects to improve the state of the Baltic Sea



Established in  
**1990**



**1700+**  
green projects  
financed



**€538m**  
in funds committed  
at the end of 2024



**69**  
employees from  
13 countries



# Greetings from the Managing Director

Last summer, as I walked through Kyiv - a city my family once called home - I was struck by its duality. The streets and surroundings were familiar, but the mood was sober. I felt a quiet defiance against despair. Kyiv had not lost its soul but gained an unyielding strength.

I saw this first hand at a small hospital on the city's outskirts. Once a place of healing, it had been severely damaged by occupying soldiers. Yet, the Chief Doctor stood undeterred, focused not on what was lost but on blueprints and plans to rebuild the hospital stronger and better. The Nefco-managed project was almost finished, and she was proud to show me!

I felt this same spirit throughout my trip. I met engineers reconstructing water systems, workers demolishing buildings to build better ones and city officials shaping a greener future. Their determination to innovate rather than restore was profoundly inspiring.

The Russian invasion has caused massive destruction, of lives, property and nature. We feared significant losses and inability to continue our work. Yet, what followed was

instead a story of resilience and optimism. Projects that once seemed impossible are now proof of what can be achieved with determination and hope.

This resilience is not unique to Ukraine. I saw it when I visited a successful Swedish company that is revolutionising the construction sector with nature-based solutions and when meeting proud founders of other Nordic companies showing off fantastic new solutions. I see it in the green energy projects we finance in Africa - people solving critical challenges, building for the future and improving their societies one project at a time - always proud of what they do.

Financing is critical in all these cases, but it often presents a bottleneck. This is our task to solve. We want to make financing available to many more small-scale green projects. Driven by entrepreneurs and highly motivated groups of people, these initiatives show us how we can transition to a better and more sustainable future, using a bottom-up approach. One thing all these people tell me is that they start small, but they think big. Isn't that what we all should do?

Today, as global challenges escalate, it can be difficult to envision an entirely green and sustainable economy. But my optimism returns when I focus on the individual projects we finance and the people behind them. My visit to Ukraine reminded me: even in war, hope thrives and progress is real.

Whether it's a rebuilt hospital in Ukraine, a Nordic SME scaling a groundbreaking innovation or an African community gaining access to off-grid energy for the first time, each initiative reaffirms that a better future is within reach.

Together with our partners, clients and staff, we are not just financing projects, we are empowering communities to tackle climate change, support biodiversity, and achieve sustainability. Every project counts. Every person matters. Step by step, we implement the green transition.

Thank you for your trust and collaboration on this shared journey.

Warm regards,

**Trond Moe**  
Managing Director

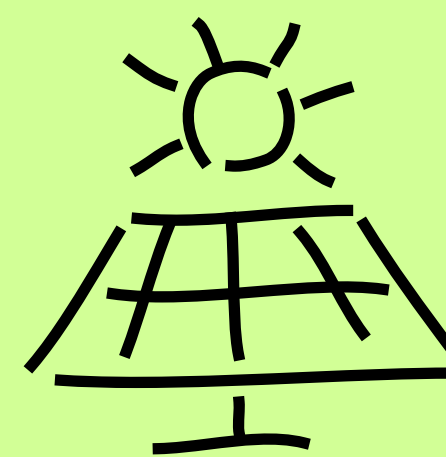


# Key activities in 2024

## Nordic SMEs embracing nature-positive practices

Our biodiversity pilot programme explored innovative solutions to integrate biodiversity into business operations, showcasing how SMEs can play a pivotal role in protecting nature. The participant companies reached a stage at which concrete action was taken, which proved that fast action can be fostered in a collaborative manner.

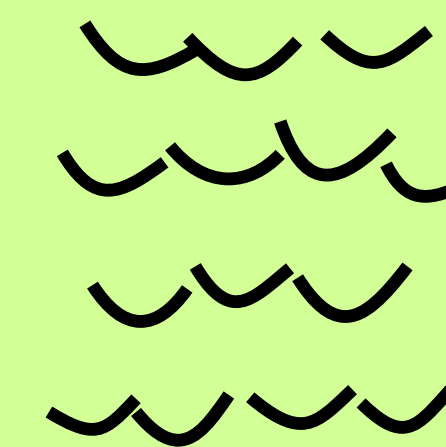
→ [Read more](#)



## Empowering African regions

Results-based financing initiatives in Africa delivered clean and affordable energy and cooking solutions, advancing sustainable development in underserved communities.

→ [Read more](#)



## Baltic Sea ecosystem protection

In our home region, several projects aimed at restoring the delicate ecosystems of the Baltic Sea were finalised.

→ [Read more](#)

## Facilitating growth of Nordic SMEs

Throughout the year, we have supported the growth and heightened competitiveness of Nordic SMEs on global markets, aligning our efforts with the ambitions of the Nordic Vision 2030. The initiatives funded have predominantly focused on climate change mitigation and promoting circular economy and the sustainable use of water and marine resources. These Nordic companies are demonstrating key competencies and innovations, particularly in sectors such as manufacturing, energy, transport and waste management.

→ [Read more](#)

## Building back greener and better in Ukraine

Amidst immense challenges, our efforts to efficiently allocate Nordic and EU funds have focused on advancing Ukraine's green recovery. This includes the restoration and construction of critical infrastructure and housing for internally displaced persons, and enhancing energy security and resilience of the Ukrainian people. The dedication of our on-the-ground team remains unwavering. During 2024, members of Nefco's management visited Ukraine to oversee the progress of projects in development.

→ [Read more](#)



Ulf Bojö, Vice President for Eastern Europe at Nefco (on the left), visited the city of Lviv, Ukraine, in August 2024.

# Key figures from 2024

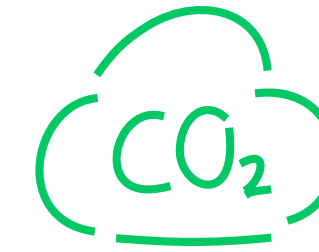


By the end of 2024, Nefco managed **341** projects, comprising **81** investments from our own capital and **260** trust fund initiatives. These activities reflect our strategic focus on leveraging Nordic strengths to address global sustainability challenges.

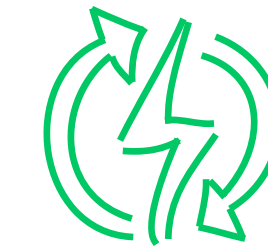


We estimate that over **2.5 million** people benefit from ongoing municipal projects in Ukraine. The photo on the right shows Mykola, from Kherson, who now lives in renovated IDP housing in Kovel.

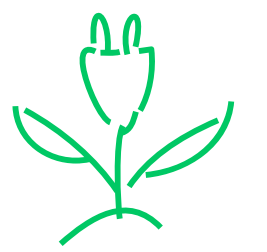
## Impact achieved, as reported in 2024, shows:



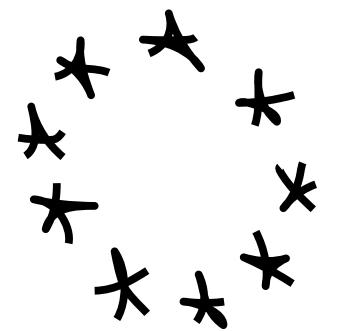
Avoided or reduced CO<sub>2</sub> emissions equivalent to **840,000+** flights between Reykjavík and Tokyo



Energy savings equivalent to the annual heating needs of **~4,000** residential buildings in Finland



Access to modern electricity secured for over **1.2 million** people in Sub-Saharan Africa



**80%** of our investments are EU Taxonomy eligible

**54%** of our investments are considered EU Taxonomy eligible and compliant with the respective Substantial Contribution criteria

Nefco only provides financing for activities delivering environmental or climate-related benefits. We finance the initial scale-up of Nordic green solutions globally and manage trust funds for various public sector donors. As one of the world's first green banks, we have developed expertise in financing projects and assessing their impact.

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# Strategy





# Our task

Nefco is an international financial institution owned by the Nordic countries Denmark, Finland, Iceland, Norway and Sweden.

Our task is to accelerate the green transition. We serve the interests of our owners and finance the initial scale-up of Nordic green solutions on global markets.

We finance green investments, primarily with loans and equity-type financing from our own revolving capital.

In addition, we manage trust funds and initiatives on behalf of various donors, including the Nordic governments, the Nordic Council of Ministers and the European Union, to support their sustainability-related goals.

These funds are distributed as various types of grants, concessionary loans, or results-based financing. Nefco has successfully passed the EU Pillar Assessment for fund management.

Financial activities are divided into three business areas: Nordic SMEs, Eastern Europe, and Special Funds.

→ More information about each area, their activities and impact, can be found in the [Business areas](#)

## People

*“Even after almost 16 years, I am proud to contribute to an organisation that is ever-evolving and impactful”*

Pórhallur, or Thor, comes from Iceland but has lived in Helsinki for almost half of his life - first as a teenager and again since joining Nefco in 2008. Having worked in financing in the Baltics, he recognised Nefco as the perfect fit when he came across an open Investment Officer position just hours before the application deadline! Since then, Thor has held various roles, but today he is the Vice President of Nefco's Nordic SMEs department.

“What keeps me at Nefco is the same thing that brought me here: the purpose. Working for an organisation committed to sustainability and the greater good makes each day feel rewarding,” explains Thor. In the last couple of years, he has found true passion in running, giving him a unique way to connect with the world. He has completed marathons in Helsinki and Vienna and is excited to run in both Rome and Reykjavík in 2025 - hoping it will be a year filled with positive progress and meaningful experiences.

**Pórhallur Þorsteinsson**

**Vice President, Nordic SMEs**

# Alignment with Nordic and global goals

Our financial activities and sustainability requirements align with Nordic, European and global frameworks and goals to support concrete actions towards a low-carbon society and a sustainable, circular and nature-positive economy.

Vision 2030 aims to make the Nordic Region the most sustainable and integrated region in the world by 2030. As a Nordic institution, Nefco prioritises sectors and activities in which we can add most value to the Nordic cooperation programmes and Vision.

The EU Green Deal pursues green finance and investment from both the private and the public sectors, and develops standardised accounting practices and improved ESG data disclosure. Nefco adopts the EU Taxonomy framework for sustainable financing as its primary classification system to identify investments that are considered environmentally sustainable.

We are also committed to engaging with new and existing clients and projects to align their activities with the [EU Taxonomy](#).

Agenda 2030 and its Sustainable Development Goals (SDGs) provide a plan of actions to achieve a better and more sustainable future for all. The goals address global challenges, including those related to the climate, environmental degradation, inequality and prosperity. Our financing activities contribute to most of the SDGs, see [Contribution to global goals](#).



## Case

### Reviving the Baltic Sea

The ecological state of the Baltic Sea has been a priority since Nefco was established in 1990. Sustainable use and protection of water and marine resources remain a high priority for us.

The Baltic Sea Action Plan (BSAP) Fund is an early-stage financing mechanism dedicated to expediting the implementation of the HELCOM Baltic Sea Action Plan. The BSAP Fund facilitates and accelerates the preparation and implementation of projects that address the key challenges facing the Baltic Sea.

Finland and Sweden initiated the BSAP Fund in 2010 and, to date, their contributions have totalled EUR 15 million, enabling the Fund to finance more than 70 projects. Although the Baltic Sea is still severely affected by eutrophication, significant environmental improvements have been observed thanks to various efforts in the catchment area. For example, the BSAP Fund has financed project preparation for several wastewater treatment plants across the Baltic Sea



The BSAP Fund is dedicated to expediting the implementation of the HELCOM Baltic Sea Action Plan.

region. About 80% of the funded projects focus on biodiversity conservation or pollution prevention, including initiatives such as nutrient recycling and small-scale sanitation plants. The Fund has made substantial contributions towards fostering a healthy and resilient Baltic Sea ecosystem.

The BSAP Fund serves as a tool to accelerate concrete actions on marine biodiversity and contribute to the Sustainable Development Goals (SDGs), as well as the environmental political agenda of the countries in the Baltic Sea catchment area. Co-managed by Nefco and the Nordic Investment Bank (NIB), the BSAP Fund welcomes new donors to support the HELCOM commitment to achieving good environmental status for the Baltic Sea.

→ [Read more](#)

# Investments and trust fund activities

## Investments in green economic activities

Nefco's main priority is to invest through loan or equity-type financing from its own paid-in capital and retained earnings, which form the base for Nefco's Investment Fund.

Our investments enable economic activities that lead to concrete environmental or climate benefits, e.g., by saving energy and reducing emissions, pollution, harmful discharges or waste. They also provide economic and social benefits such as business growth, increased competitiveness and job creation.

## Trust fund support for green projects

In addition to its own capital, Nefco manages funds on behalf of others, mainly Nordic governments and the EU. Nefco also acts as an implementing agency for a number of multinational partnerships that support green projects. Nefco has successfully passed the EU Pillar Assessment for fund management.

While the main purpose of trust fund projects is to generate positive environmental and climate-related impacts, some of the trust funds are dedicated to incentivising the development of sustainable businesses and solutions in new markets with a strong focus on social impacts such as job creation, gender equality and enhanced resilience and security for citizens of affected communities.

Trust funds are also used for capacity building, feasibility studies and technical assistance. While these projects rarely lead to immediate environmental impacts, they help facilitate project implementation in the near future.

In most cases, the funds are disbursed as various types of grants either on their own or blended with loan financing. The funds can also be provided in the form of concessionary loans or results-based grant financing.

→ See all [Nefco managed funds](#)



*“Through Nefco, we are actively working to provide safe homes for internally displaced persons and rebuild critical infrastructure in Ukraine. These are good examples of how the EU is working with Nefco to address urgent basic needs while laying the foundations for a long-term sustainable recovery.”*

**Jocelin Cornet**

Head of the Reconstruction, Energy, Infrastructure and Environment Section of the EU Delegation to Ukraine

# Providing high additionality

As an international financial institution, Nefco's role is to bridge the financing gap, the 'missing middle', that is not sufficiently covered by other financiers for investments and projects that meet Nefco's criteria. We can take greater financial risks than are typically accepted by commercial banks and financiers. The goal is to accelerate the green transition by promoting new solutions and reducing their implementation time. Our financing often accelerates the implementation of projects, enabling them to be realised more quickly than would be possible without our support. This serves as an example of Nefco's additionality.

Moreover, our higher risk tolerance for financing small projects and growth-phase companies makes investments bankable and often helps the project owner to mobilise other financing and build capacity for future needs.

## Additionality underpinned by survey results

The principle of additionality is supported by the results of a stakeholder survey that Nefco conducted in 2024. In the survey, 80% of the respondents in the Nordic SME segment indicated that debt financing is generally very or somewhat critical for driving their business growth, and 80% indicated that they find obtaining debt financing very or somewhat difficult. Of the Nordic SME clients, 55% indicated that the financing from Nefco had helped them secure additional financing, mostly from the private sector.

Among Ukrainian municipalities and utility companies, 81% of the respondents indicated that financing from international institutions was very important for their investments.

### Case

## Financing the expansion of thermal power worldwide

The Earth's ability to harness its own heat to deliver renewable energy every hour of every day presents countless opportunities to replace fossil fuels with sustainable energy sources. Baseload Capital, founded in Sweden in 2018, is an investment entity specialised in geothermal power. The company funds the deployment of geothermal power projects worldwide, facilitating a rapid transition from fossil fuels to renewable energy sources. This transition supports greater energy independence, fostering sustainable societies and a balanced planet.

Baseload Capital's portfolio companies operate locally in Iceland, Japan, Taiwan and the USA, collaborating with energy firms to develop, build and commission new thermal power plants. In 2019, Baseload Capital



The Sansui geothermal power plant in Japan.  
Photo: Baseload Capital.

received a EUR 3 million loan from Nefco, aimed at accelerating the implementation of new heat power plants outside the Nordic countries. Three years later, Nefco again provided funding as part of a EUR 24 million financing round that the company secured to enhance the development and implementation of geothermal power projects, enabling significant growth for the company and its key initiatives.

Since then, Baseload Capital has attracted additional funding, including a EUR 53 million financing round led by the Dutch infrastructure fund ENGF.

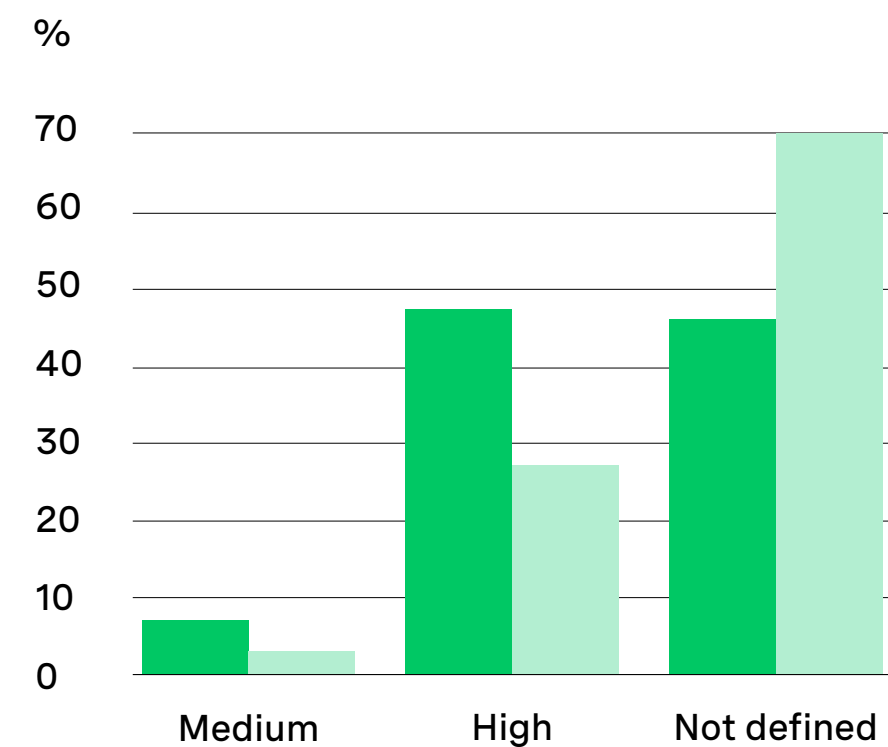
→ [Read more](#)

# Initiating the scale-up of green solutions

An essential objective of Nefco's financing activities is to support the initial scale-up of Nordic green solutions on global markets. We primarily finance small and medium-sized projects that demonstrate new, transformative technologies or solutions that have the potential to be further scaled up and replicated. This is what we refer to as having high scalability.

Projects with high scalability have the potential to provide environmental benefits worth many times Nefco's initial investment.

**Scalability of active project portfolio based on committed funds**



■ Nefco investments  
■ Trust funds

The indicator 'scalability' has not been consistently used with Nefco's investments prior to 2021 and in trust fund projects.

## Case

# World's largest production of fuel from CO<sub>2</sub>



The Shunli plant in China is the world's first commercial CO<sub>2</sub>-to-methanol plant. Photo: Carbon Recycling International.

Carbon Recycling International (CRI), a cleantech company founded in Iceland in 2006, has developed a patented technology that captures CO<sub>2</sub> emissions and subjects them to a chemical reaction with hydrogen to produce green or low-carbon liquid methanol. This technology can be applied to all CO<sub>2</sub> sources, including liquid CO<sub>2</sub>, and, eventually, carbon from direct air capture.

In 2022, CRI commissioned the world's first commercial CO<sub>2</sub>-to-methanol plant, the Shunli plant in China. With an annual recycling capacity of 160,000 tonnes of CO<sub>2</sub>, the plant has the world's largest production of fuel from CO<sub>2</sub>.

Five years prior, in 2017, Nefco provided CRI with a grant for a feasibility study into the Shunli project through Nopef, the Nordic Project Fund. Two years later, CRI received

a loan from Nefco to scale up its technology and support international expansion. In 2021, the loan was converted into equity, making Nefco a shareholder in CRI.

In October 2024, CRI signed a landmark agreement with Tianying Group to leverage its methanol synthesis technology in one of the world's largest e-methanol plants. This agreement marked China's first large-scale project utilizing CRI's proprietary technology for the production of e-methanol from carbon dioxide. The plant, which will be the third commercially sized facility commissioned using CRI's technology for methanol production in China, will have the capacity to produce 170,000 tonnes of e-methanol per year and is expected to start up in 2025.

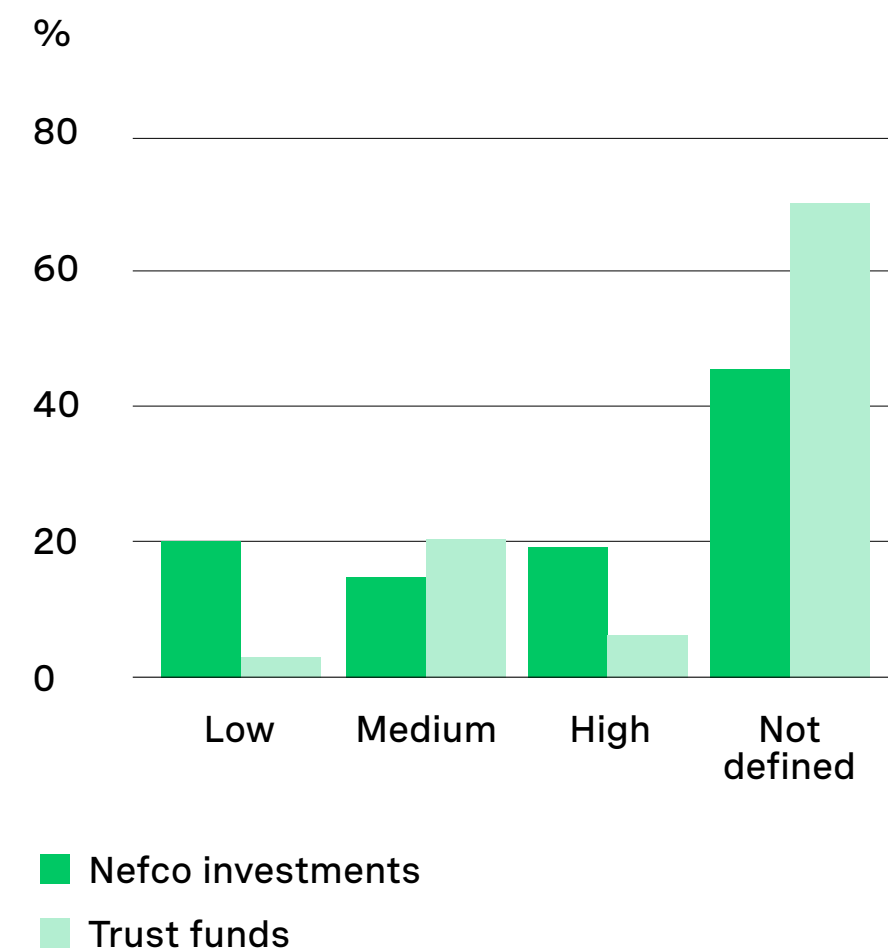
→ [Read more](#)

# Seeking high demonstration value

Our financing also supports testing of green innovations in new markets. This is what we refer to as having high demonstration value. A demonstration project provides an indication of how well a solution can be adopted at scale and what kind of impact it can generate.

Trying and testing is a bottom-up approach. It is a real-life alternative to top-down spending.

**Demonstration value of active project portfolio based on committed funds**



The indicator 'demonstration value' has not been consistently used with Nefco's investments prior to 2021 and in trust fund projects.

## Case

# Boosting environmental awareness



Waste collection in the city of Fastiv, Ukraine.

Fastiv is a city in central Ukraine with a population of approximately 44,000, including more than 3,000 internally displaced persons. After the Russian invasion in February 2022, the communal waste management machinery used in Fastiv was relocated to other war-affected cities in the Kyiv region. The equipment was old, worn out and inefficient, produced high emissions, and required constant repairs. Without it, however, the city was unable to provide full basic services, including waste collection and disposal, to meet the needs of its residents and internally displaced persons who arrived in the city in spring 2022.

To address these issues, a grant of EUR 960,000 was re-allocated from the EU-financed and Nefco-managed NIP Ukraine Water Modernisation programme. This project has introduced new equipment, including 600 waste containers, four waste trucks,

and a bulldozer, significantly enhancing the effectiveness of waste collection services in the city. Enhanced operational efficiency led to an increase in the frequency of waste collection from once a month to eight times a month, and the quality of services has improved significantly, with cleaner surroundings as a result.

The project has not only resulted in modernised infrastructure but also instilled a greater awareness of environmental sustainability within the community.

With financing from the EU, this modernisation initiative exemplifies a broader aim to promote sustainable waste management practices in Ukraine's cities, marking a critical step towards a cleaner and more environmentally conscious future for Fastiv and potentially serving as a model for similar cities across the country.

→ [Read more](#)

# Return on investment and impact

Nefco was established in 1990 with paid-in capital from all five owner countries. At the time, we were probably the world's first green investment bank. Over the decades, we have gained experience and expertise in financing projects, and assessing environmental and climate-related results, sometimes in very challenging operating environments.

The original paid-in capital invested in Nefco has grown and been reinvested several times. This capital is structured as a for-profit revolving fund operating on market terms (Nefco's Investment Fund). The fund provides loan and equity-type financing when there is a positive green impact. All earnings are retained for new investments. Our involvement also makes projects bankable and helps project owners to mobilise other financing.

Our task comes to life each time a Nordic green entrepreneur scales internationally or a Nefco-financed green project inspires others by demonstrating what is possible. This is why we expect more than Return on Investment: we expect Return on Impact.

Nefco's initial capital of EUR 113.4 million was originally paid in by its owners between 1990 and 2007. Through accumulated profits, Nefco has been able to invest EUR 396.1 million since then, i.e. 3.5 times its authorised capital.



All our financing is focused on environmentally beneficial, sustainable projects and solutions. We use our deep understanding of environmental and sustainability aspects to assess the green impacts while also considering societal and gender aspects.

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# Sustainability and impact



# Our approach to sustainability and impact

Since Nefco's establishment, we have assessed and measured the environmental impact of our projects, with an expectation of a return on impact. We strive to align our financial activities with global frameworks and goals, supporting a sustainable future for everyone.

Nefco's core mission focuses on the environment; however, we recognise the importance of the social aspects of sustainability. When relevant, we also assess and monitor social impacts in our financing activities.

We focus on financing with a 'bottom-up' approach, processing a large number of projects proposed by companies, public entities and other organisations. When evaluating possible investments, we assess the potential

positive environmental impact of the project as well as the potential adverse ones. We also assess the potential for scaling up or replicating the project solution or technology. When funding has been provided, we continue monitoring and evaluating the project results during implementation and after completion until the loan has been repaid or the exit phase.

Our [Environmental and Sustainability Guidelines](#) give a detailed view of how we assess project proposals and verify results and our [Environmental and Sustainability Policy](#) sets out the commitments, principles and obligations applicable to Nefco's financing activities and internal operations.

→ [Read more](#)

## People

*“Already as a trainee, I was entrusted with various responsibilities in a flexible, people-oriented environment”*

Anna joined Nefco in spring 2024 as a trainee in the Special Funds department. With prior experience in development finance and a commitment to her values, she found Nefco an ideal place to influence financing for positive change. During her traineeship, Anna engaged in diverse tasks, and now – less than a year in – she identifies and evaluates social and environmental risks of Nefco projects and proposes mitigation measures, among other responsibilities, in her role as Environmental and Sustainability Analyst – extending her learning journey even further!

“I'm from Finland, and while I've lived here most of my life, I have also embraced opportunities to experience other parts of the world,” says Anna, who has spent time living in, for example, Québec and Imbituba. Outside of work, she leads an active lifestyle enjoying running, dancing, gym workouts and football, while also learning new languages – currently focusing on Portuguese. Anna remains optimistic about 2025 and aims to be more present, embracing the year's opportunities.

**Anna Turunen**  
**Environmental and Sustainability Analyst**

## How we assess our financing activities

Across our 30-plus-year journey as a green financier, we have developed stringent procedures for environmental and sustainability assessments, project management and monitoring, and financial and integrity due diligence. The green impacts of a project are assessed in broad terms, using our deep understanding of environment and sustainability while also considering societal and gender aspects. As our financing activities seek to demonstrate the scale-up potential of green solutions in new markets, we consider the potential of the solutions to be replicated. Moreover, to attract new private investments in line with the Paris Agreement, we strive to make projects bankable and help project owners with capacity building to mobilise additional funding.

All these elements are integrated into the investment process. While trust fund activities may have different environmental priorities and goals, in principle, we use the same methodology for these projects whenever applicable. We also aim to ensure that our clients work strategically and formally to anchor sustainability in their business plans and daily operations.

We evaluate project proposals and expected impact against the EU Taxonomy, the UN Sustainable Development Goals and our own environmental and sustainability criteria, as well as other relevant benchmarks.

### Environmental and sustainability risks

Nefco applies risk-reduction measures in its operations. We apply the mitigation hierarchy, which aims to avoid, minimise and restore adverse impacts in project design and during operations.

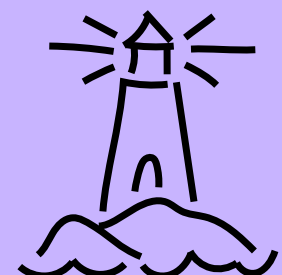
All projects should be carefully designed and implemented to sufficiently mitigate their potential environmental and sustainability risks. In certain cases, clients are requested to prepare an Environmental and Social Action Plan (ESAP). The purpose of an action plan is to mitigate potential sustainability risks and improve clients' sustainability practices. Action plans must be approved by Nefco and form part of financing agreements.

## Sustainability assessment procedure

1. *Initial screening* 

2. *Sustainability assessment* 

3. *Sustainability monitoring*

Including annual and final monitoring 

→ Read more about [how we assess impact](#)

## Accounting principles

Since its establishment in 1990, Nefco has requested annual environmental status reports from its financed projects and clients. We evaluate the climate mitigation impacts of our financed projects against the International Financial Institutions' (IFIs) harmonised approach to project-level greenhouse gas (GHG) accounting<sup>1</sup>. Nefco's aggregated impact is pro-rated to Nefco's share of financing, i.e. agreed loan amount divided by the total project cost.

The environmental and sustainability indicators of Nefco-financed projects enable comparison and follow-up of the actual impact of each project. Environmental and sustainability indicators are selected to enable the evaluation of a given context (project baseline) prior to Nefco financing. Nefco finances projects in various stages of implementation and therefore the project baseline impact reflects the information available to Nefco at the time of the agreed loan. If data is presented to Nefco based on an estimated range, the conservative end of the range is chosen for the project baseline impact calculations. The selected indicators are followed up in the annual environmental reporting process.

More information related to the assessment of environmental impact and Nefco's impact indicators, both project-specific and core indicators, can be found in [Nefco's Environmental and Sustainability Guidelines](#).

## About our impact reporting

**Portfolio overview**, including investments and trust fund projects, environmental drivers<sup>2</sup> and an EU Taxonomy assessment of the investment portfolio. All numbers, graphs and tables refer to the active portfolio at the end of 2024 unless stated otherwise.

**Impact from financing activities**, including investments and trust fund projects and the extent to which ongoing investments meet set expectations.

Impact figures are based on realised results and reports from our clients. Due to our clients' reporting schedules, data for 2024 is not available at the time of writing this report. The impact from 2023 is therefore presented.

**Business area overviews**, including investments and trust fund projects, environmental drivers and highlighted impacts. All figures, graphs and tables refer to the active portfolio at the end of 2024 unless stated otherwise.

**Nefco's own carbon footprint**, including Scopes 1, 2 and 3 emissions from Nefco's own operations based on the operational control approach<sup>3</sup>.

**Nefco as a workplace**, including diversity, values and culture.

**Stakeholder engagement**, including surveys, meetings and events.

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

- **Active** - agreed, project under implementation, or project implemented and reporting results
- **Ended** - loan repaid and reporting ended
- **Funds committed** - total financing amount agreed for an investment and project
- **Funds disbursed** - funds that have been paid out since the initiation of an investment or project

A list of all projects financed by and/or through Nefco, including investments and trust fund projects, and their status can be found on [Nefco's website](#).



<sup>1</sup>IFIs - Harmonization of Standards for GHG accounting

<sup>2</sup>The environmental drivers Nefco refers to are derived from the EU Taxonomy objectives. Projects can contribute to several environmental drivers at once, however in this report Nefco focus on and display what we consider to be the main environmental driver of the projects.

<sup>3</sup>As defined in the Greenhouse Gas Protocol

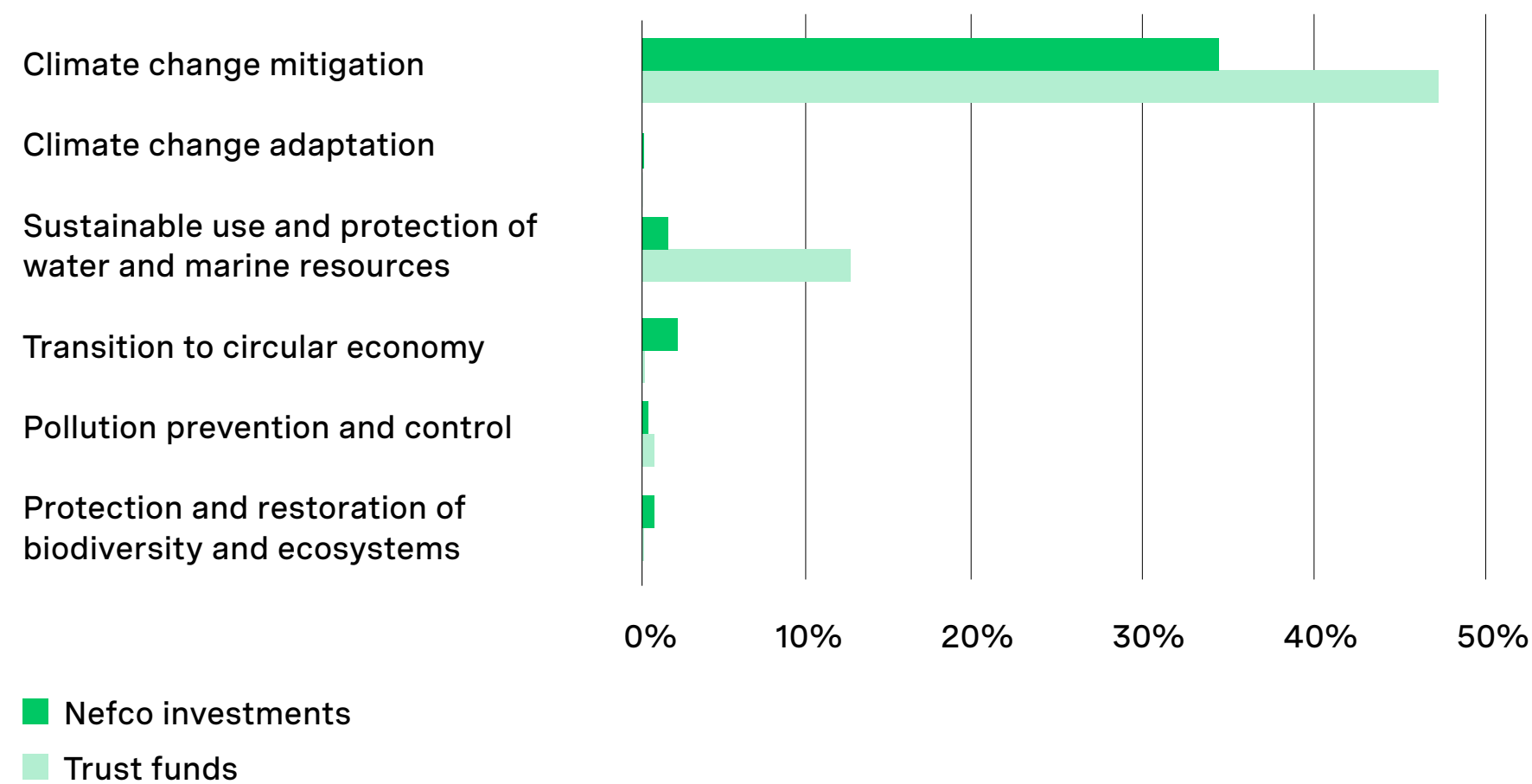
# Portfolio overview

Nefco's portfolio consists of Nefco investments - projects financed with Nefco's own capital - and trust fund projects - projects financed through managed facilities on behalf of various donors.

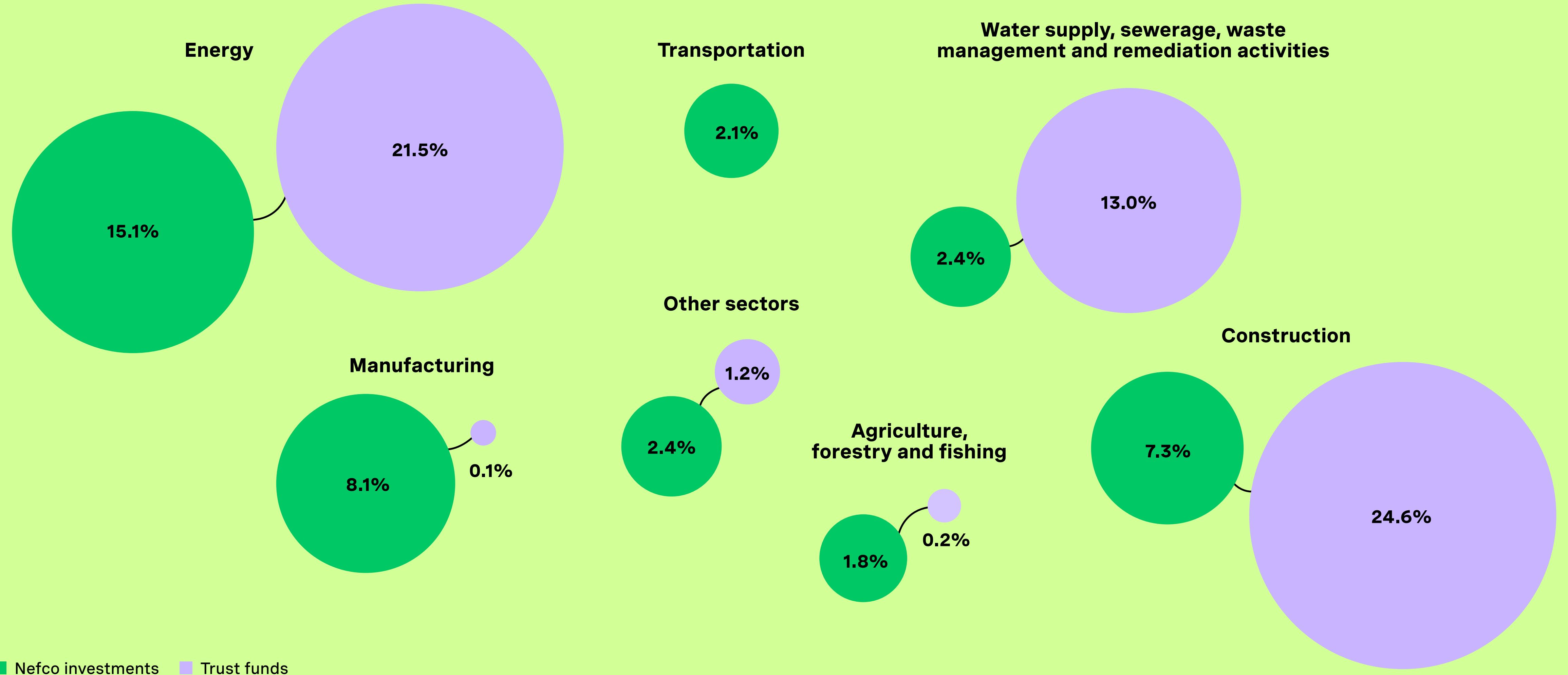
At the end of 2024, Nefco had a total of 341 active projects in its portfolio, of which 81 are Nefco investments and 260 are trust fund projects. During the year, 46 projects ended and 60 new ones were agreed.

A majority of the active portfolio is related to climate change mitigation. The biggest sectors in our portfolio are energy (energy efficiency in buildings, renewable energy, etc.), construction (renovation and construction of buildings), water supply, sewerage and waste management, manufacturing, transportation, and agriculture, forestry and fishing. Sectors are defined according to NACE, the statistical classification of economic activities in the European community.

## Main environmental driver in the active project portfolio based on committed funds



## Sectors within the total active project portfolio based on percentage of committed funds

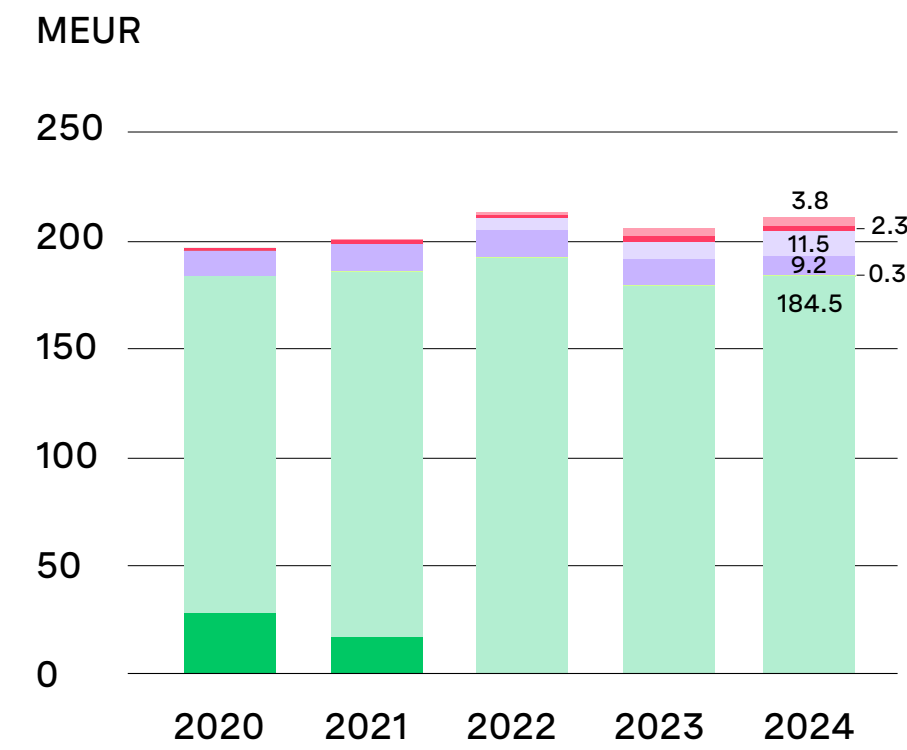


■ Nefco investments ■ Trust funds

## Investment portfolio

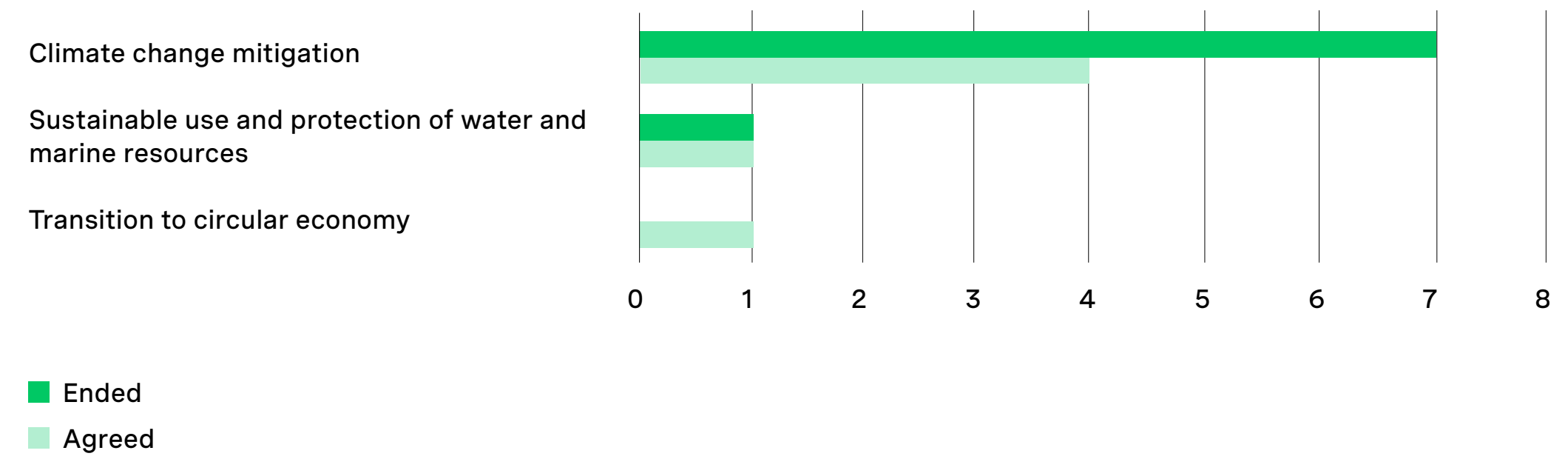
At the end of 2024, Nefco had a total of 81 active investments. Investments related to the transition to circular economy have increased over the past years, although the majority are still related to climate change mitigation.

**Committed funds per main environmental driver within Nefco's investments**



- Not defined
- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

**Number of investments per main environmental driver agreed and ended in 2024**



## Active investments

Nefco investments				
<b>81</b>	<b>211.5</b>	<b>39%</b>	<b>179.6</b>	<b>85%</b>
investments	MEUR committed	of active projects	MEUR disbursed	of committed funds disbursed

## EU Taxonomy eligibility and alignment

Since 2022, Nefco has actively used a full EU Taxonomy alignment analysis on a best-effort basis for its investments, evaluating Eligibility, Substantial Contribution criteria (SC), Do No Significant Harm criteria (DNSH) and Minimum Social Safeguards criteria (MSS). We primarily work with unlisted SMEs, for which EU Taxonomy reporting is voluntary. Our experience with SMEs shows that many have considered the EU Taxonomy as not relevant for them and do not have the information readily available. Thus, part of our task is assisting our clients in capacity building and raising awareness on the benefits of utilising the EU Taxonomy. We assist our clients to take appropriate actions on identified gaps to achieve closer alignment with the EU Taxonomy.

A full EU Taxonomy analysis has not been applied retroactively for investments agreed before 2022. The active portfolio of investments agreed before 2022 has been analysed solely based on EU Taxonomy eligibility and alignment with the SC.

'Green' is not defined by the Taxonomy alone. For economic activities that are not yet covered by the EU Taxonomy, we use our own definitions based on the spirit and logic of the taxonomy.

We utilise the following categorisation for investments:

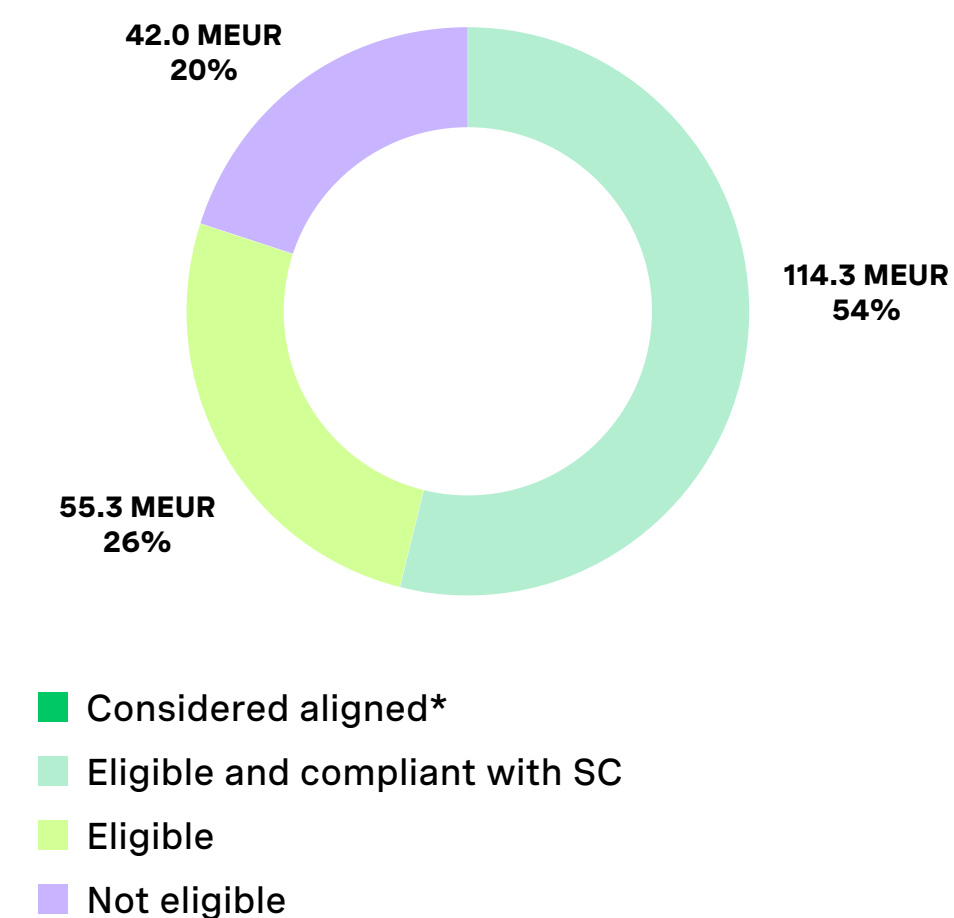
- **Considered aligned:** The investment is considered to be eligible and compliant with all applicable criteria (SC, DNSH, MSS).
- **Eligible and considered compliant with SC:** The investment is considered to be eligible and compliant with the SC.
- **Eligible:** The investment is eligible but not considered to be compliant with all the applicable criteria (SC, DNSH and MSS).
- **Not eligible:** The investment is not eligible under the current Taxonomy.

To date we have zero fully EU Taxonomy aligned investments. A major reason for this is that SMEs experience difficulties proving alignment with the criteria, in particular the DNSH criteria for Climate Change Adaptation and the MSS.

These criteria pose a common challenge for SMEs, which is also supported by the European Commission study [SME disclosure on taxonomy alignment \(2024\)](#). Within our investments, 80% of the investments are considered eligible or eligible and compliant with the SC under the EU Taxonomy. A total of 54% of our investments are eligible and considered compliant with the respective SCs. The most common reason for eligible investments not complying with SC, is a lack of life-cycle greenhouse gas emissions calculations.

→ Read more about [the EU Taxonomy](#)

### Alignment of Nefco investments



\* Currently zero investments are considered aligned

Alignment of Nefco investments	Number of investments	Number of investments [%]	Committed funds [MEUR]	Committed funds [%]
Considered aligned	0	0%	0	0%
Eligible and compliant with SC	32	40%	114.3	54%
Eligible	22	27%	55.3	26%
Not eligible	27	33%	42.0	20%
<b>Total</b>	<b>81</b>	<b>100%</b>	<b>211.5</b>	<b>100%</b>



## Alignment of eligible Nefco investments

Environmental driver Sector Activity	No. of projects	Committed funds [mEUR]	Committed funds [%]	Compliant with SC [%]	Compliant with DNSH [%]						Compliant with MSS [%]
					CCM <sup>1</sup>	CCA <sup>2</sup>	WTR <sup>3</sup>	CE <sup>4</sup>	PPC <sup>5</sup>	BIO <sup>6</sup>	
<b>Climate Change Mitigation</b>	<b>54</b>	<b>169.5</b>	<b>80.1%</b>	<b>67.4%</b>		<b>2.1%</b>	<b>23.7%</b>	<b>18.3%</b>	<b>21.3%</b>	<b>24.0%</b>	<b>1.2%</b>
<b>Forestry</b>	<b>1</b>	<b>0.5</b>	<b>0.2%</b>	<b>0.0%</b>		<b>0.0%</b>	<b>0.0%</b>	<b>100.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
1.1. Afforestation	1	0.5	0.2%	0.0%		0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
<b>Manufacturing</b>	<b>8</b>	<b>22.4</b>	<b>10.6%</b>	<b>35.3%</b>		<b>13.4%</b>	<b>50.0%</b>	<b>38.4%</b>	<b>36.2%</b>	<b>52.2%</b>	<b>0.0%</b>
3.1. Manufacture of renewable energy technologies	2	4.4	2.1%	100.0%		0.0%	36.3%	36.3%	36.3%	36.3%	0.0%
3.3. Manufacture of low carbon technologies for transport	1	3.0	1.4%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
3.4. Manufacture of batteries	1	0.5	0.2%	100.0%		0.0%	100.0%	100.0%	0.0%	100.0%	0.0%
3.6. Manufacture of other low carbon technologies	3	10.9	5.2%	0.0%		0.0%	23.7%	0.0%	0.0%	60.1%	0.0%
3.17. Manufacture of plastics	1	3.5	1.7%	0.0%		0.0%	100.0%	100.0%	100.0%	0.0%	0.0%
<b>Energy</b>	<b>21</b>	<b>77.6</b>	<b>36.7%</b>	<b>77.7%</b>		<b>0.6%</b>	<b>14.6%</b>	<b>9.4%</b>	<b>14.6%</b>	<b>14.6%</b>	<b>0.0%</b>
4.1. Electricity generation using solar photovoltaic technology	10	35.0	16.6%	100.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4.3. Electricity generation from wind power	2	13.0	6.1%	100.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4.11. Storage of Thermal Energy	2	4.4	2.1%	100.0%		0.0%	100.0%	9.3%	100.0%	100.0%	0.0%
4.15. District heating/cooling distribution	2	8.5	4.0%	88.2%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4.18. Cogeneration of heat/cool and power from geothermal energy	1	6.0	2.8%	0.0%		0.0%	100.0%	100.0%	100.0%	100.0%	0.0%
4.20. Cogeneration of heat/cool and power from bioenergy	1	3.0	1.4%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
4.21. Production of heat/cool from solar thermal heating	1	0.4	0.2%	100.0%		0.0%	100.0%	100.0%	100.0%	100.0%	0.0%
4.22. Production of heat/cool from geothermal energy	1	0.5	0.2%	0.0%		100.0%	100.0%	100.0%	100.0%	100.0%	0.0%
4.24. Production of heat/cool from bioenergy	1	6.8	3.2%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Water supply, sewerage, waste management and remediation</b>	<b>5</b>	<b>7.4</b>	<b>3.5%</b>	<b>73.7%</b>		<b>0.0%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>6.7%</b>	<b>0.0%</b>
5.1 Construction, extension and operation of water collection, treatment and supply system	2	0.9	0.5%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5.2. Renewal of water collection, treatment and supply systems	1	0.9	0.5%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5.6. Anaerobic digestion of sewage sludge	1	5.0	2.4%	100.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
5.9. Material recovery from non-hazardous waste	1	0.5	0.2%	100.0%		0.0%	100.0%	100.0%	100.0%	100.0%	0.0%
<b>Transport</b>	<b>6</b>	<b>11.7</b>	<b>5.5%</b>	<b>78.6%</b>		<b>0.0%</b>	<b>78.6%</b>	<b>70.1%</b>	<b>70.1%</b>	<b>78.6%</b>	<b>0.0%</b>
6.4. Operation of personal mobility devices, cycle logistics	2	7.6	3.6%	100.0%		0.0%	100.0%	100.0%	100.0%	100.0%	0.0%
6.5. Transport by motorbikes, passenger cars and light commercial vehicles	1	1.0	0.5%	100.0%		0.0%	100.0%	0.0%	0.0%	100.0%	0.0%
6.7. Inland passenger water transport	1	0.1	0.0%	100.0%		0.0%	100.0%	100.0%	100.0%	100.0%	0.0%
6.12. Retrofitting of sea and coastal freight and passenger water transport	1	2.5	1.2%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
6.15. Infrastructure enabling low-carbon road transport and public transport	1	0.5	0.2%	100.0%		0.0%	100.0%	100.0%	100.0%	100.0%	0.0%
<b>Construction and real estate</b>	<b>8</b>	<b>41.4</b>	<b>19.6%</b>	<b>73.2%</b>		<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
7.2. Renovation of existing buildings	5	25.0	11.8%	63.6%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7.3. Installation, maintenance and repair of energy efficiency equipment	2	14.4	6.8%	100.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
7.6. Installation, maintenance and repair of renewable energy technologies	1	2.0	0.9%	0.0%		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Information and communication</b>	<b>4</b>	<b>7.4</b>	<b>3.5%</b>	<b>0.0%</b>		<b>0.0%</b>	<b>94.6%</b>	<b>67.6%</b>	<b>94.6%</b>	<b>94.6%</b>	<b>27.0%</b>
8.2. Data-driven solutions for GHG emissions reductions	4	7.4	3.5%	0.0%		0.0%	94.6%	67.6%	94.6%	94.6%	27.0%
<b>Professional, scientific and technical activities</b>	<b>1</b>	<b>0.9</b>	<b>0.4%</b>	<b>100.0%</b>		<b>0.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
9.1. Close to market research, development and innovation	1	0.9	0.4%	100.0%		0.0%	100.0%	100.0%	100.0%	100.0%	0.0%
<b>Total Eligible</b>	<b>54</b>	<b>169.5</b>	<b>80.1%</b>	<b>67.4%</b>		<b>2.1%</b>	<b>23.7%</b>	<b>18.3%</b>	<b>21.3%</b>	<b>24.0%</b>	<b>1.2%</b>



## Not eligible Nefco investments

Environmental driver Sector Activity	No. of projects	Committed funds [mEUR]	Committed funds [%]	Compliant with SC [%]	Compliant with DNSH [%]						Compliant with MSS [%]
					CCM <sup>1</sup>	CCA <sup>2</sup>	WTR <sup>3</sup>	CE <sup>4</sup>	PPC <sup>5</sup>	BIO <sup>6</sup>	
Climate Change Mitigation	9	14.9	7%								
Climate Change Adaptation	1	0.3	0%								
Sustainable Use and Protection of Water and Marine Resources	7	9.2	4%								
Transition to Circular Economy	4	11.5	5%								
Pollution Prevention and Control	3	2.2	1%								
Protection and Restoration of Biodiversity and Ecosystems	3	3.8	2%								
<b>Total Not Eligible</b>	<b>27</b>	<b>42.0</b>	<b>19.9%</b>								

<sup>1</sup> **CCM:** Climate Change Mitigation

<sup>2</sup> **CCA:** Climate Change Adaptation

<sup>3</sup> **WTR:** Sustainable Use and Protection of Water and Marine Resources

<sup>4</sup> **CE:** Transition to Circular Economy

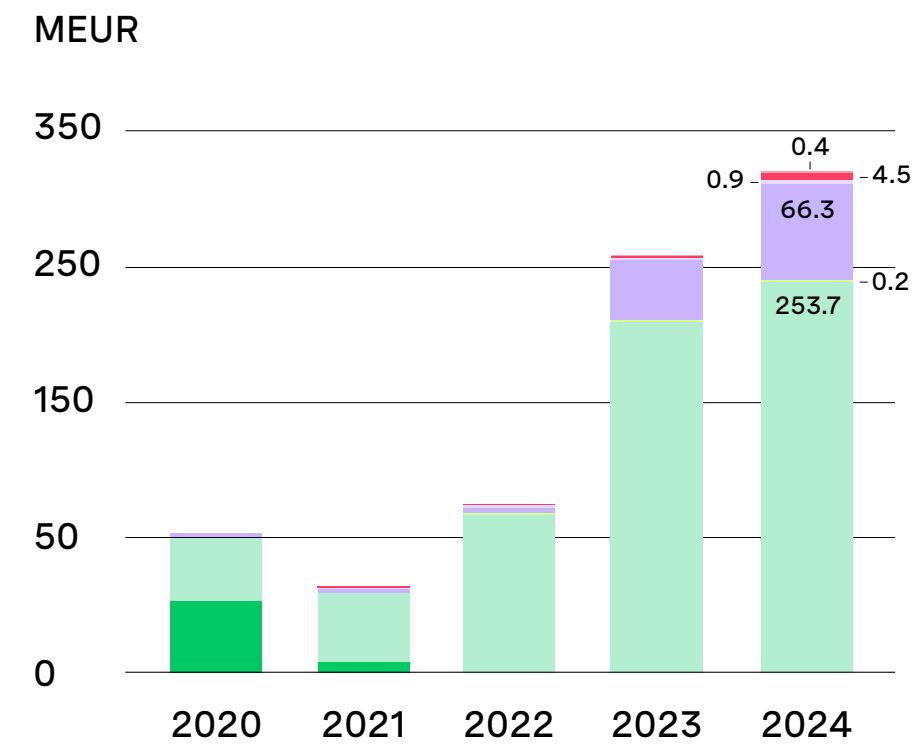
<sup>5</sup> **PPC:** Pollution Prevention and Control

<sup>6</sup> **BIO:** Protection and Restoration of Biodiversity and Ecosystems

## Trust fund project portfolio

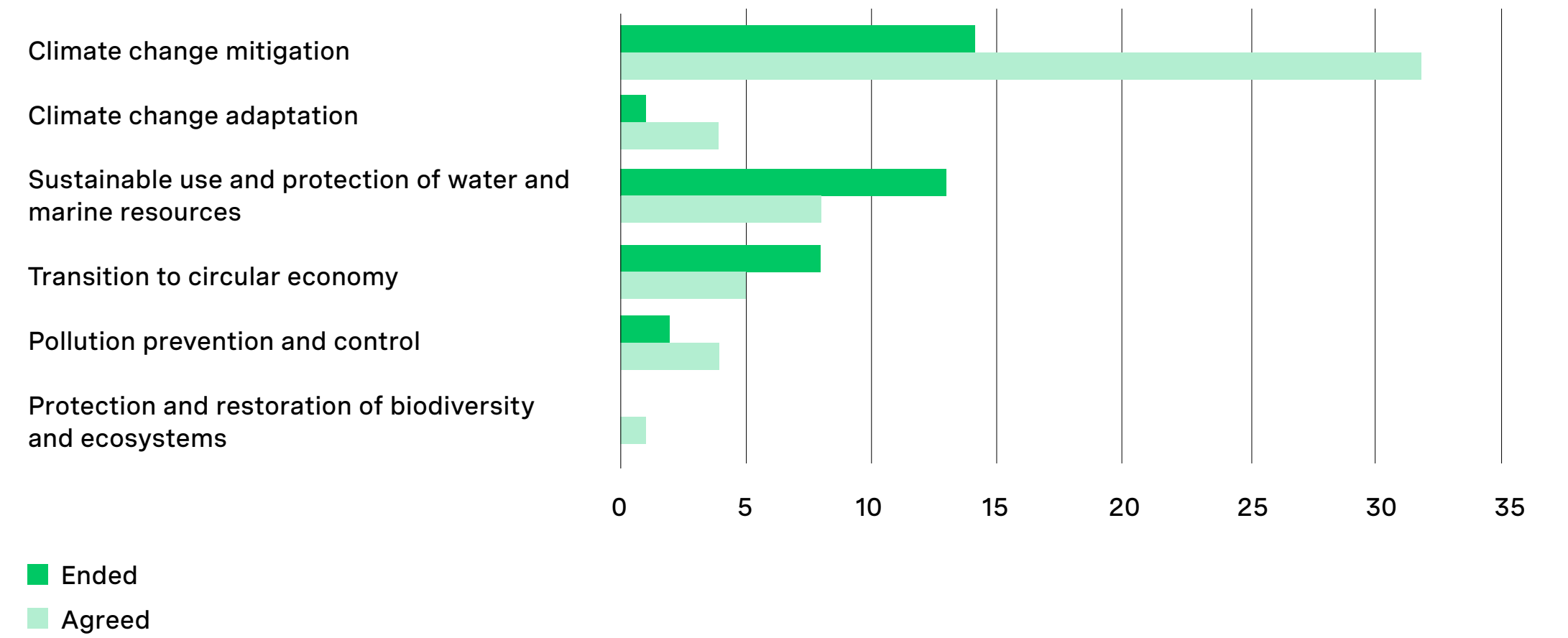
At the end of 2024, Nefco had a total of 260 active trust fund projects. Projects related to climate change mitigation, and sustainable use and protection of water and marine resources have been on a rising trend over the past few years.

Committed funds per main environmental driver within the trust funds

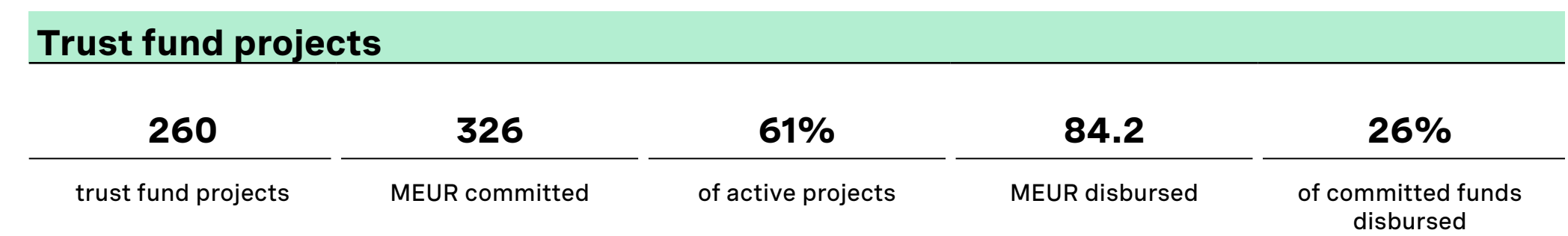


- Not defined
- Climate change mitigation
- Climate change adaptation
- Sustainable use and protection of water and marine resources
- Transition to circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Number of projects per main environmental driver agreed and ended in 2024



## Active trust fund projects



# Project activity impact

## Environmental impact

The environmental impacts of Nefco's portfolio are based on data from 2023. The corresponding figures for 2024 are not yet available due to reporting and verification schedules, as explained in [Accounting principles](#). Out of all the projects and investments required to report to Nefco, 85% submitted reports. Nefco's aggregated impact is pro-rated to its share of financing, i.e. total agreed financing divided by total project financing (Nefco's share of the impact).

Note that Nefco has several active projects and investments in Ukraine. Due to the Russian aggression, some of these are experiencing disruptions, resulting in them not being able to reach their full impact potential.

## Renewable energy

By supporting the expansion of renewable energy production, Nefco contributes to a less emission intensive energy mix and to mitigation of climate change.

Currently active projects in the renewable energy sector financed by or through Nefco have supported the installation of 592 MW of renewable electricity capacity and 68 MW of renewable heat capacity. During 2023, the projects and investments generated 309.4 GWh of renewable heat and 318.6 GWh of renewable electricity.

Collectively, 628 GWh of renewable energy generation corresponds to roughly 31% of Sweden's total solar power production in 2022<sup>1</sup>.

## Energy savings

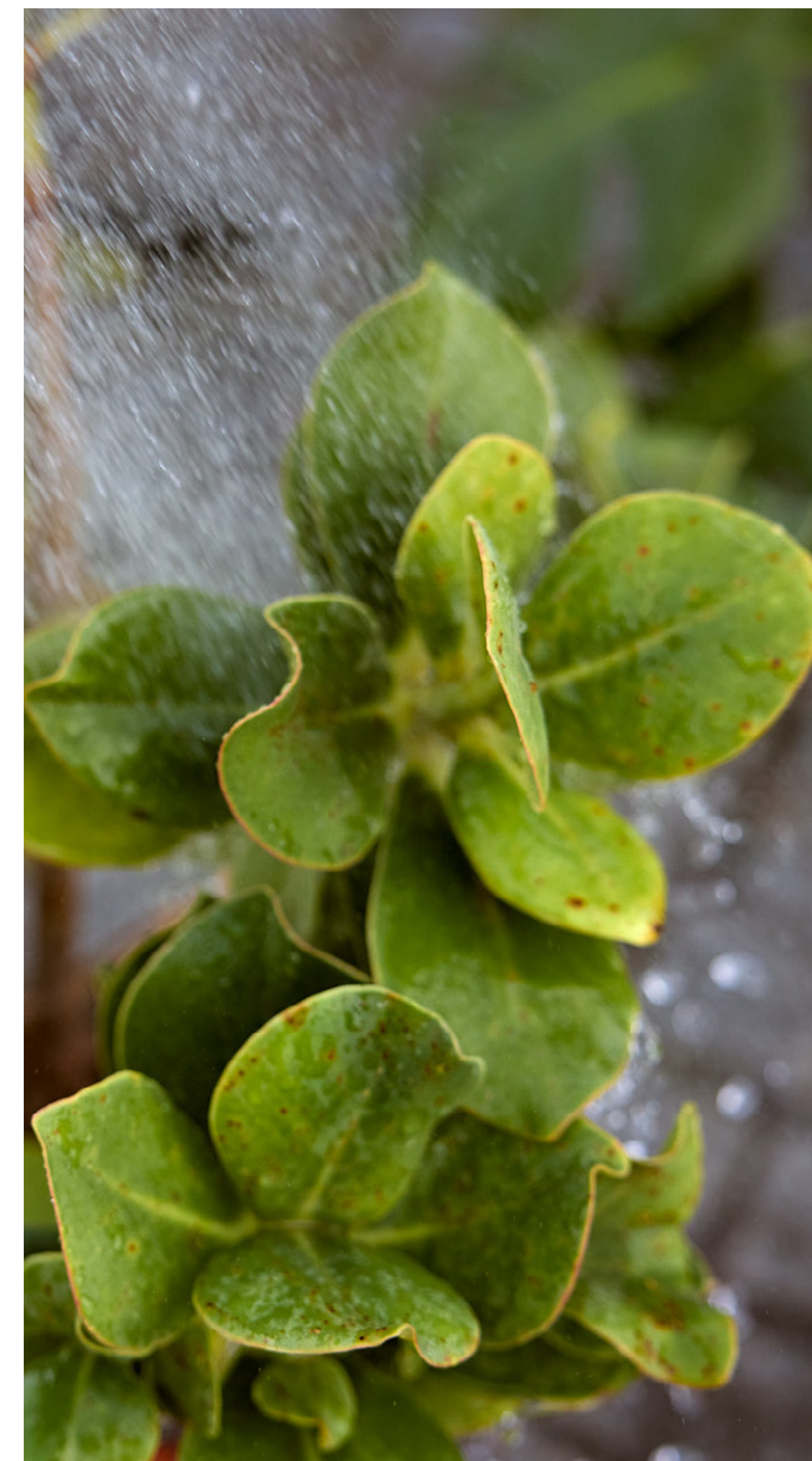
Nefco is taking action to increase energy efficiency in buildings, especially in Ukraine. This is an effective way to reduce greenhouse gas emissions, mitigate climate change and spread Nordic construction knowledge.

In terms of energy-efficiency measures, currently active projects financed by or through Nefco directly reduced heat consumption by 131.7 GWh and electricity consumption by 16.8 GWh.

Collectively, 148.5 GWh equates to the annual energy need of approximately 4,000 residential buildings in Finland<sup>2</sup>.

<sup>1</sup>[Energimyndigheten - The Swedish Energy Agency](#)

<sup>2</sup>[Tilastokeskus - Statistics Finland](#)



## Reduced or avoided CO<sub>2</sub> emissions

Reducing greenhouse gas emissions is the greatest global climate challenge, as addressed by the Conference of the Parties (COP) under UNFCCC, the EU and the Nordic countries.

The majority of projects financed by or through Nefco contribute to climate change mitigation by reducing CO<sub>2</sub> emissions. Collectively, active projects supported the reduction of roughly 0.5 million tonnes of CO<sub>2</sub> emissions. This corresponds to about 842,558 trips from Reykjavík to Tokyo by plane.

## Nutrient discharge reductions

Eutrophication is the greatest environmental threat to the Baltic Sea, and the main reason Nefco was established back in 1990. Mitigation of land and water pollution is still a focus area for Nefco, in line with the Nordic Vision 2030.

There are currently 19 active projects in the wastewater treatment sector being realised in Ukraine. These are focused on the renovation of deteriorated equipment and energy-efficiency improvements and will help to reduce nutrient discharges. In addition, there are 16 ongoing projects within the Baltic Sea Action Plan Fund.

### Reported environmental impact 2023

Environmental impact	Nefco investments	Trust funds	Total	Nefco's share of the impact [%]
<b>Reduced or avoided CO<sub>2</sub> emissions [ktCO<sub>2</sub>]*</b>	<b>485.8</b>	<b>23.9</b>	<b>509.7</b>	<b>22%</b>
<b>Energy savings [GWh]</b>	<b>113.3</b>	<b>35.2</b>	<b>148.5</b>	<b>55%</b>
Heat	100.0	31.7	131.7	54%
Electricity	13.3	3.5	16.8	66%
<b>Renewable energy generated [GWh]</b>	<b>621.5</b>	<b>6.5</b>	<b>628.0</b>	<b>17%</b>
Heat	309.4	0.0	309.4	4%
Electricity	312.1	6.5	318.6	19%
<b>Reduced air pollution [tNO<sub>x</sub>+tSO<sub>x</sub>+tPM]*</b>	<b>61.9</b>	<b>9.0</b>	<b>70.9</b>	<b>61%</b>
Reduced NO <sub>x</sub> pollution [tNO <sub>x</sub> ]*	25.0	5.8	30.8	60%
Reduced SO <sub>x</sub> pollution [tSO <sub>x</sub> ]*	19.3	2.3	21.6	63%
Reduced particulate matter pollution [tPM]*	17.6	0.9	18.5	61%
<b>Saved water [m<sup>3</sup>]</b>	<b>24,560*</b>	<b>2,684.0</b>	<b>27,244.0</b>	<b>50%</b>

\* Estimated impact

### Case

# Storing sustainable energy improves efficiency and reduces emissions



Kyoto Group's Heatcube in Norbis Park, Denmark  
Photo: Kyoto Group.

Kyoto Group, a Norwegian company founded in 2016, has developed an innovative thermal energy storage solution called Heatcube. This technology, based on molten salt, addresses the growing demand for sustainable energy alternatives in industrial heating, which is traditionally reliant on fossil fuels. By capturing and storing energy from renewable sources such as solar and wind, Heatcube allows industries to improve energy efficiency and significantly reduce CO<sub>2</sub> emissions.

In January 2024, Kyoto Group received a EUR 4-million loan from Nefco to accelerate Kyoto's growth and support the international scale-up of its Heatcube

solution. The financing followed the successful commissioning of Kyoto's first full-scale commercial demonstration plant at Norbis Park in Denmark.

Kyoto's technology provides dual benefit - thermal energy storage and heat generation - enabling industrial clients to reduce costs associated with producing process heat while supporting environmental goals. The company's robust project pipeline and partnerships with leading financial institutions, position it well for substantial commercial deployments in the future.

→ [Read more](#)

## Contribution to global goals

At Nefco, together with our owners, partners and clients, we do our best to contribute to global and Nordic goals within the framework of our mandate. In the past year, our financing activities have particularly contributed to the goals highlighted on this page.

→ [Read more about global frameworks](#)

## Social impact

### Human rights

During 2024, Nefco continued to cooperate with its Nordic SME clients on promoting human rights within their businesses. Human rights related actions were agreed on in four of the six investments signed in 2024 and included in Environmental and Social Action Plans (ESAP). Actions include for example development of a publicly available policy commitment on human rights, introduction of due diligence processes for clients' business operations and supply chains, and development of internal and external anonymous grievance mechanisms.

### End beneficiaries

#### Access to clean and affordable energy in Sub-Saharan Africa

The Beyond the Grid Fund for Africa (BGFA) aims to establish up to 1.7 million energy connections by 2028, benefiting more than 8.6 million people in Sub-Saharan Africa. By the end of 2023, a total



In 2024, Nefco's financing activities contributed particularly to the Sustainable Development Goals highlighted on this page. The figures show the number of projects contributing to each goal and their percentage of the project portfolio.

of 240,705 energy service subscriptions had been provided through the BGFA programme, benefiting 1.2 million people.

### Improved comfort, health and safety in Eastern European municipalities

By the end of 2023, ongoing municipal energy-efficiency projects in Eastern Europe are estimated to benefit over 49,000 citizens. Ongoing street lighting projects are estimated to benefit over 0.7 million citizens and district heating projects under ongoing implementation are estimated to benefit about 0.2 million citizens.

### Access to efficient water supply and wastewater treatment in Ukraine

Nefco is implementing several water and wastewater infrastructure related projects in Ukraine. When implemented, they are estimated to benefit over 1.6 million citizens through increased efficiency of water supply and wastewater treatment, in terms of both decreased energy usage and reduced nutrient pollution.

### Access to housing for internally displaced persons (IDPs) in Ukraine

Within Nefco's Green Recovery Programme for Ukraine, several new apartment buildings for IDPs are under construction. When finalised, these buildings will provide housing for over 4,000 individuals who have had to flee their homes due to the ongoing war. Furthermore, refurbishments of educational and medical care facilities are estimated to benefit over 44,000 citizens, including IDPs.

## Job creation

Nefco contributes to the creation of job opportunities through its financing, both through supporting the scale-up of Nordic companies and through its managed trust funds.

Within the Nopef trust fund, realised projects create on average 10 new job opportunities according to the customer survey. It is estimated that over 200 new job opportunities will be created from the Nopef projects approved during 2024.

Our activities with Eastern European municipalities include renovation of public buildings, critical infrastructure systems, street lighting systems and construction of new housing for internally displaced persons. This creates local job opportunities as skilled workers and local and global consultants need to be engaged to implement the projects. Similarly, our activities on the African continent through the Nefco managed trust funds BGFA and MFCA create local job opportunities, both throughout the project implementation and afterwards by providing the local population with access to modern electricity and cooking services, enabling creation of local businesses. However, the number and extent of these job opportunities are difficult to estimate.

## Case

# Crucial step towards dignified living conditions

On 23 June 2022, the European Council granted Ukraine candidate status, emphasising the country's commitment to linking its reconstruction efforts with European reforms. In this context, Nefco is managing and implementing three EU-funded programmes aimed at constructing urgent housing for internally displaced persons (IDPs) in Ukraine. This is a crucial step towards providing dignified living conditions and supporting the nation's sovereignty as it aligns with European standards.

With a total investment of over EUR 119 million, the EU-funded initiatives include the construction or renovation of residential buildings in 21 cities or communities in Western and Central Ukraine. These buildings incorporate modern, sustainable features such as solar panels, heat pumps,



The first new urgent housing building under construction in Lviv, Ukraine. Photo: Lviv City Council.

and advanced insulation, significantly improving energy efficiency - reducing heat consumption, on average, by approximately 60% compared to typical Ukrainian residential buildings. This approach not only lowers operational costs but also aims to reduce annual CO<sub>2</sub> emissions.

Nefco's efforts extend beyond construction: they incorporate innovative design and environmentally friendly materials, reinforcing Ukraine's integration into global sustainable practices. These projects present a shift from outdated Soviet-era norms, focusing on modern amenities and comfortable living spaces. As they progress, these housing solutions will play a vital role in the recovery of war-affected populations, fostering resilience and a greener future for Ukraine.

→ [Read more](#)

## Potential adverse impacts

Nefco is aware that there may be potential adverse impacts within its financed projects. We assess each project and aim to identify and mitigate any potential adverse impacts at an early stage of the project design process. This chapter presents some identified potential adverse impacts.

## Supply chain human rights risks

In general, potential adverse impacts of supply chains have been identified in, for example, renewable energy projects, especially in the critical mineral supply chain. When appropriate, mitigating actions have been included in Environmental and Social Action Plans, such as the development of a supply chain human rights policy and human rights due diligence process.

## Management of debris in Ukraine

In Ukrainian projects under the Green Recovery for Ukraine programme unsustainable management of debris, for instance debris containing asbestos, has been identified as a potential adverse impact.

Masses of debris piling up amidst urban landscapes of Ukraine are the manifests of the Russian invaders' brutalities. According to estimates of the [Kyiv School of Economics](#), as of January 2024, 88.9 million square metres or 8.6% of the total area of housing stock in Ukraine has been damaged or destroyed as a result of the

invasion, which equates to the housing of about 1.4 million households (about 3.4 million people) being damaged or destroyed.

Sustainable management of this debris, while providing a challenge, is of the essence. As a response, Nefco has launched a pilot project for the demolition of a few buildings and management of the debris, including sorting recyclables and crushing concrete into aggregate for reuse as raw material, to serve as a demonstration of sustainable management of construction demolition waste (CDW) in the Ukrainian context.

## Tackling e-waste challenges

A concern within the BGFA operational landscape is the absence of a systematic approach for the recycling or repurposing of non-functional solar systems - batteries in particular. Recognising the situation, BGFA has undertaken a proactive stance to address the challenge.

To assist Energy Service Providers with responsible management of e-waste, BGFA provides technical assistance in establishing provisional e-waste handling systems. The primary approach involves safe e-waste storage as more advanced systems are developed. The country-based Off-Grid Task Forces also play an important role in creating an enabling environment for e-waste collection and processing systems.

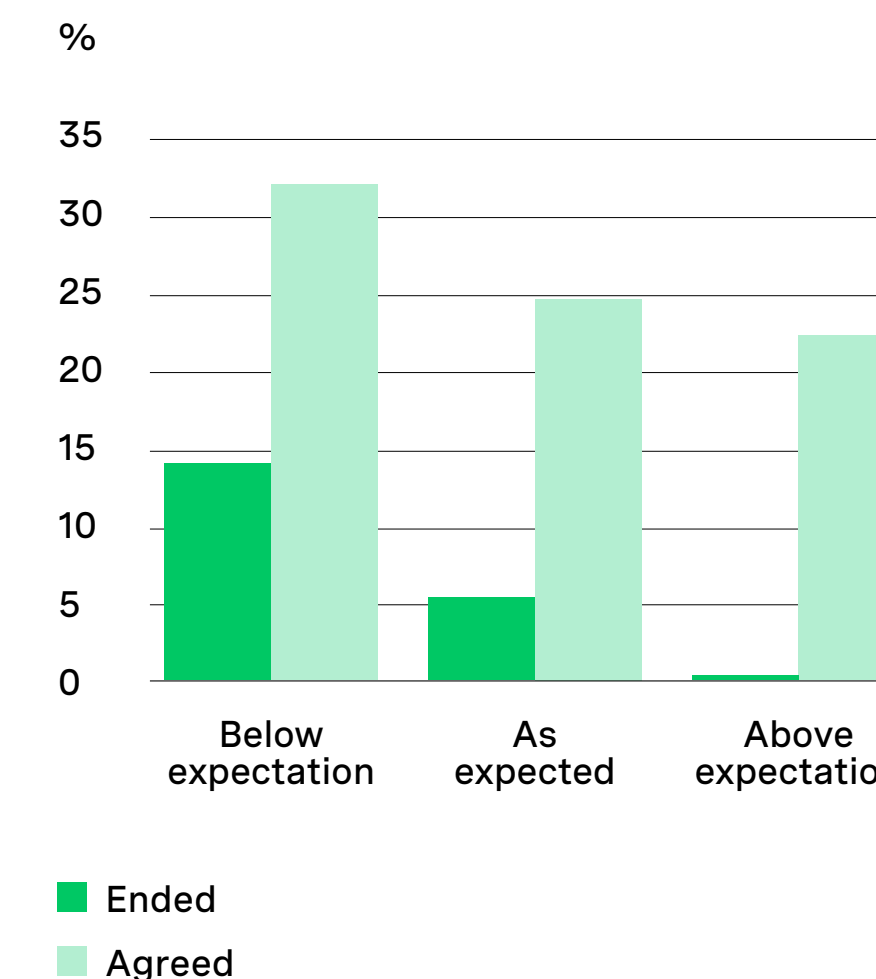
## Progress of portfolio

Nefco continues to analyse the overall progress of its portfolio. We differ from many other financiers in that we collect annual environmental impact data, which enables us to assess our investment project portfolio, i.e. projects that were active or ended in 2024. Projects that achieve  $\pm 15\%$  of their expected impact are defined as performing 'as expected'. The progress of Nefco's portfolio is based on environmental impact data from 2023. Out of all the projects and investments required to report to Nefco, 85% submitted reports.

The reported impact data for 2023 indicates that, based on committed funds, 53% of the projects and investments that are required to report are performing as expected or above expectations. It is worth noting that 14 projects and investments in Ukraine, representing 26% of the committed funds, are performing as expected or above expectations despite the ongoing war.

The remaining are performing below expectations. Ten of the projects and investments performing below expectations are situated in Ukraine and affected by the ongoing war. Additionally, 12 projects and investments were agreed in 2022-2023 and are still in the early stages of their implementation and thus may have yet to realise their full impact potential. The above-mentioned projects and investments performing below expectations represent 38% of the committed funds.

### Progress of portfolio, investments and projects



\* The progress of portfolio refers to investments and projects reporting impact data for 2023

## Capacity building

At Nefco, we see it as part of our role to foster a sustainable future, including facilitating capacity building and developing sustainable business solutions. We do so by engaging with our counterparties, through programmes such as the Green Recovery in Ukraine Programme and the Biodiversity Pilot Programme, as well as through continuous dialogue to support the identification of relevant development areas.

## Nefco Biodiversity Pilot Programme

Nefco's innovative Biodiversity Pilot Programme, launched in 2022 and concluded in 2024, aimed to help SMEs understand and manage their impact on biodiversity. The goal was to create a demonstration effect and inspire SMEs to implement nature positive business models, showcasing how companies can play a pivotal role in protecting biodiversity.

The programme was funded by the Nordic Council of Ministers through the Nordic Environment Development Fund.

Building on the success of the pilot programme, Nefco will continue to support client companies in their biodiversity work. [Nefco's second Biodiversity Pilot Programme](#) is planned to start during 2025.

### Case

## Encouraging nature-positive business models

Preserving biodiversity is essential for the ecosystem services that underpin various businesses. Nefco's Biodiversity Pilot Programme, tailored for SMEs, has successfully collaborated with the private sector to implement effective biodiversity strategies and promote understanding of nature-positive practices.

The initial pilot engaged six SMEs in identifying and tackling biodiversity issues and hosted multiple workshops, helping them map their impacts on nature and develop effective improvement strategies. Each company crafted nature management plans with clear short- and long-term goals.

The programme yielded positive, scalable outcomes across sectors, demonstrating that even small steps can lead to significant impacts. During the programme, half of the SMEs appointed sustainability officers. The participating companies also began promoting their nature-focused efforts within their supply chains and networks.

Key insights:

- **Create knowledge:**  
A robust understanding of each business's impact on and reliance upon nature is vital.
- **Think long-term:**  
Step-by-step implementation ensures smoother transition and better outcomes.
- **Localised approach:**  
Site-specific analysis is essential for designing meaningful actions.
- **Competitive edge:**  
Biodiversity-conscious companies can differentiate themselves in their markets.

To disseminate the pilot's findings and underscore the significance of tangible actions by financiers and the private sector in stopping nature loss, Nefco hosted a seminar in Helsinki in June 2024.

→ [Read more](#)





In 2024, Nefco gained Observer status for the Convention on Biological Diversity's COP 16 in Cali, Colombia, where it advocated its biodiversity initiatives and urged other financial institutions to actively engage with clients on nature-related issues.

→ [Read more](#)

## Local Green Recovery Plans

An important part of the Green Recovery in Ukraine Programme is capacity building. As well as close engagement and collaboration with our municipal partners, this includes support to develop Local Green Recovery Plans to guide recovery activities in a sustainable direction over a longer period. A pilot with three municipalities developing such plans was completed in the first half of 2024, and the lessons learnt from those have been incorporated into the full-scale assignment, which is due to be launched in the beginning of 2025. The assignment aims to engage with all municipalities included in

the Green Recovery in Ukraine Programme and facilitate a green recovery. The plans developed should match local realities and institutional capacities, strengthen local ownership and maximise utility. The work is expected to feed into the municipalities' development of a compulsory 'municipal recovery roadmap' in relation to environmental issues as well as compulsory energy plans.

The reconstruction offers Ukraine an opportunity to leapfrog technologically. The most obvious possibility is to create a low-carbon economy, both by coordinating investments for the future and by demonstrating opportunities to reduce reliance on fossil fuels. Ukraine has expressed its willingness to reform the country, to focus on a green, circular economy, reduce fossil fuel dependence and take best European practices into use.

→ [Read more](#)

## People

*“Nefco is a unique workplace where your initiatives and opinions are heard and supported”*

Inspired by Nefco's commitment to smart investments with high environmental and social value, Iryna joined in 2010 as an assistant at the representative office in Ukraine. Since then, she has developed in various roles, leading to her current position as Investment Adviser in the Eastern Europe department. Born and raised in Kyiv, Iryna relocated to Helsinki in 2022, where her journey continues. She appreciates Nefco's supportive environment, which has fostered her professional growth and allowed her to complete her PhD while working.

“It's truly inspiring to support positive change in Ukraine and see tangible results of your work,” says Iryna, who has been a sports enthusiast since childhood. In Helsinki, she enjoys attending ballroom dances or spending time outdoors and in 2023 she completed her first half-marathon. In 2025, Iryna aims to cultivate a balanced life, but her primary hope - as a Ukrainian - is for the war to end, allowing her fellow citizens to return to a normal, peaceful life.

**Iryna Fedorenko**  
**Investment Adviser**

# Business areas

We finance small and medium-sized green projects with the focus on the initial scale-up of Nordic solutions on global markets and sustainable development in critical regions such as Ukraine and underserved areas in Africa.

Nefco's financing activities are divided into three business areas:

## 1. Global scale-up of Nordic SMEs' green solutions

Innovation-driven Nordic SMEs play a key role in the green transition, but they often face challenges when seeking growth financing. As we can take greater financial risks than commercial banks, we address the 'missing middle' funding gap. We provide financing to support companies in their initial scale-up phase, which also helps them attract additional funding.

## 2. Municipal financing for the green transition in Eastern Europe

We actively support the green transition by funding projects that advance sustainable development in Eastern Europe, with a focus on promoting green recovery, enhancing energy and environmental security, and bolstering resilience in Ukraine.

## 3. Special funds for international development initiatives

Through our special funds, we finance projects that support market creation for clean cooking and off-grid electricity in Sub-Saharan Africa, a healthier Baltic Sea and the development of carbon markets based on the Paris Climate Agreement.



## Nordic SMEs

Small and medium-sized companies (SMEs) play a significant role in the economy and green transition, but they often have a higher financial risk profile than is acceptable for traditional commercial banks. Financing that fills the gap - the so-called 'missing middle' - is needed to support these companies in their initial scale-up phase and attract other investors and private sector financing.

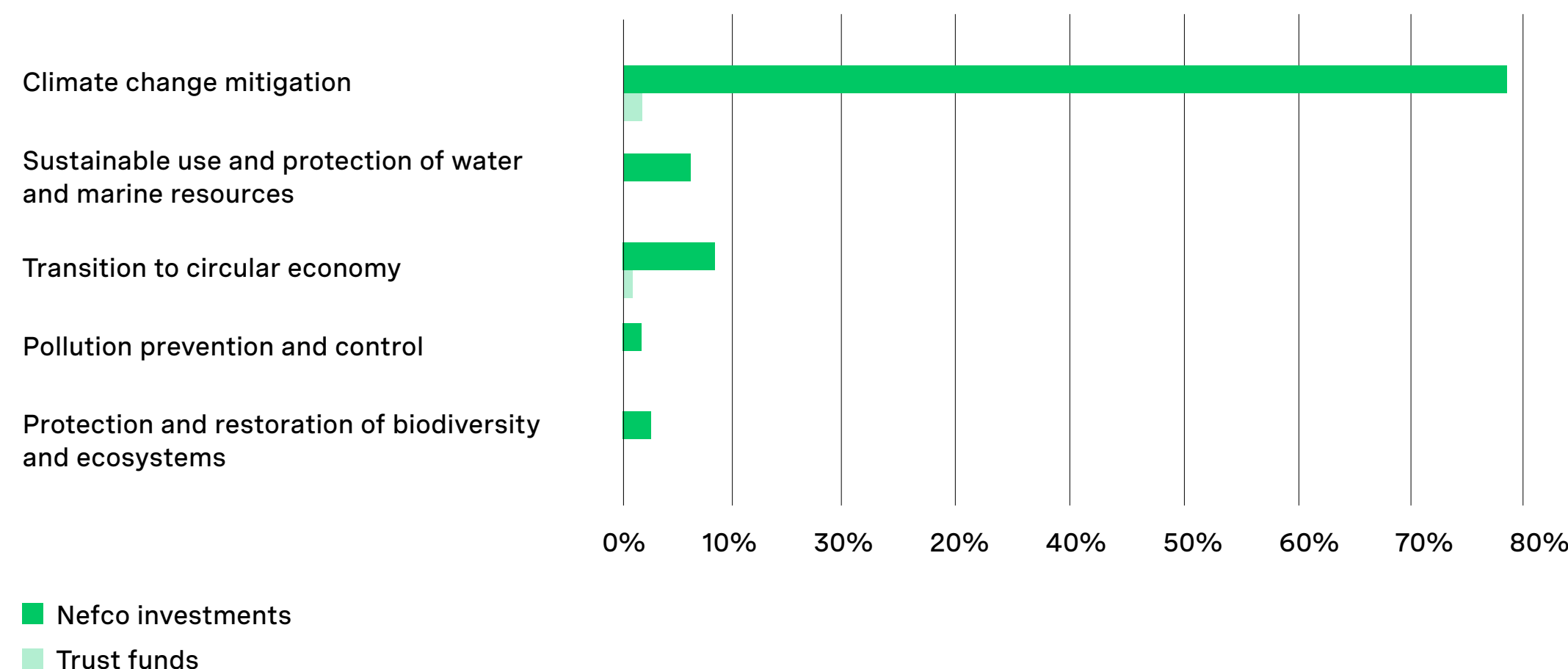
One of Nefco's strategic goals is to contribute to the growth, competitiveness and green transition of these companies. We particularly emphasise sectors in which the Nordics demonstrate key competencies and innovation and where new jobs can be created in both the Nordic countries and the countries in which the investments are made. To facilitate nature-positive measures, we have a tailor-made Biodiversity Pilot Programme for our SME clients, which in 2025 will enter into its second phase.

SMEs may also lack the resources to manage and meet the requirements of evolving sustainability regulations. Through our environmental and sustainability criteria and reporting requirements, we also help these companies become greener in all their operations.

At the end of the year, the Nordic SME portfolio comprised 68 active investments (including six in Ukraine started before the war) and 126 Nopef projects. This totalled 194 projects at the end of 2024. Committed investments and funds amounted to EUR 146.6 million, representing 27.3% of Nefco's active projects.

The reported impact from 2023 of active investments within the Nordic SME portfolio includes a reduction of 399.6 ktCO<sub>2</sub>, savings of 17.9 GWh heat energy, generation of 240.9 GWh renewable electricity and 309.4 GWh renewable heat.

## Main environmental drivers in the Nordic SME portfolio based on committed funds



## Active Nordic SME investments and projects

Nefco investments					Trust fund projects				
<b>68</b>	<b>141.8</b>	<b>26%</b>	<b>118.5</b>	<b>84%</b>	<b>126</b>	<b>4.8</b>	<b>1%</b>	<b>0.3</b>	<b>7%</b>
investments	MEUR committed	of active projects	MEUR disbursed	of committed funds disbursed	trust fund projects	MEUR committed	of active projects	MEUR disbursed	of committed funds disbursed

## Case

# Agricultural side streams to mitigate climate change

MASH Makes is an Indo-Danish greentech company founded in 2015, dedicated to producing carbon-negative biofuel to create a positive climate impact. Originating as a project at the Technological University of Denmark (DTU), the company has developed modular, containerised technology that converts various waste streams into energy products. Several patents have been filed for this innovative process.

Currently, MASH Makes operates a pyrolysis reactor that transforms agricultural side streams and residues into biochar and bio-oil, with its technology already implemented in Maharashtra, India. In 2022, MASH Makes achieved a significant milestone by securing a contract to sell carbon credit certificates for up to 6,000 tonnes of CO<sub>2</sub> through the German carbon removal platform

Carbonfuture. The same year, the company received EUR 1.75 million in green financing from Nefco to accelerate the commercial implementation of its solution. In 2024, a further loan of EUR 2 million from Nefco was obtained to construct a second commercial pyrolysis facility near Udipi, Karnataka, India.

The pyrolysis technology not only produces carbon-negative biofuels, which can be refined into biodiesel for hard-to-abate sectors like shipping, but also generates biochar. When applied to marginal or degraded soils, biochar enhances soil organic content, improves water retention, and boosts agricultural productivity, while reducing reliance on chemical fertilisers, thus fostering biodiversity. Moreover, biochar serves as an effective means

of sequestering atmospheric carbon, positioning it as a crucial technology in the global effort to mitigate climate change.

With the UN noting that 12 million hectares of agricultural soils are lost annually due to degradation - of which India sees 30-50% as affected - MASH Makes' innovative solutions present significant potential for transforming degraded lands while addressing climate change.

→ [Read more](#)



MASH Makes obtained a loan from Nefco to construct a new facility. Photo: MASH Makes.

## Scale-up investments

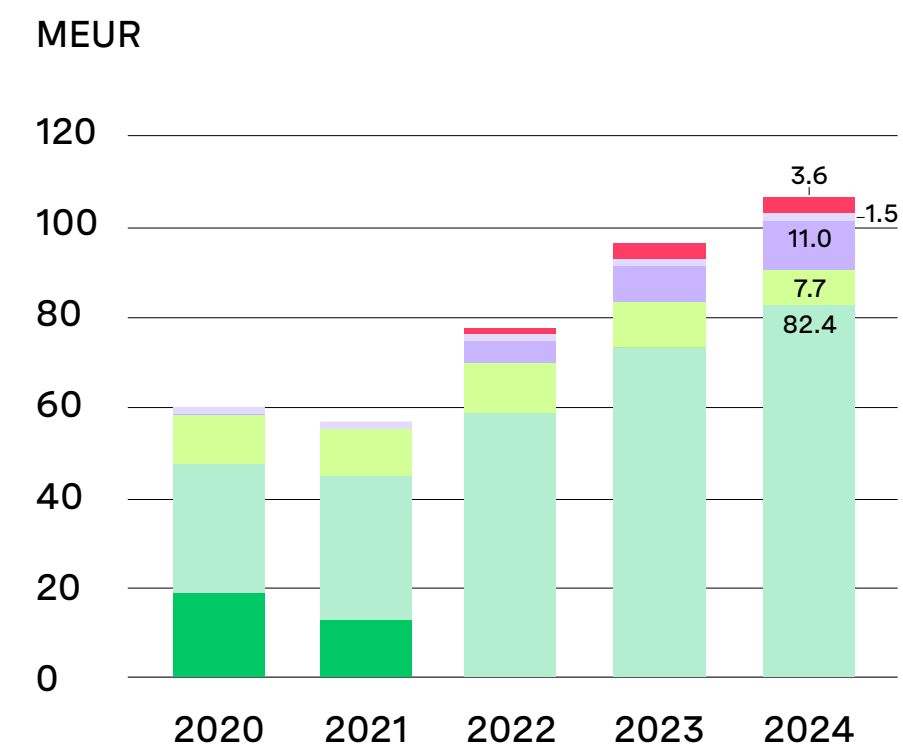
To facilitate investments in green solutions and technologies with global scaling potential we provide loans and equity-type financing to Nordic SMEs from our own capital.

At the end of 2024, Nefco's portfolio included 40 active scale-up investments (37 in 2023). Six new investments were contracted during the year (eight in 2023). Investments are spread across a wide range of sectors, but the emphasis continues to be on solutions related to climate change mitigation. The most common sectors are manufacturing, energy, transport, and waste management.

## Investments in Eastern Europe

Prior to Russia's full-scale war, Nefco - with Nordic interest - had invested in private sector projects in Ukraine. These projects, some of which are still active with loans outstanding, are primarily related to renewable energy and agriculture. At the end of 2024, Nefco's portfolio included six active investments in Eastern Europe (11 in 2023). No new investments were contracted during the year (zero in 2023).

Active scale-up investments per main environmental driver

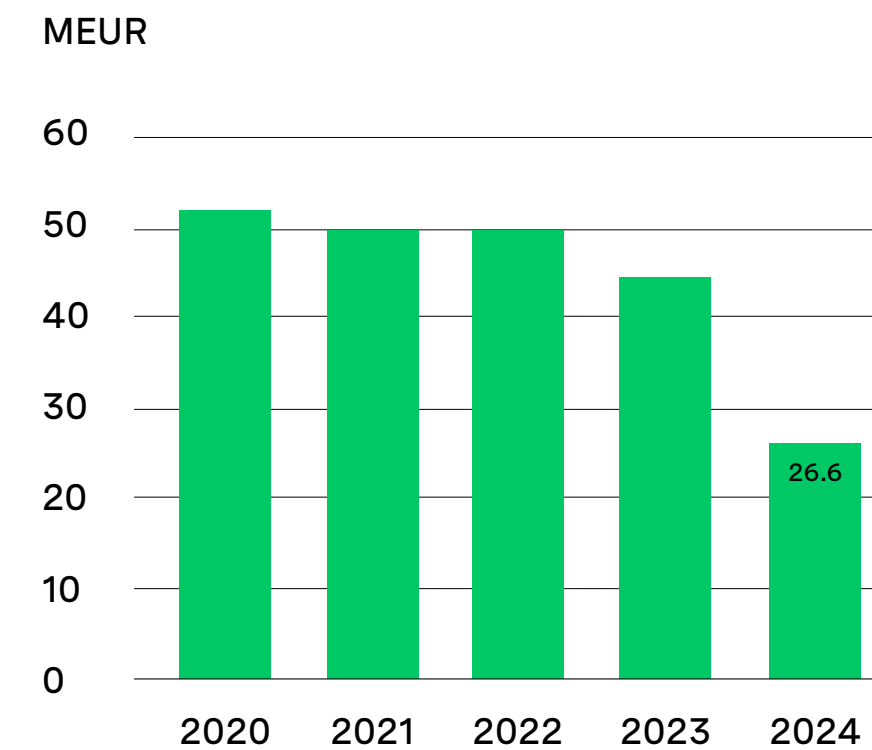


- Not defined
- Climate change mitigation
- Sustainable use and protection of water and marine resources
- Transition to circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Active scale-up investments

Nefco investments				
<b>40</b>	<b>106.1</b>	<b>72%</b>	<b>84.3</b>	<b>79%</b>
investments	MEUR committed	of total Nordic SME	MEUR disbursed	of committed funds disbursed

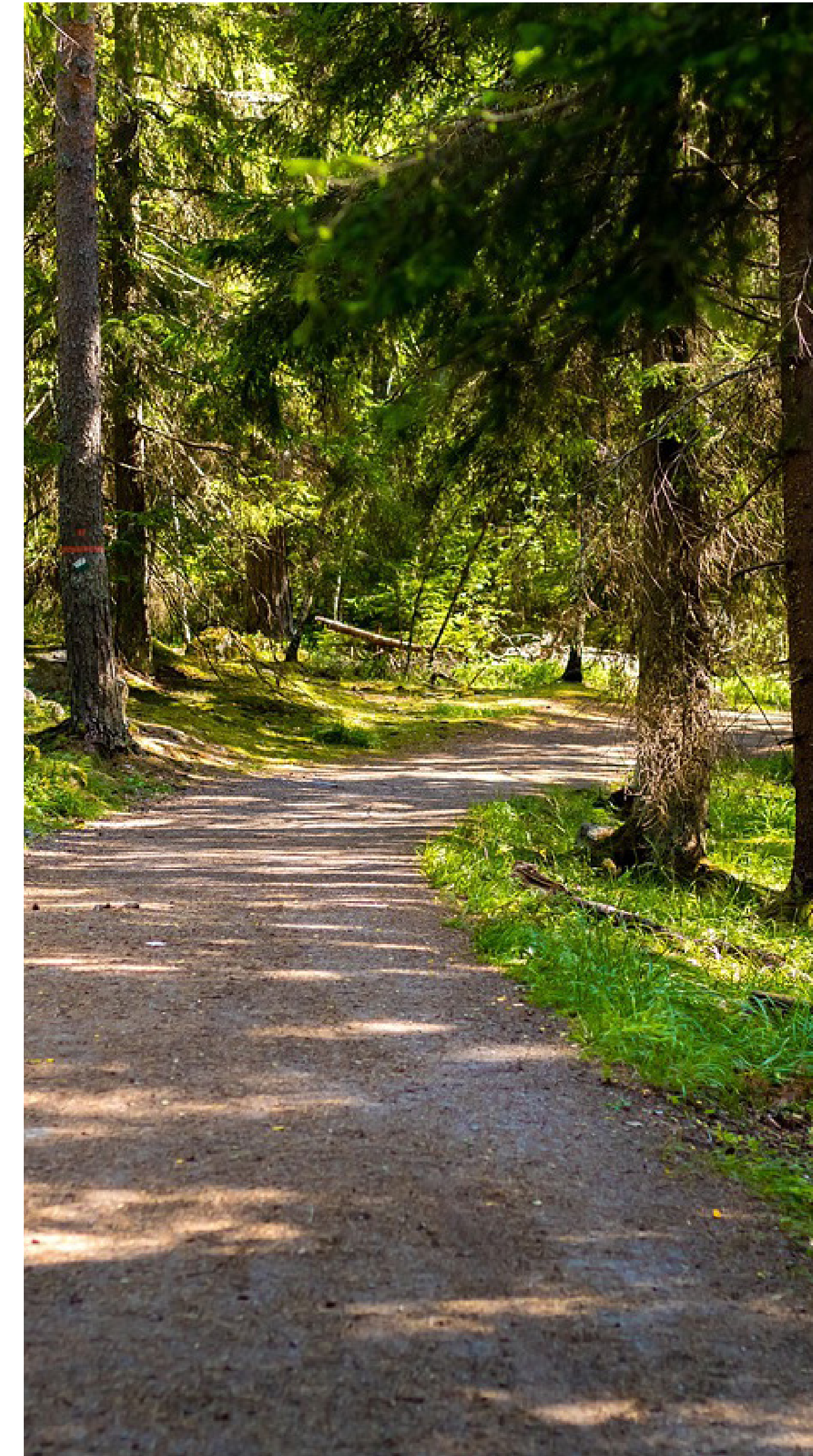
Active investments in Eastern Europe per main environmental driver



- Climate change mitigation

Active investments in Eastern Europe

Nefco investments				
<b>6</b>	<b>26.6</b>	<b>18%</b>	<b>25.1</b>	<b>94%</b>
investments	MEUR committed	of total Nordic SME	MEUR disbursed	of committed funds disbursed



## Fast-track loans

Nefco also offers smaller, standardised fast-track loans that can be used for investments and business activities that drive international growth. At the end of 2024, Nefco's portfolio included 22 active fast-track loans (22 in 2023). No new loans were contracted under the programme during the year (four in 2023).

The environmental benefits generated under the fast-track loan programme have mainly been indirect. Investments are spread across a wide range of sectors, but the emphasis continues to be on solutions related to climate change mitigation. The most common sectors are energy and manufacturing.

## Support for entry to new markets through Nopef

Nordic SMEs can receive financial support through Nopef, the Nordic Project Fund, for feasibility studies aimed at internationalisation. Nopef is a standalone trust fund, financed by the Nordic Council of Ministers and managed by Nefco since 2014.

Nopef's objective is to contribute to the green transition by supporting the internationalisation of Nordic environmental and climate solutions. Nopef provides conditional loans for feasibility studies into international establishments, demonstration projects and pilot installations of green technologies and solutions on international markets. Nopef also contributes

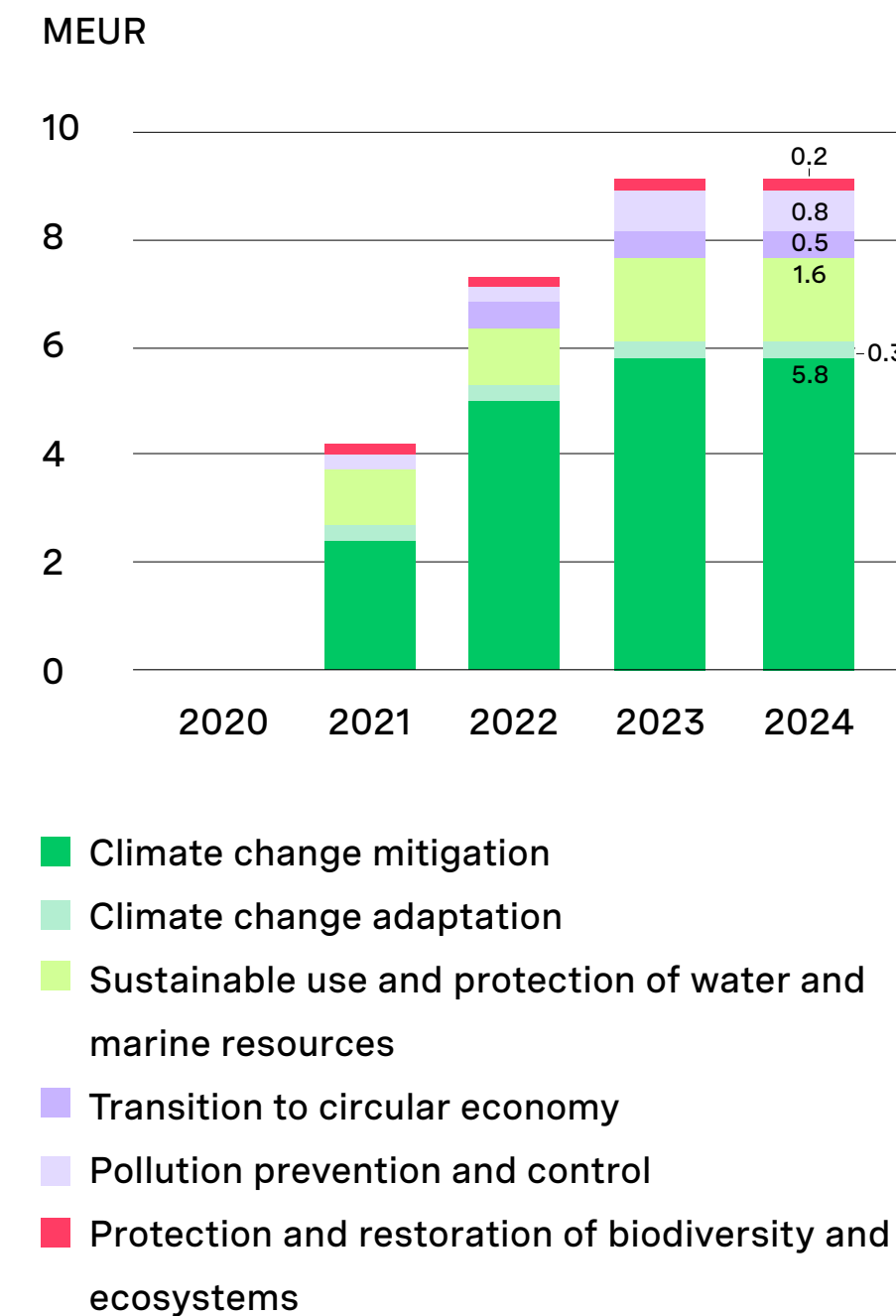
to the goals of Vision 2030 and to increased employment, knowledge sharing and development of sustainable business models.

At the end of 2024, Nefco's portfolio included 126 Nopef projects (111 in 2023). During the year, 34 new Nopef agreements (44 in 2023) were signed and 21 projects resulted in successful internationalisation (39 in 2023). Projects are spread across a wide range of sectors, but the emphasis continues to be on solutions related to climate change mitigation. The most common sectors are energy, manufacturing, information and communication, and agriculture.

During 2024, Nefco carried out its annual impact assessment of previously funded projects. The study indicates that each successfully completed project has on average contributed to the creation of 10 new jobs during the preceding three-year period, including two new jobs created within the Nordic region. On average, realised projects attract EUR 1.4 million in new investments. Given these outcomes, projects financed by Nopef in 2024 can be expected to contribute over 200 new jobs and more than EUR 30 million in green investments in the coming years.

The synergies between Nopef and Nefco's investment activities are also important. During 2024, Nefco admitted five projects into its investment pipeline from companies that had previously conducted a feasibility study with support from Nopef.

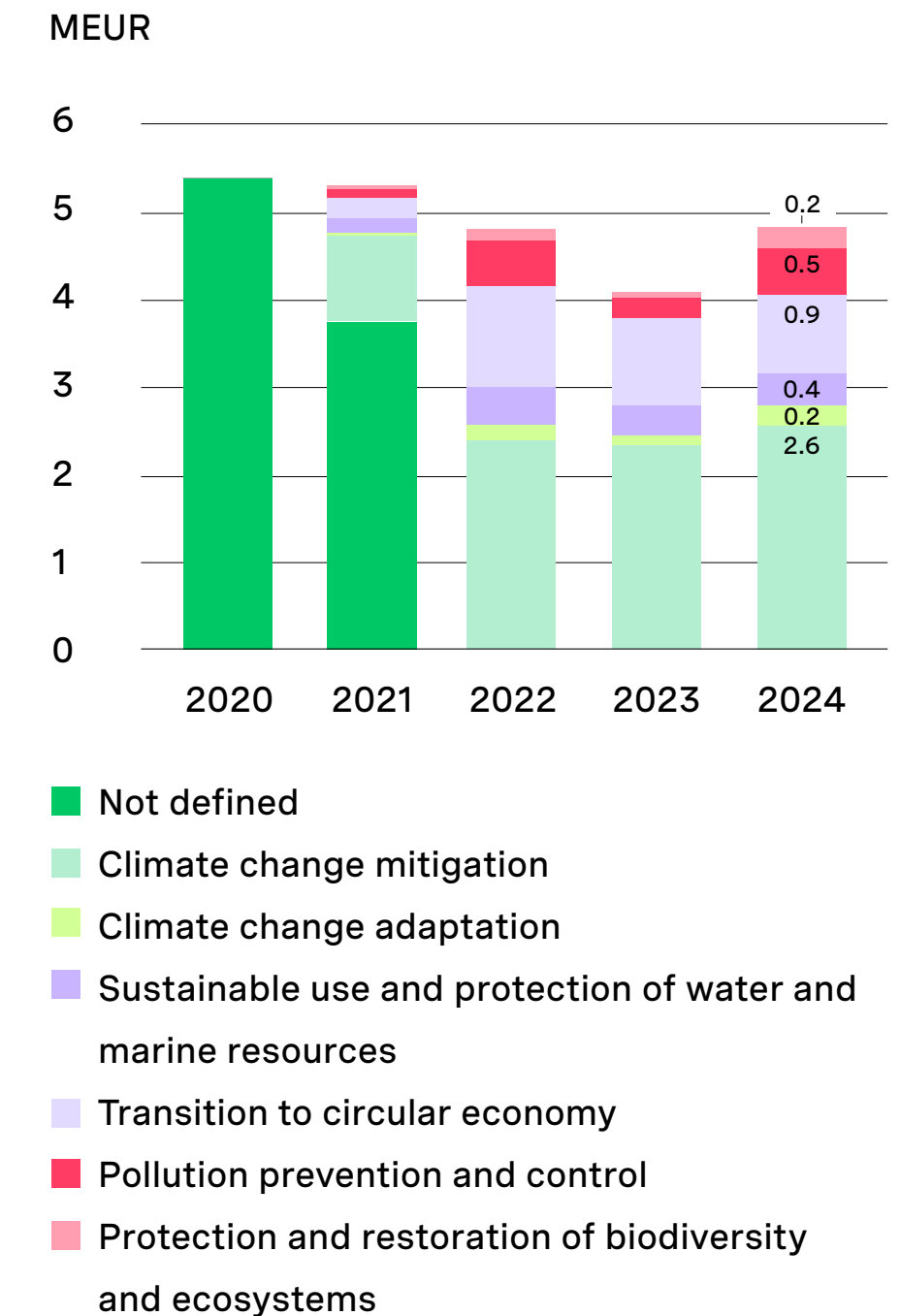
## Active fast-track loans per main environmental driver



## Active fast-track loans

Nefco investments				
22	9.1	6%	9.1	100%
investments	MEUR committed	of total Nordic SME	MEUR disbursed	of committed funds disbursed

## Active Nopef projects per main environmental driver



## Active Nopef projects

Trust fund projects				
126	4.8	3%	0.3	7%
trust fund projects	MEUR committed	of total Nordic SME	MEUR disbursed	of committed funds disbursed

## Case

# Pioneering sustainable fish farming

Fifax is a Finnish company that specialises in land-based fish farming. The company is committed to becoming a leader in sustainable practices with minimal environmental impact. Its vision is to provide customers with locally and sustainably produced fish throughout the year.

By utilising ultra-intensive Recirculating Aquaculture Systems (RAS) technology, Fifax operates with nearly closed water circulation, raising fish in large indoor tanks. This innovative approach significantly reduces the environmental impacts compared to traditional sea-based fish farming and other protein production methods. With RAS technology, the company recirculates 99.7% of the water used, thereby minimising water consumption and nutrient discharge.

This results in lower greenhouse gas emissions and positively contributes to biodiversity and ecosystems.

In November 2024, Fifax secured a EUR 2.5 million loan from Nefco to enhance its facility in Eckerö, Åland. This facility is one of the largest land-based fish farms in Northern Europe, with a production capacity of 2,700 tons of ASC-certified fresh rainbow trout annually. With Nefco's support, Fifax aims to improve its production capabilities and execute its Go-To-Market strategy.

Following the loan agreement with Nefco, Fifax has attracted further financing from its owners, the EU, and other investors, reinforcing its commitment to sustainable fish farming and operational growth.

→ [Read more](#)



Fifax's facility in Eckerö, Åland, is one of the largest land-based fish farms in Northern Europe. Photo: Fifax.

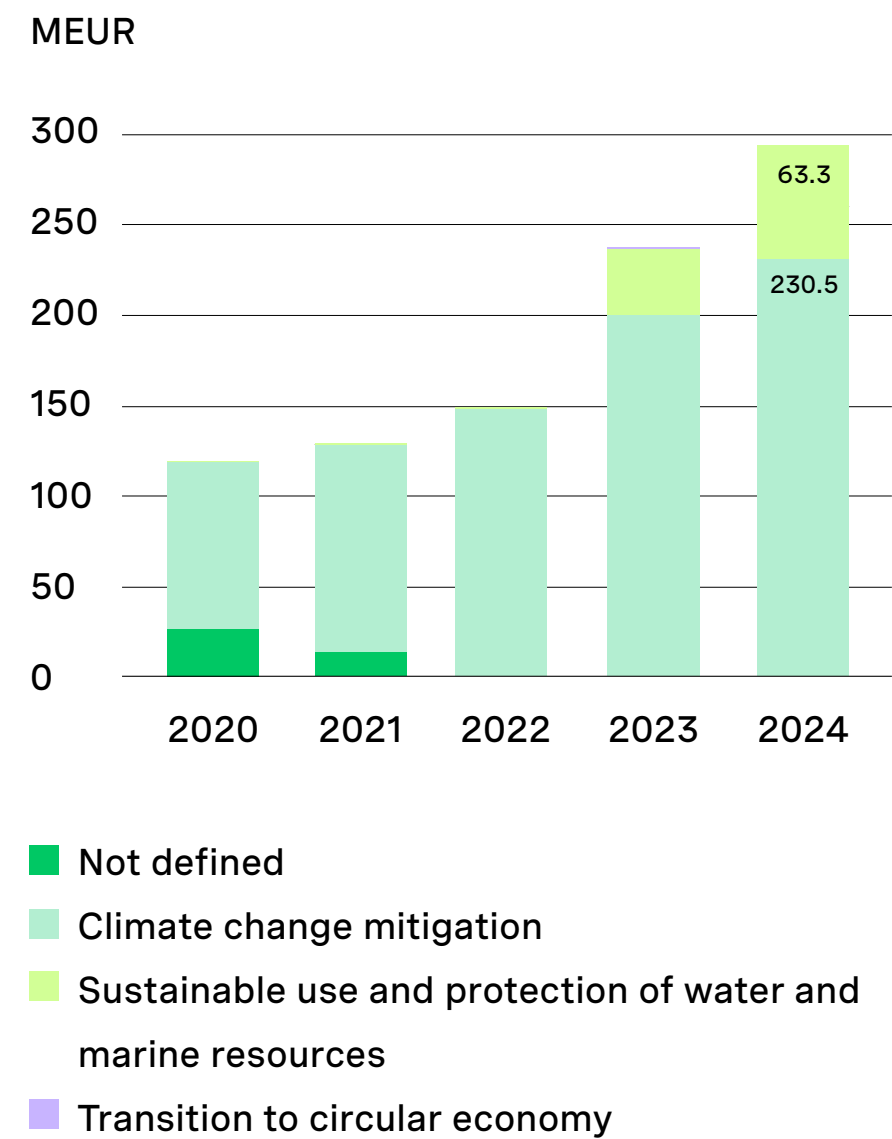
## Eastern Europe

Nefco has been financing environmental projects in the Eastern European region since it was established in 1990. Today, Nefco finances the green transition of municipalities in Georgia, Moldova and Ukraine, and actively supports green recovery, energy and environmental security, and enhanced resilience of the people in Ukraine. The lion's share of our activities in the region is geared towards mitigating climate change.

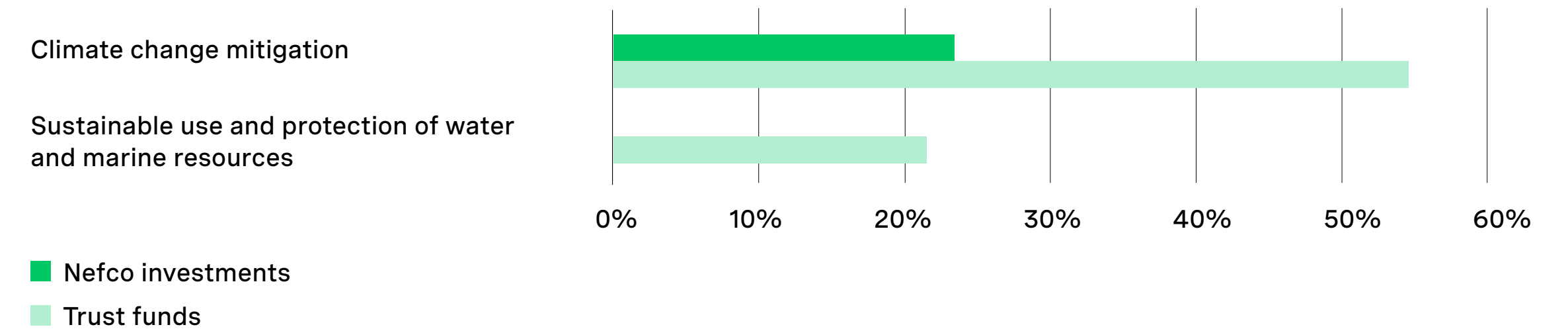
At the end of 2024, there were 86 active public sector projects in Eastern Europe: 13 Nefco investments and 73 trust fund projects. Most projects are in Ukraine, however there are seven energy-efficiency projects in Moldova and two in Georgia. Committed funds total EUR 293.8 million, representing 54.7% of Nefco's active projects. The reported impact from 2023 of active investments and projects within the Eastern Europe portfolio includes a reduction of 95.05 ktCO<sub>2</sub>, savings of 113.7 GWh heat energy and 16.8 GWh electricity, and the generation of 71.2 GWh of renewable electricity, and 2,684 m<sup>3</sup> of reduced water leakages in district heating systems.

The ongoing full-scale war by Russia on Ukraine continues to have a negative effect on projects and pre-war investments in Ukraine, causing delays. This is most evident on large construction sites, such as those where new housing for IDPs is being built, which have been impacted by military conscription.

### Active Eastern Europe investments and projects per main environmental driver



### Main environmental driver of investments and projects in Eastern Europe based on committed funds



### Active Eastern Europe investments

Nefco investments				
<b>13</b>	<b>69.7</b>	<b>13%</b>	<b>61.2</b>	<b>88%</b>
investments	MEUR committed	of active projects	MEUR disbursed	of committed funds disbursed

### Active Eastern Europe projects

Trust fund projects				
<b>73</b>	<b>224.1</b>	<b>42%</b>	<b>53.7</b>	<b>24%</b>
trust fund projects	MEUR committed	of active projects	MEUR disbursed	of committed funds disbursed



## Case

## A vital hope for resilience in challenging times

Rivne, a city in Western Ukraine with approximately 244,000 residents, has become a vital centre for internally displaced persons (IDPs) since the outbreak of the Russian invasion. As of 2024, Rivne hosts about 19,500 IDPs, including 5,100 children. A recent energy-efficient modernisation project, funded through a EUR 1.56 million grant from the EU and managed by Nefco, has upgraded three daycare centres in the city. This project was implemented under the Urgent Housing Needs for internally displaced persons programme and aimed at enhancing outdated municipal infrastructure while improving public facilities for children, including those with disabilities.

The reconstructed facilities include the Special Child Centre, Pahinets Centre, and the compensatory daycare centre No. 35, collectively serving over 400 children. The upgrades feature the installation of solar collectors for hot water production and enhanced heating systems, making the environments warmer and more accessible.

According to local leaders and staff, these improvements have created welcoming, comfortable spaces, facilitating a positive educational atmosphere for children in need.

The project has significantly reduced energy consumption, and many parents have expressed their gratitude for the enhanced facilities. Rivne's Acting Mayor and Secretary of the City Council, Viktor Shakyrzian, emphasised the initiative's role in improving the community's well-being, and meeting climate goals. The collaboration between Nefco and Rivne continues, with further energy-efficiency modernisations of additional daycare centres, health care facilities and the street lighting network, highlighting the commitment to sustainability and improved living conditions in the region. This modernisation is seen not only as a structural improvement but also as a vital hope for resilience in challenging times.

→ [Read more](#)



Viktoriia with her daughter Polina at the playground of the Pahinets centre.

## Building back greener and better in Ukraine

Nefco's Green Recovery Programme for Ukraine is at the forefront of our efforts. We are collaborating with Ukrainian municipalities to mitigate the direct and indirect impacts of the war, leveraging our longstanding partnerships with over 100 municipalities to build back greener and better.

The programme provides support for short-term repairs and restoration of critical infrastructure and public service buildings, such as schools, daycare centres and healthcare facilities, as well as rebuilding of utilities and facilities serving IDPs. An important part of the programme is enhancing the capacity of Ukrainian municipalities in areas such as project management, anti-corruption measures, transparency and communication, and the development of Local Green Recovery Plans.

The ultimate goals are to improve energy security, strengthen the resilience of the Ukrainian people, foster sustainable development and aid Ukraine's integration with Europe.

The deliberate targeting of Ukraine's energy systems by Russia has spurred a surge in interest for decentralised energy solutions, aligning well with Nefco's mandate. Historically, Ukrainian municipalities were not particularly keen to consider solar power or solar heat solutions, but this has changed completely,

and 2024 marked a dramatic shift, with over 50 projects including solar components either completed or in progress under Nefco's management. Moreover, we are receiving a steady stream of proposals for solar initiatives from municipalities.

A highlight of Nefco's contributions in 2024 was the EU-funded support for 'Urgent housing to IDPs in Ukraine'. This initiative transformed publicly owned buildings into flats across seven municipalities in Western Ukraine, providing shelter for over 1,000 IDPs. The completion and inauguration of these facilities were emotionally significant milestones for the municipalities, IDPs, local residents and the Nefco team.

Nefco has also been actively engaging with Ukrainian media, resulting in a significant increase in visibility and reminding people about the fact that Nefco has never left Ukraine and will continue to support the country to the best of its ability.

In terms of EU integration, while the Ukrainian government is keen on adopting EU standards, we occasionally encounter challenges when these clash with outdated Ukrainian norms. Our extensive on-the-ground experience from numerous municipal projects positions Nefco uniquely to both inform and catalyse Ukraine's EU integration, particularly in municipal services. The opportunities for reducing greenhouse gas emissions and cutting investment and operational costs are paramount.



Trond Moe, Nefco's Managing Director, and Iryna Fedorenko, Investment Adviser, on a site visit to the Kyiv Region, Ukraine, in the summer of 2024.

## Case

## A community committed to restoring and improving local services

The people of the Nemishaeve community located in Northern Ukraine, have faced immense challenges since the onset of the Russian invasion. During its occupation in March 2022, the local hospital suffered severe damage. However, following extensive renovations funded by the EU and implemented by Nefco, the renovated emergency care facilities were officially inaugurated in December 2024, marking a significant milestone for the community.

The project involved comprehensive modernisation of the hospital's first-floor emergency room, which dramatically enhanced its energy efficiency and overall healthcare services for local residents and internally displaced persons. Key upgrades included the installation of a 10-kW roof photovoltaic system with electricity storage, replacement of windows and roofing, and improvements to the building's insulation. In addition, the internal heating system was upgraded, new ventilation systems installed and essential adjustments made for wheelchair accessibility. These enhancements have created a more comfortable and

welcoming environment for both patients and medical staff.

"The hospital has been completely transformed, providing a much more comfortable environment for our patients and employees," explains **Yana Horai**, Chief of Medicine at Nemishaeve Hospital.

The community continues further renovations of the hospital independently, illustrating their commitment to restoring and improving local services. The inauguration ceremony was attended by representatives from the community, EU, project consultants and Nefco, who highlighted the collaborative efforts in rebuilding critical infrastructure and the importance of sustainable recovery in Ukraine.

These renovations not only signify the restoration of essential health services but also serve as a testament to the resilience of the Nemishaeve community, laying the groundwork for a brighter and more sustainable future.

→ [Read more](#)



Nemishaeve hospital was officially inaugurated on 18 December 2024.

## Special Funds

Our Special Funds business operates under specific mandates and manages environmental and climate-related trust fund assignments from governments and agencies in the Nordics and beyond. These assignments include results-based financing or grant programmes that do not utilise Nefco’s own capital.

The programmes aim to mobilise significant financing for new private investments in energy access, clean cooking, and protection of water and marine resources. These investments align with meaningful mitigation actions consistent with the Paris Agreement and other regional or international agreements, such as the Baltic Sea Action Plan (BSAP) by [HELCOM](#).

At the end of 2024, the Special Funds active portfolio comprised 61 projects (60 in 2023), with committed funds totalling EUR 97.2 million (up from EUR 84.0 million in 2023). This represents 18.1% of Nefco’s active projects. The reported impact from 2023 of active projects within the Special Funds portfolio includes a reduction of 15 ktCO2 and generation of 6.5 GWh renewable electricity.

### The Baltic Sea Action Plan Fund

Established by Sweden and Finland in 2010, the BSAP Fund remains a vital mechanism for financing projects that address the environmental challenges of the Baltic Sea.

The fund provides grant financing to expedite the preparation and implementation of projects aligned with HELCOM’s objectives.

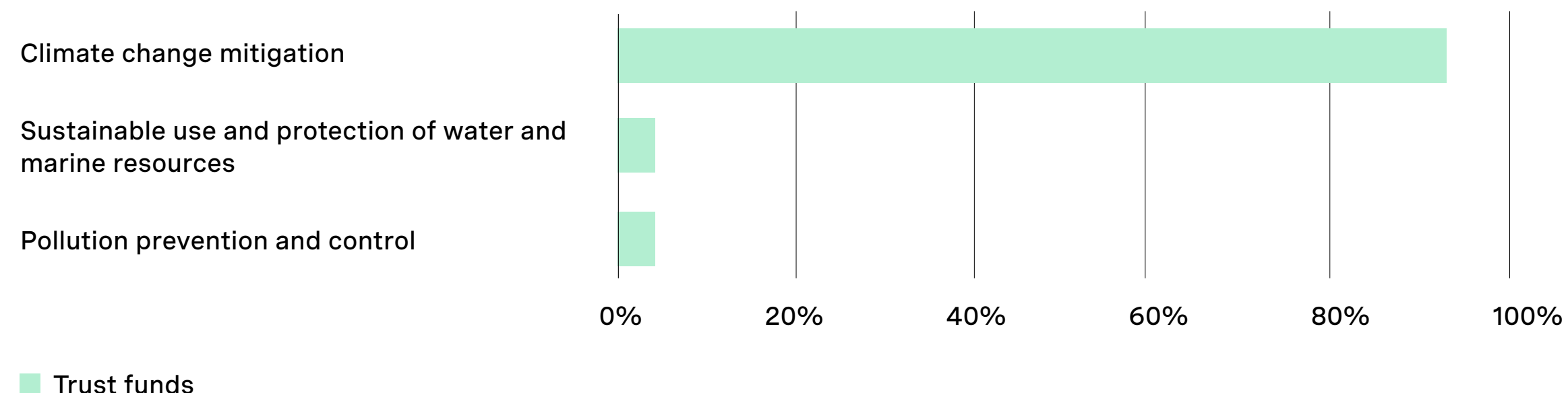
The fund has financed over 70 projects, with 80% focusing on biodiversity conservation and pollution prevention. These projects include nutrient recycling, small-scale sanitation plants and wastewater treatment facilities, all aimed at improving the health of the Baltic Sea.

At the end of 2024, there were 16 active projects in two Baltic Sea countries. During the year, 11 projects were finalised following successful implementation. The fund’s activities also included communication efforts and participation in HELCOM’s 50th-anniversary event in Riga in April.

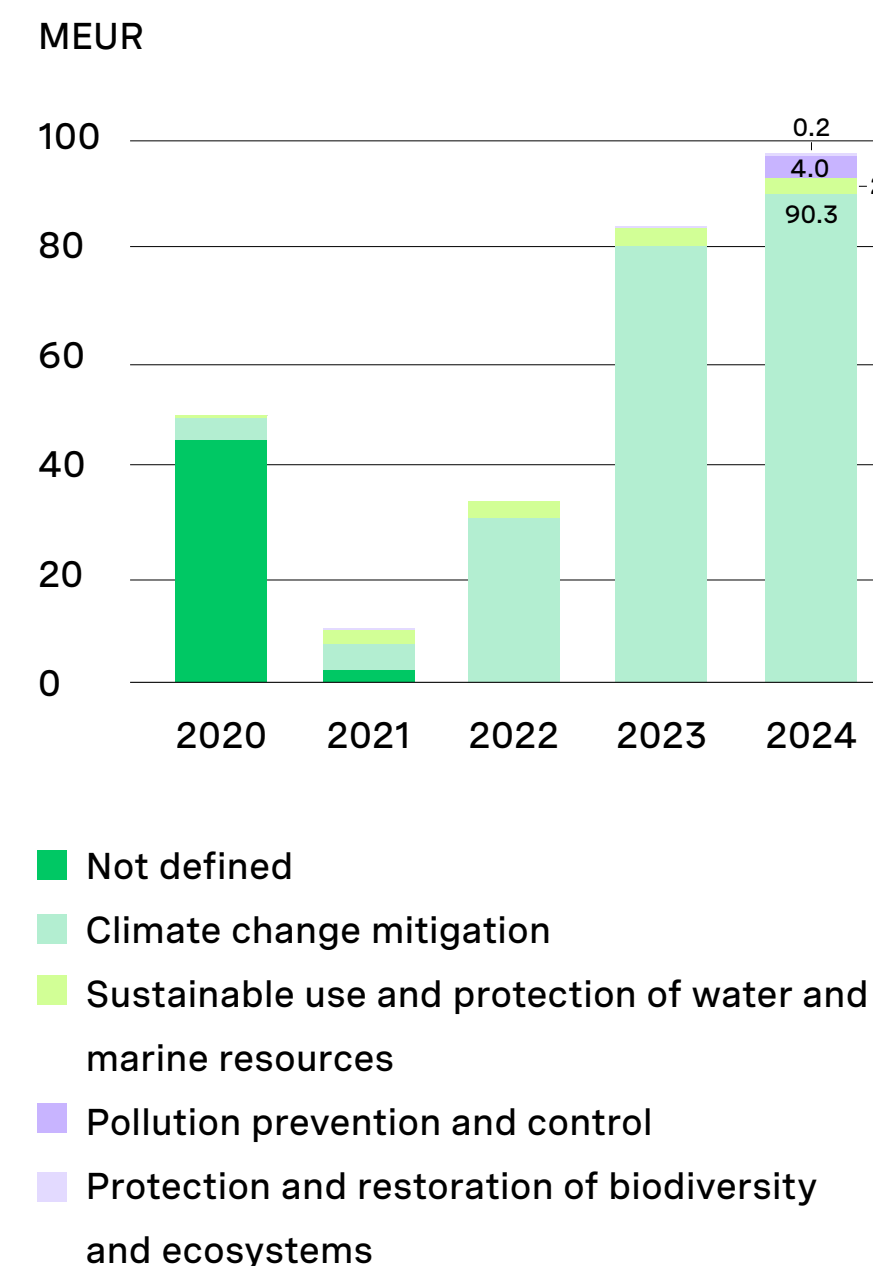
BSAP Fund grants have helped to speed up the implementation of projects, generating environmental benefits for the Baltic Sea. The fund provides significant financial leverage, with grants covering about 14% of the realised project costs (including investments), meaning that one euro has generated seven euros of additional investments. Furthermore, respondents of Nefco’s 2024 stakeholder survey indicated that the support had facilitated partnerships and collaborations, leading to follow-up projects and expanded project scopes.

→ [Read more about the BSAP Fund](#)

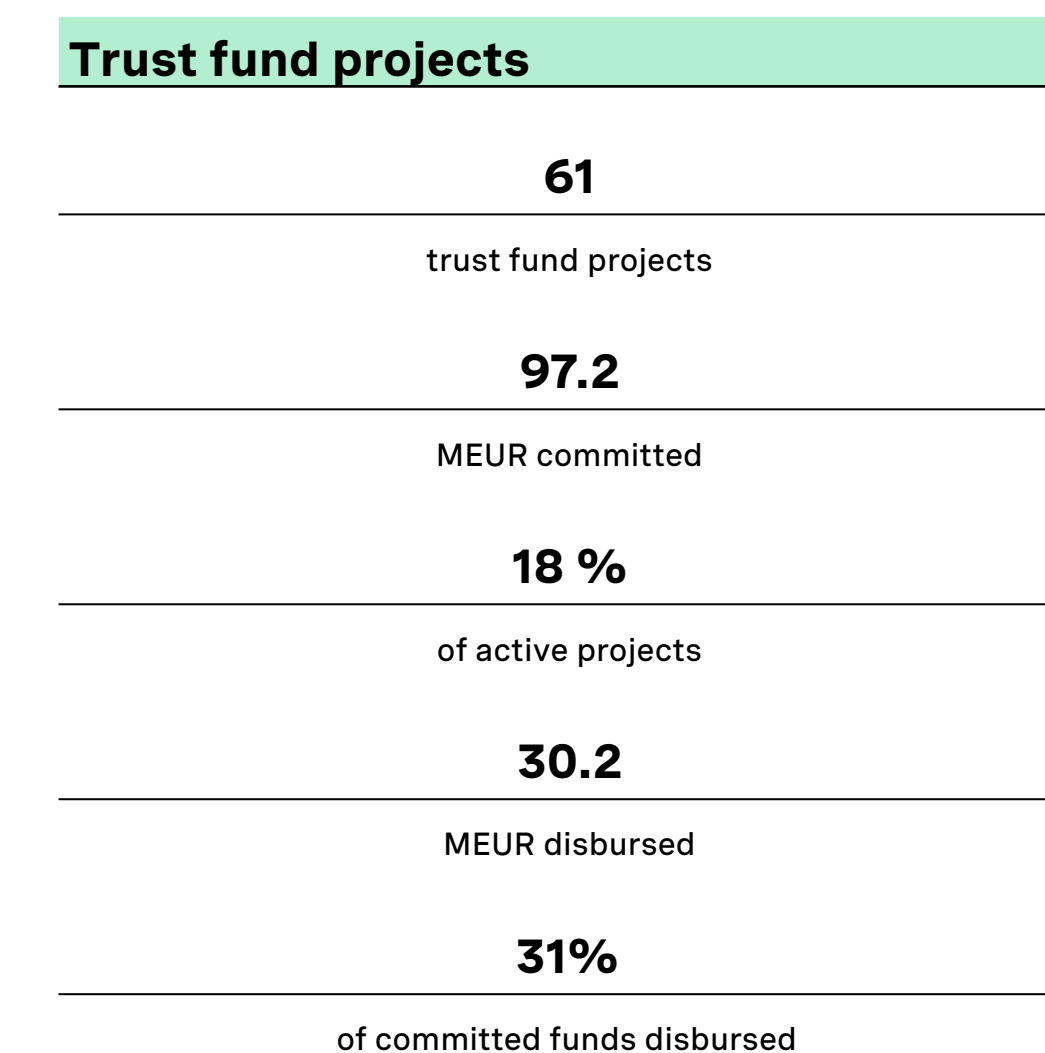
### Main environmental drivers in the Special Funds portfolio based on committed funds



### Active Special Funds projects per main environmental driver



### Active Special Funds projects 2024



## Case

## Solar irrigation to boost yields

To enhance agricultural productivity in Uganda, the Beyond the Grid Fund for Africa (BGFA) is financing scale-up of solar-powered water pumps and irrigation systems.

In 2024, an agreement was signed with SunCulture Uganda Limited, aiming to increase access to off-grid irrigation for smallholder farmers, thereby boosting their annual crop yields. SunCulture, which has operated in Uganda since 2022, will receive approximately EUR 3.2 million in results-based financing from BGFA for established energy connections.

Affordability is a significant barrier for farmers in accessing transformative technologies that could bolster food security. Unlike developed nations that benefit from government subsidies for agricultural products, many African countries, including Uganda, lack such support. BGFA's innovative results-based financing strategy

aims to fill this gap by making off-grid energy technologies more accessible.

SunCulture plans to expand its operations, targeting the establishment of up to 13,200 energy service subscriptions by the end of 2027. The company provides a comprehensive offering, including solar water pumps, delivery, installation and after-sales services. These systems are particularly beneficial for smallholder farmers, many of whom are women and rely on rain-fed farming. With solar irrigation, farmers can irrigate crops during dry seasons and increase yields significantly - up to five times.

This initiative not only aims to improve farmers' incomes but also empowers women, fosters climate resilience and expands access to clean energy in Uganda.

→ [Read more](#)



SunCulture provides a comprehensive offering, including solar water pumps. Photo: SunCulture.

## Beyond the Grid Fund for Africa

Globally, approximately 1 billion people lack access to electricity, a critical component for economic growth and improved living conditions. Despite efforts to achieve universal electrification by 2030, it is estimated that almost 600 million people in Sub-Saharan Africa will still be without electricity. Off-grid energy solutions, such as mini-grids and solar home systems, offer a cost-effective and reliable alternative to traditional grid extension. A growing number of companies are offering innovative solutions that leverage mobile money and other payment schemes, making clean energy more affordable. However, these markets are often perceived as risky by investors, and even successful companies struggle to access finance for expansion.

The Beyond the Grid Fund for Africa (BGFA) programme addresses these challenges and contributes to inclusive and sustainable development in its focus countries. It provides results-based financing to support clean energy access at scale for people living in rural and peri-urban areas of Sub-Saharan Africa. The programme supports energy access, climate change mitigation and adaptation, and gender equality. The EUR 126 million facility, funded by Denmark, Germany, Norway and Sweden, with in-kind funding from the US, operates in six African countries: Burkina Faso, the Democratic Republic of the Congo, Liberia,

Mozambique, Uganda and Zambia. BGFA anticipates a leverage ratio of approximately three.

In 2024, BGFA diligently built up its portfolio to 30 companies, expected to deliver energy services to over 8.7 million people. The rate of connections delivered accelerated in 2024, with close to 370,000 energy service connections delivered during the year. At the end of 2024, BGFA has benefitted over 3.1 million people across five countries, with 75% accessing modern energy solutions for the first time.

→ Read more about [BGFA](#)

## Modern Cooking Facility for Africa

Over 900 million people in Sub-Saharan Africa lack access to modern and clean cooking solutions, marking it the only region where access has not kept pace with population growth. The EUR 61.5 million Modern Cooking Facility for Africa (MCFA) aims to provide up to four million people with access to clean cooking solutions, thereby mitigating climate change, improving health and increasing economic growth.

The results-based financing incentivises Cooking Service Providers to offer affordable, high-quality and energy-efficient clean cooking services, accelerating the creation of a sustainable market. Clean cooking also

has significant environmental and gender-related impacts, mitigating deforestation and biodiversity loss, and reducing the time women spend on cooking and collecting wood fuel.

The facility, funded by Sweden, Norway and the EU, operates in seven African countries: the Democratic Republic of the Congo, Kenya, Malawi, Mozambique, Tanzania, Zambia and Zimbabwe.

Currently, the MCFA portfolio includes 13 investee companies. A second funding round, launched at the end of November 2023, attracted a record number of applications and concluded in August 2024 with the shortlisting of the 12 highest-ranking applicants for due diligence.

→ Read more about [MCFA](#)

## Nordic Initiative for Cooperative Approaches

Nordic countries have a long-standing commitment to supporting ambitious climate action and sustainable development in developing countries and promoting carbon market mechanisms globally. The Nordic Initiative for Cooperative Approaches (NICA) supports the operationalisation of international market-based collaboration under Article 6 of the Paris Agreement through studies and technical assistance. This initiative involves all Nordic countries, with Nefco serving as the fund manager.

→ Read more about [Nefco's work related to carbon market mechanisms](#)

## Green Climate Fund - Solar mini-grid project in Haiti

As an Accredited Entity to the Green Climate Fund (GCF), Nefco co-finances a project with EarthSpark International to build solar mini-grids in Haiti. Despite the challenging situation in the country, the project made progress in 2024. Key achievements include:

1. Signing six concessions (contracts with the Haitian government) in July for the construction and operation of six new mini-grids. These concessions represent a total of approximately USD 7.2 million in connection subsidies from the World Bank and Inter-American Development Bank.
2. Receiving the first disbursements from the World Bank and Inter-American Development Bank for the initial four grids.

## Case

## Transforming the cooking landscape in Kenya

In September 2024, Better Cooking Company Limited, trading as EcoSafi, entered into an agreement with the Modern Cooking Facility for Africa (MCFA) to enhance access to clean cooking solutions in Kenya. EcoSafi will provide Kenyans with efficient cookstoves of their own design and a regular supply of pellet fuel made from agricultural waste. Up to EUR 1.5 million in results-based financing will be provided by MCFA to EcoSafi, which aims to establish 25,000 sustainable clean cooking services and provide about 125,000 Kenyans with efficient cooking options by the end of 2028. Already during the fourth quarter of 2024, the company was able to establish some 900 sustainable cooking services as part of the MCFA project.

EcoSafi's BetterStove is a forced-draft pellet stove engineered for optimal performance, utilising environmentally friendly fuel derived from agricultural waste, specifically bagasse - a byproduct of sugarcane processing. This sustainable fuel not only

offers cost advantages but also promotes a cleaner cooking environment. The stove features PayGo functionality coupled with Internet of Things technology, enabling users to effectively track and manage their energy consumption and contribute to measurable climate impact.

EcoSafi is also pioneering in charting a new path for high-integrity carbon credits. In 2024, it issued its first carbon credits under Gold Standard's Metered and Measured Energy Cooking Devices (MECD) methodology, and it holds the distinction of being the only A-rated cookstove project worldwide recognised by the rating agency BeZero Carbon.

Through the MCFA financing, EcoSafi will support the transformation of the cooking landscape in Kenya and promote healthier, more sustainable cooking practices for households across the country.

→ [Read more](#)



With MCFA's support, EcoSafi contributes to the transformation of the clean cooking landscape in Kenya. Photo: EcoSafi.

# Nefco's own 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. Our internal carbon footprint calculation is comprehensive and follows the Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard as well as the complementary Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Greenhouse gas accounting allows us to systematically track our emissions. In 2024, our carbon footprint was 638.7 tonnes of CO<sub>2</sub>, an increase of about 166% compared to the previous year. This increase is mainly due to the renovations of our office space. Compared to the renovations of our previous office space in 2022, the increase is about 24%. As a result, our Scope 3 emissions increased compared to the previous year.

Nefco's workforce has grown from 28 employees in Helsinki in 2020 to 63 at the end of 2024. Therefore, our office space was expanded in 2024.

The number of business travels has continued to increase, whilst remaining at a lower level than before the pandemic. We cannot avoid travel, as it is an essential part of our business. However, we can implement processes to reduce emissions associated with travel. At the start of 2024,

we updated our travel guidelines emphasising sustainable travel options and restricting the use of business class tickets for flights. Our changed processes and travel guidelines have already had an impact: our business travel emissions for 2024 totalled 153.5 tonnes of CO<sub>2</sub>, which is about 15% lower than the previous year.

The greenhouse emissions per employee have increased from 4.3 tonnes of CO<sub>2</sub> per employee in 2023 to 10.5 in 2024. This increase is mainly due to carbon emissions from the office renovations. We aim to return to the emission levels of 2020-2021, although business travel was very rare during those years. We plan to achieve this by continuously improving how we take sustainability into account in our operations.

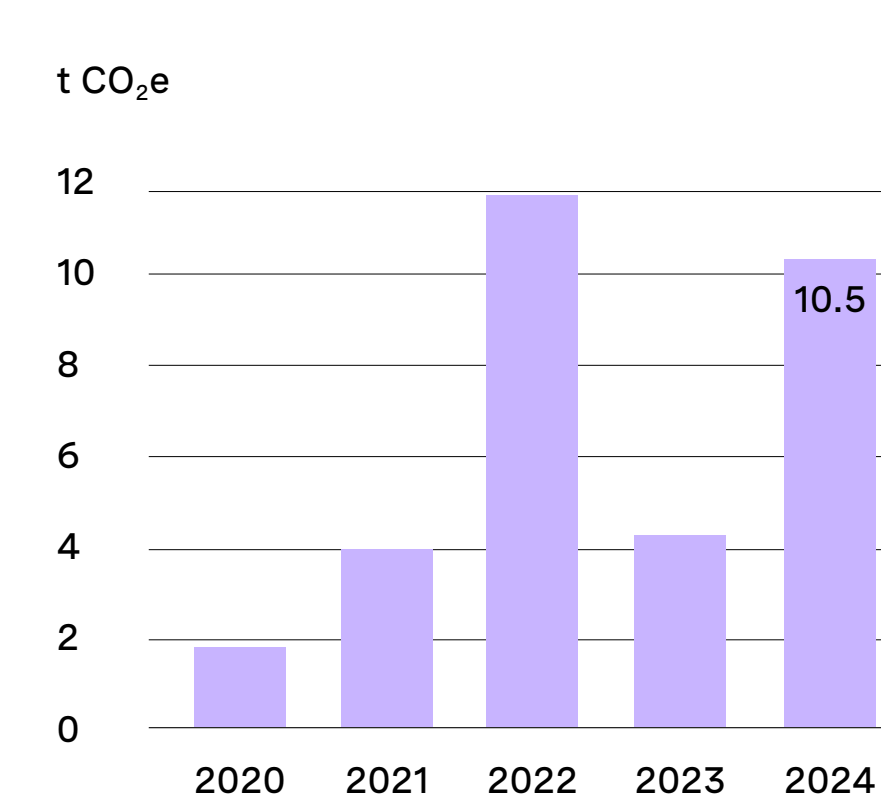
Nefco takes responsibility for its emissions and is committed to continue to explore innovative ways to support high-integrity climate action. Nefco's work aligns with the best-practice guidance available and is informed by extensive experience in climate and carbon finance. As a concrete example, Nefco engages in climate dialogue via NICA, which seeks to operationalise international carbon market activities under Article 6 of the Paris Agreement.

→ [Read more](#)

## Nefco's internal carbon footprint per scope and category

Emissions by source	2020	2021	2022	2023	2024	Change on previous year [%]
<b>Scope 1</b>						
Fuels	0.0	0.0	0.0	0.0	0.0	±0
Refrigerant leak	0.0	0.0	0.0	0.0	0.0	±0
<b>Scope 1 total emissions</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>±0</b>
<b>Scope 2</b>						
Electricity	10.9	10.6	0.0	0.0	0.0	±0
Heat	15.5	15.8	11.6	10.1	11.8	+17.3%
Cooling	0.0	0.0	0.0	0.0	0.0	±0
<b>Scope 2 total emissions</b>	<b>26.4</b>	<b>26.4</b>	<b>11.6</b>	<b>10.1</b>	<b>11.8</b>	<b>+17.3%</b>
<b>Scope 3</b>						
Category 1: Purchased goods and services	14.6	61.8	347.3	41.2	466.1	+1,031.8%
Category 5: Waste generated in operations	0.5	0.5	0.8	0.8	0.7	-19.1%
Category 6: Business travel	20.5	34.0	148.6	180.2	153.5	-14.9%
Category 7: Employee commuting	8.0	8.4	4.7	3.3	3.6	+8.9%
Category 8: Upstream leased assets	0.6	1.4	2.5	4.2	3.1	-26.6%
<b>Scope 3 total emissions</b>	<b>44.2</b>	<b>106.1</b>	<b>503.7</b>	<b>229.8</b>	<b>626.9</b>	<b>+172.8%</b>
<b>Grand total</b>	<b>70.6</b>	<b>132.6</b>	<b>515.4</b>	<b>239.8</b>	<b>638.7</b>	<b>+166.3%</b>

## Nefco's internal carbon footprint per employee



\* Per employee in the Helsinki office.



# Nefco as a workplace

A committed team is essential to accelerate the green transition and fulfil our purpose. Our culture is based on shared beliefs and behaviours that guide us in making better decisions. We aim to lead the green transition and inspire others to follow suit, as our vision is for all financing to be green. Our core values are: Thrive together, grow for good, and ever improving.

Our working environment is sustainable. We encourage personal and skills development, and promote a healthy work-life balance. As an international expert organisation, we value our employees' commitment to continuous skill development. Training and education are vital for the operations, and we offer a wide range of training opportunities, from financial management to self-leadership.

→ [Read more about Nefco as a workplace](#)

## Our employees

Nefco staff comprises both direct employees and long-term consultants, altogether 75 people (63 employees in Helsinki, six in Kyiv and six full-time advisors/consultants), of 13 different nationalities at the end of 2024. The ages of the staff range from 24 to 67 years, and the average age at the end of 2024 was 45 years.

Nefco's headquarters are in Helsinki, Finland. In addition we operate a Representative Office in Kyiv, Ukraine. During 2024, Nefco was also represented by long-term consultants in Norway, Sweden and Ukraine.

## Staff council

To ensure that our employees are actively involved in discussions and decisions that affect their well-being and working conditions, a special staff council operates at Nefco. The council is a representative body that acts as a bridge between employees and management, supporting the culture and values of our workplace.

The staff council provides a platform for employees to voice their concerns, share ideas and contribute to key decisions impacting the workplace. It focuses on matters of general interest to all staff.

All employees can bring matters to the staff council. All issues raised by employees that fall within the mandate of the council are presented at a council meeting.

## Our values



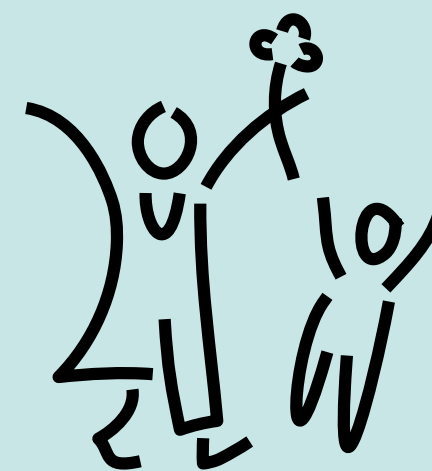
### *Thrive together*

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 structures and processes we speed up the way we work.

## Training

Nefco aims to provide a sustainable working environment that encourages personal and skills development, and a healthy work-life balance.

As an international expert organisation, we value our staff's dedication to continuously develop their skills. To support the professional development of the staff, we regularly arrange training sessions on different topics.

Additionally, building on the work done in 2022 to establish our core values and culture, we have been actively working to support our staff's wellbeing and promote inclusivity and psychological safety in the workplace. During 2024, Nefco has in partnership with its occupational health service provider conducted a project aimed at strengthening the staff's abilities on how to give and receive constructive feedback, effectively resolve disagreements and conflicts, and promote a more inclusive atmosphere during meetings.



During 2024, we arranged a number of training sessions on topics such as:

- Biodiversity
- Circular economy
- EU Green Claims Directive (GCD)
- Financial risk management
- Foresight and innovation
- How to take advantage of generative AI
- Moderating events
- Self-leadership, including time and energy management

## People

*“Meaningful work, a supportive environment, and passionate colleagues have made my Nefco journey so far great”*

Born in Norway, Sander applied for a Junior Officer position at Nefco in 2020, driven by his strong interest in environmental and climate issues and a desire to relocate back to the Nordics after spending considerable time outside Europe. He has previously lived in a number of countries, including South Africa and Australia, across four continents! During his five years at Nefco, Sander - who is now an Investment Officer in the Eastern Europe department - has found his work impactful, and he appreciates the positive work environment and his knowledgeable, kind coworkers.

“I enjoy reading, traveling for food, and running. After taking some time off, I'm now hoping to return to half-marathon running,” says Sander, who also aims to read one book every month in 2025 - which he hopes will be a year of peaceful resolutions.

**Sander Bredal**

**Investment Officer**

# Stakeholder engagement

Stakeholder engagement remains a cornerstone of our mission to accelerate the green transition. As a Nordic financial institution, Nefco serves the interests of its owners to support their environmental and sustainability goals.

In 2024, we strengthened stakeholder engagement, reaffirming our commitment to partnerships that drive impactful change and support the global green transition.

We maintain close interactions with clients and a broad spectrum of stakeholders, including Nordic policymakers, civil servants, environmental agencies, trust fund donors, financial institutions, investors, business and trade promotion agencies, and journalists. Our collaboration with the other Nordic financial institutions, the Nordic Investment Bank (NIB) and the Nordic Development Fund (NDF) is particularly strong.

Nefco also acts as an Observer to several multinational coalitions and conferences, including HELCOM (the Baltic Marine Environment Protection Commission, also known as the Helsinki Commission), the Arctic Council, the UNFCCC process and the UN Climate Conferences and - for the first time - the Biodiversity Conference COP16.

## Stakeholder survey

Our stakeholder survey conducted in 2024 provided insights into external stakeholders' perceptions and expectations of Nefco, and identified areas for improvement.

The survey covered three client segments: Nordic SMEs, Ukrainian municipalities and utilities, and BSAP Fund beneficiaries. Respondents recognised Nefco as a responsible, service-oriented partner. Nefco's financing was seen as vital for their operations and securing additional funds in a tough financial climate. Nefco had also been pivotal for their internationalisation efforts and acceleration of their green solutions in new markets. The funding had further resulted in the formation of partnerships and collaborations, implementation of follow-up projects and expansion of the project scope. Respondents encouraged further development of Nefco's offerings.

Similar surveys for other stakeholder groups are planned for 2025.



Ash Sharma, Vice President Special Funds, speaking at the official UNFCCC side event organised by Nefco, NDF, NIB, Nordic Council of Ministers and Perspectives Climate Group, during UN Climate Change Conference COP29 in Baku, Azerbaijan. Photo: Hi Impact MENA Events.

# Event highlights



Julia Shevchuk, Chief Investment Adviser (second from left), speaking at ReBuild Ukraine in Warsaw, Poland.

## Nefco at ReBuild Ukraine in Poland

The fourth international ReBuild Ukraine Exhibition and Conference organised in Warsaw, in November 2024, showcased Nefco’s pivotal role in rebuilding efforts amid the ongoing war in Ukraine. As one of the few international financial institutions (IFI) implementing municipal infrastructure projects in wartime, Nefco has earned respect from Ukrainian stakeholders, municipalities, and international organisations for its fast-track, impactful and localised initiatives. Nefco attended as a speaker at a number of events connected to rebuilding Ukraine.

→ [Read more](#)



Investment Managers Vivi Avikainen and Søren Berg Rasmussen at Nefco’s stand at the LOOP Forum.

## LOOP Forum in Denmark

In April 2024, Nefco attended the LOOP Forum in Copenhagen, the leading Nordic business event for waste, resources and circular economy. The event connects business professionals, thought leaders, public authorities and researchers for knowledge sharing, networking and showcasing circular solutions and business models that accelerate the transition towards circular economy. In addition to the two-day exhibition, Nefco held a company presentation and attended a panel discussion on financing for circular businesses organised by the Nordic Circular Hotspot.

## Celebrating MCFA in Zambia

In January 2024, Nefco, with its donors EU, Norway and Sweden, celebrated the first signed projects in Zambia under the Modern Cooking Facility for Africa (MCFA). The event underscored the need to scale up access to clean cooking solutions and promoted the programme’s second funding round. Ambassadors of the EU and Sweden to Zambia, governmental officials, and MCFA company representatives spoke at the event.

→ [Read more](#)



Emma Yrjölä, Programme Officer (second from the left), and Ash Sharma, Vice President Special Funds (third from the left), with representatives from MCFA-funded companies and donors at the celebratory event in Zambia.



Nea Westerlund, Financial Analyst and acting Programme Manager for the BSAP Fund, conveyed Nefco’s key messages at HELCOM’s anniversary event.

## HELCOM's 50th anniversary in Latvia

The 50th anniversary of the Helsinki Convention and HELCOM was celebrated in Riga on 25 April 2024, hosted by Latvia. The special programme reflected on the achievements of HELCOM’s first 50 years while looking forward to future challenges.

The event reflected on HELCOM’s first 50 years and future challenges. A recurring theme was the need for increased funding for Baltic Sea projects from public and private sources. A related side event ‘Waves of changes - Accelerating action and finance to save the Baltic Sea’, featured Nefco’s involvement as the BSAP Fund manager. The Fund’s achievements and significance were highly endorsed by the delegates.

Nefco is an international financial institution (IFI) owned by the five Nordic countries. An IFI is an institution that has been established through a treaty by more than one country and hence is subject to international law.

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# Governance



# Organisation

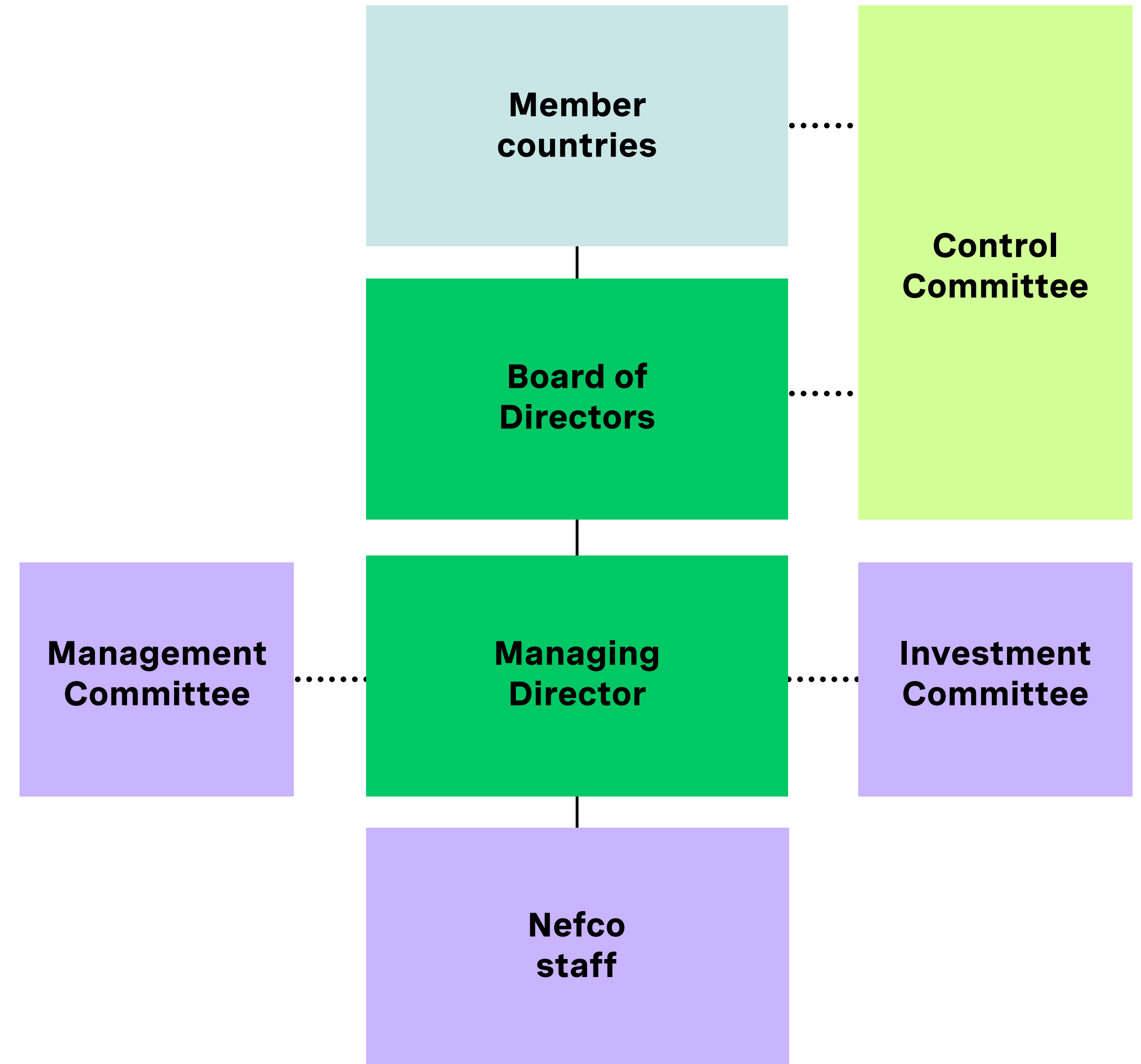
## Legal framework

Nefco is governed by its constituent documents, and its activities by a number of policies and guidelines adopted by Nefco's Board of Directors or the Managing Director.

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

All our financing activities are assessed by a dedicated project team, which includes financial, legal, and integrity experts. Independent review functions conduct various assessments, including environmental evaluations and reviews of social and governance aspects, alongside financial analyses and integrity due diligence reviews. We employ a risk-based approach to evaluate the potential negative environmental and social risks of a project, depending on its nature and scale.

→ Read more about [Nefco's legal framework](#)

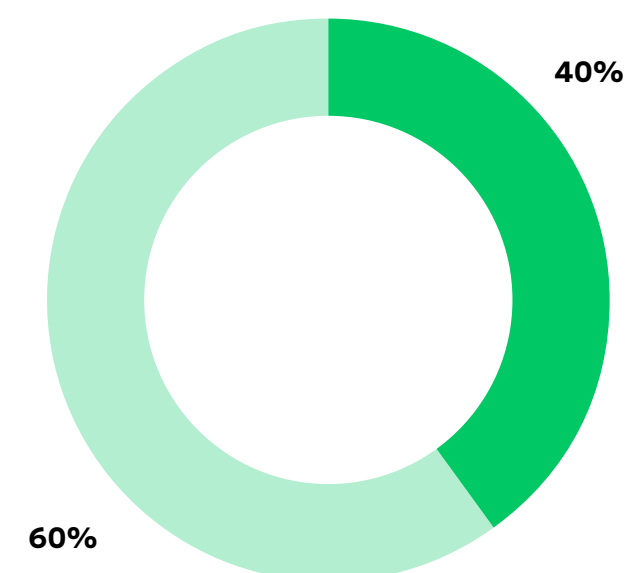


## Board of Directors

The Board of Directors is responsible for making policy decisions regarding Nefco's operations and approving the financing of investments through Nefco's own capital based on the recommendations of Nefco's Managing Director. It also approves the annual budget and oversees Nefco's financial statements. Where appropriate, the Board may delegate its powers to the Managing Director.

The Board of Directors comprises five members, each with one alternate, appointed by the Nordic countries.

**Nefco Board members and alternates, gender at 31 Dec 2024**



■ Female  
■ Male

## Members of the Board during 2024 and their alternates at the end of 2024:



### Denmark

- Carsten Møberg Larsen  
Danish Environmental Protection Agency
- *Alternate: Jakob Anker Tvede*  
*Ministry of Foreign Affairs*



### Norway

- Siri Sorteberg  
Norwegian Environment Agency  
(from 7 November)
- Agnethe Dahl  
Ministry of Climate and Environment  
(until 7 November)
- *Alternate: André Kammerud*  
*Norwegian Environment Agency*



### Finland

- Saija Vuola  
Ministry of the Environment
- *Alternate: Sannamaaria Vanamo*  
*Ministry for Foreign Affairs*



### Sweden

- Erik Kiesow  
Ministry of Climate and Enterprise  
Chair of the Board from 1 March
- *Alternate: Daniel Johansson Århem*  
*Ministry for Foreign Affairs*



### Iceland

- Halla Sigrún Sigurðardóttir  
Ministry of the Environment, Energy and Climate  
(from 18 September)
- Helga Barðadóttir  
Ministry of the Environment, Energy and Climate  
(acting board member  
1 March-18 September)
- Danfríður Skarphéðinsdóttir  
Ministry of the Environment, Energy and Climate  
Chair of the Board until 29 February
- *Alternate: Magnús Örn Agnesar Sigurðsson*  
*Ministry of the Environment, Energy and Climate*

## 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.

## Control Committee

The Control Committee (CC) is Nefco’s supervisory body, ensuring that its operations are conducted in accordance with the Statutes of Nefco. The CC is responsible for the audit of Nefco’s accounts and submits the Auditor’s report annually to the Nordic Council of Ministers (NCM). The CC appoints two professional external auditors for the purpose of assisting the Committee in carrying out its work and responsibilities.

The Nordic Council appoints five Nordic parliamentarians to the Committee. The Chair of the Committee is appointed by the NCM.

### Control Committee at the end of 2024:

Chair:

- Jan-Erik Enestam  
Minister, Independent Consultant

Members:

- Sjúrdur Skaale  
Member of Parliament, Denmark
- Noora Fagerström  
Member of Parliament, Finland
- Vilhjálmur Árnason  
Member of Parliament, Iceland
- Truls Vasvik  
Member of Parliament, Norway
- Maria Stockhaus  
Member of Parliament, Sweden

## Managing Director

The Managing Director, appointed by the Board of Directors, is responsible for the conduct of Nefco’s current operations. The Managing Director is assisted in their work by the Management Committee and several investment committees.

Trond Moe has been Managing Director of Nefco since 2019. In October 2024, Nefco’s Board of Directors decided to prolong the appointment of Trond Moe for another six-year term until the end of May 2031.

## Management Committee

The Management Committee, an advisory body to the Managing Director, is formed by the Vice Presidents, the General Counsel and the Managing Director.

### Management Committee at the end of 2024:

- Trond Moe, Managing Director
- Tita Anttila, General Counsel, Head of Legal
- Ulf Bojö, Vice President, Eastern Europe
- Josefin Hoviniemi, Vice President, Communications
- Mikael Reims, Vice President, Origination
- Michael Ryan, Vice President, Head of Finance
- Ash Sharma, Vice President, Special Funds
- Thor Thorsteinsson, Vice President, Nordic SMEs

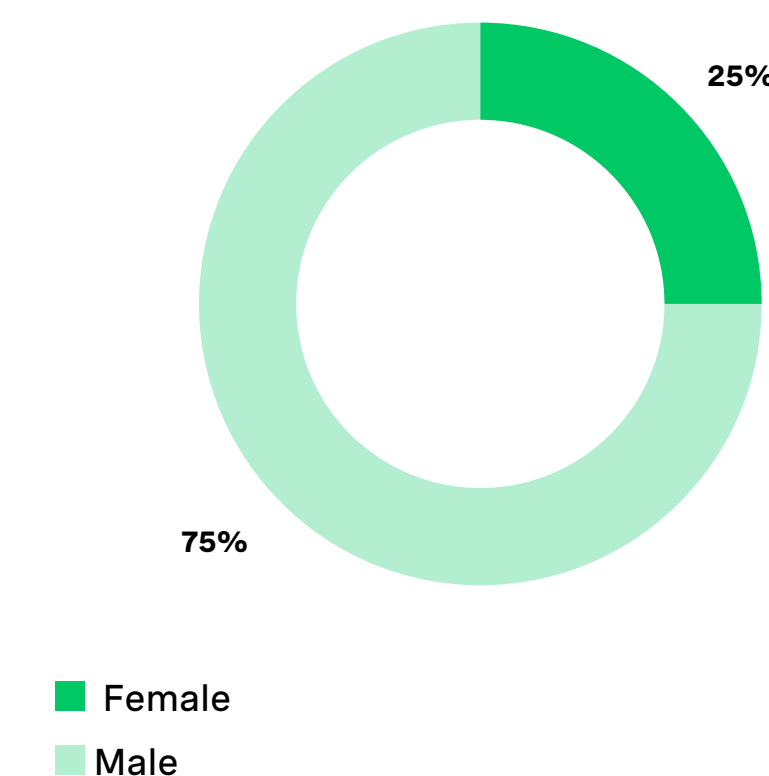
## Ethics and compliance

To efficiently manage risks related to compliance and integrity, Nefco has an Ethics and Compliance function that leads work on integrity, ethics and accountability.

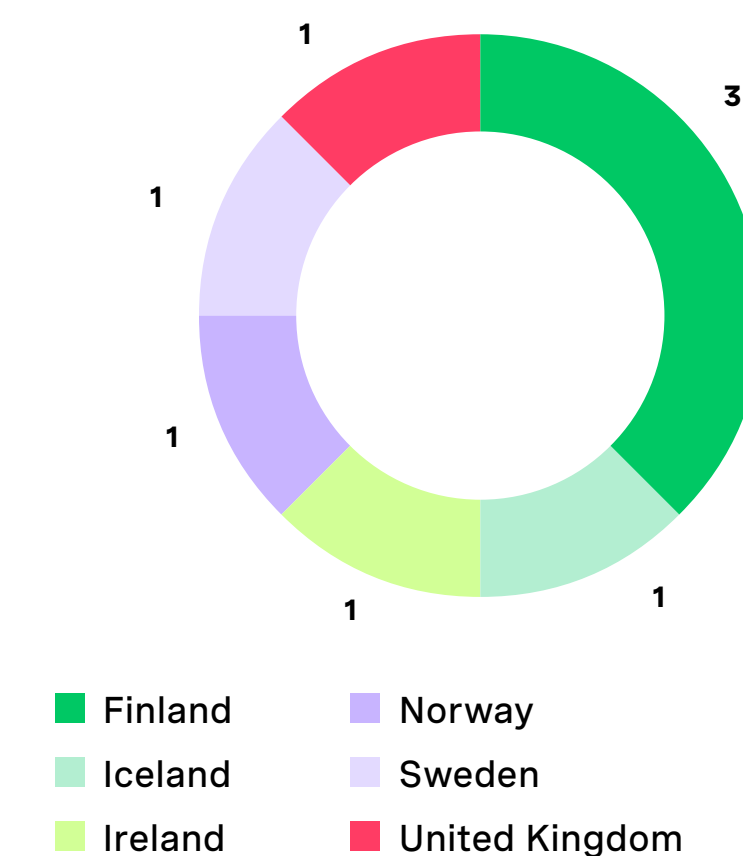
The Ethics and Compliance function is independent of operational departments. The Chief Ethics and Compliance Officer, Linda Lundqvist, reports administratively to the Managing Director but has free access to the Chair of the Board of Directors and the Chair of the Control Committee.

→ Further details are available in the separate [Annual Ethics & Compliance 2024 report](#)

### Nefco Management Committee and Managing Director, gender at 31 Dec 2024



### Nefco Management Committee and Managing Director, nationalities at 31 Dec 2024





Our Board of Directors makes policy decisions concerning the operations of Nefco and approves the financing of investments through Nefco's own capital based on the recommendations of the Managing Director. The following report provides a summary of Nefco's activities, impacts and financial results in 2024.

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# Report of the Board of Directors



# Report of the Board of Directors

## Summary

Amid global uncertainties, 2024 marked a year of progress and resilience for Nefco. Despite challenges, including reduced interest income and some financial losses in our loan portfolio, our financial performance remained positive with a profit of EUR 12.6 million.

During the year, we continued financing innovative Nordic green SMEs using our own capital, with the Board approving nine investment projects. Additionally, we managed significant trust funds on behalf of our owners and external partners, focusing on critical regions such as Ukraine and underserved areas in Africa. The Board closely monitors these programmes, ensuring alignment with strategic objectives.

### Key activities and impact

As the Nordic green bank, Nefco's mission is to scale Nordic green solutions globally, delivering environmental impact while inspiring further investment. By making projects bankable and helping project owners to mobilise additional financing, we bridge critical gaps in the green transition.

At present, the majority of our projects relate to climate change mitigation and protection of water and marine resources, spanning the energy, construction, manufacturing and transportation, as well as water and waste management sectors. Investments related to the transition to circular economy has increased over the past years.

### Portfolio overview

By the end of 2024, Nefco managed **341** projects, comprising **81** investments from our own capital and **260** trust fund initiatives. These activities reflect our strategic focus on leveraging Nordic strengths to address global sustainability challenges.

### Nordic cooperation and global leadership

The Nordic countries share a collective ambition to lead the global green transition, enhance the competitiveness of Nordic businesses and address critical issues such as biodiversity and the Sustainable Development Goals (SDGs). Nefco's role in fostering Nordic cooperation has proven vital, not only for regional development but also in influencing broader European and global sustainability efforts.

### About Nefco

Nefco is an international financial institution established in 1990 by the five Nordic countries: Denmark, Finland, Iceland, Norway and Sweden. Our mandate is to accelerate the green transition by financing the initial scale-up of Nordic green solutions globally. Our investment portfolio spans renewable energy, circular economy, pollution prevention and biodiversity protection.

## Highlights of 2024

### • Innovation and biodiversity:

Nordic companies demonstrated remarkable growth and innovation, supported by our biodiversity pilot programme, which encouraged businesses to embrace nature-positive practices.

### • Alignment with Nordic Vision 2030:

Our initiatives actively contributed to Vision 2030, reinforcing our commitment to making the region the most sustainable and integrated globally.

### • Support for Ukraine's green recovery:

Despite immense challenges, we deployed Nordic and EU funds to support Ukraine's green recovery, focusing on energy resilience and environmental security. Feedback from donors and beneficiaries underscored the significance of our efforts.

### • Empowering African regions:

Trust fund programmes in Africa delivered clean and affordable energy and cooking solutions, advancing sustainable development in underserved communities.

### • Baltic Sea ecosystem protection:

In our home region, we achieved significant progress in projects aimed at restoring the delicate ecosystems of the Baltic Sea.

## Environmental and sustainability summary

Since Nefco's establishment, we have continually assessed and measured the environmental impact of our projects, with an expectation of a return on impact. We strive to align our financial activities with global frameworks and goals, supporting a sustainable future for everyone.

At present, the majority of our projects relate to climate change mitigation and protection of water and marine resources, spanning the energy, construction, manufacturing and transportation, as well as water and waste management sectors. Investments related to the transition to circular economy has increased over the past years.

We assess our investments in accordance with the EU Taxonomy and endeavour to assist our clients in aligning with the Taxonomy. About 80% of our investments, with committed funds totalling EUR 169.5 million, are eligible under the Taxonomy. A total of 54% (EUR 114.3 million) of our investments are also considered to be aligned with the substantial contribution criteria.

### Environmental impact of Nefco's financing activities

The environmental impacts of Nefco's financing activities are based on data from 2023. The corresponding figures for 2024 are not yet available due to reporting and verification schedules. Of all the projects and investments required to report to Nefco, 85%

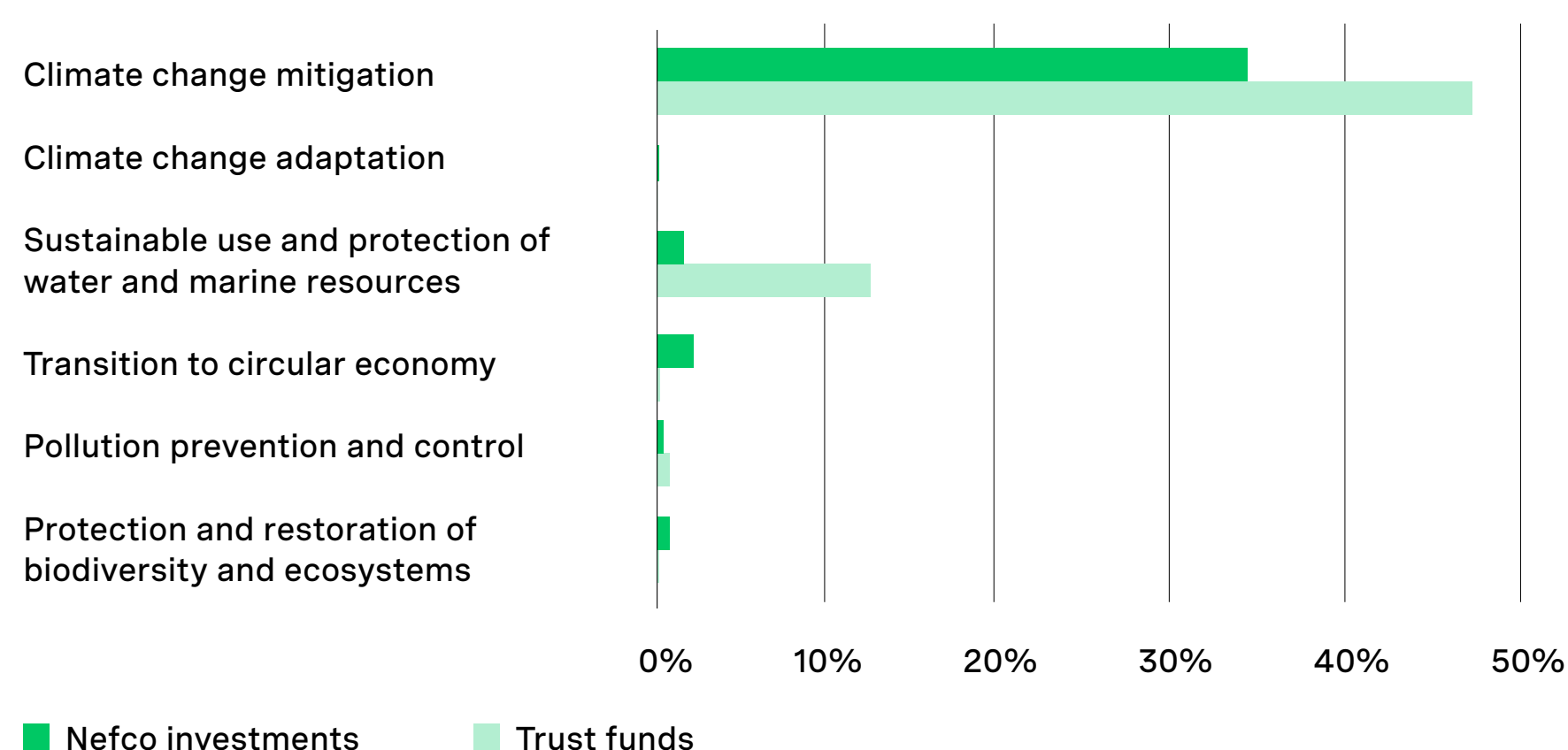
have submitted their reports. Based on these reports, Nefco's projects and investments have contributed to the reduction or avoidance of 509.7 ktCO<sub>2</sub>, total energy savings of 148.5 GWh (131.7 GWh heat and 16.8 GWh electricity) and the generation of 628.0 GWh renewable energy (309.4 GWh heat and 318.6 GWh electricity).

→ Read more about our environmental impact in [Sustainability and impact](#)

### Social impact of Nefco's financing activities

Several of our financing activities, particularly those within our managed trust funds, have a significant social impact on the communities in which they are implemented. While Nefco's core mission relates to the environment, we acknowledge the importance of social sustainability and assess and monitor the social impacts of our financing activities.

### Main environmental driver in the active project portfolio based on committed funds



### Reported environmental impact 2023

Environmental impact	Nefco investments	Trust funds	Total	Nefco's share of the impact [%]
<b>Reduced or avoided CO<sub>2</sub> emissions [ktCO<sub>2</sub>]*</b>	<b>485.8</b>	<b>23.9</b>	<b>509.7</b>	<b>22%</b>
<b>Energy savings [GWh]</b>	<b>113.3</b>	<b>35.2</b>	<b>148.5</b>	<b>55%</b>
Heat	100.0	31.7	131.7	54%
Electricity	13.3	3.5	16.8	66%
<b>Renewable energy generated [GWh]</b>	<b>621.5</b>	<b>6.5</b>	<b>628.0</b>	<b>17%</b>
Heat	309.4	0.0	309.4	4%
Electricity	312.1	6.5	318.6	19%
<b>Reduced air pollution [tNO<sub>x</sub>+tSO<sub>x</sub>+tPM]*</b>	<b>61.9</b>	<b>9.0</b>	<b>70.9</b>	<b>61%</b>
Reduced NO <sub>x</sub> pollution [tNO <sub>x</sub> ]*	25.0	5.8	30.8	60%
Reduced SO <sub>x</sub> pollution [tSO <sub>x</sub> ]*	19.3	2.3	21.6	63%
Reduced particulate matter pollution [tPM]*	17.6	0.9	18.5	61%
<b>Saved water [m<sup>3</sup>]</b>	<b>24,560*</b>	<b>2,684.0</b>	<b>27,244.0</b>	<b>50%</b>

\* Estimated impact

In Ukraine, Nefco is implementing several donor-funded water and wastewater infrastructure projects. Once completed, these initiatives are estimated to benefit over 1.6 million citizens by enhancing the efficiency of the water supply and wastewater treatment. This will lead to reduced energy consumption and nutrient pollution, thereby providing Ukrainian municipalities with improved access to efficient water services.

Nefco is also providing housing for internally displaced persons (IDPs) in Ukraine with funding from the EU. With several blocks of flats currently under construction, we are set to offer homes to over 4,000 IDPs who have been forced to flee due to the ongoing war. We are also refurbishing educational and medical care facilities in Ukrainian municipalities, which are estimated to benefit over 44,000 citizens, including IDPs.

The Beyond the Grid Fund for Africa (BGFA) aims to establish up to 1.7 million energy connections by 2028, which will benefit more than 8.6 million people across Sub-Saharan Africa. By the end of 2023, we had already facilitated over 240,000 energy service subscriptions, positively impacting over 1.2 million people.

→ [Read more about our social impact in Sustainability and impact](#)

## Financial summary

To fulfil its task to accelerate the green transition, Nefco works in three business areas, as described in '[Business overview](#)' in this report. Nefco invests its own capital to scale up Nordic SMEs, and it manages funds on behalf of others to support the green transition in Eastern Europe, particularly green recovery in Ukraine, and Special Funds to incentivise sustainable development in Sub-Saharan Africa, a healthier Baltic Sea and the development of carbon markets based on the Paris Agreement.

The following table shows the results for the year and includes the costs of the three business areas and the related returns in the form of net interest income, net profit on financial operations and recovery of costs through trust fund management fees. However, the total assets only reflect investments utilising Nefco's own leveraged equity. This is because the funds received in trust from donors and the related project investments are accounted for and reported in separate standalone financial statements.

The net result for the year amounted to EUR 12.6 million compared to EUR 10.8 million in 2023. Net interest income decreased by EUR 0.6 million due to lower interest rates compared to 2023 and a smaller loan portfolio, due to disbursements being lower than repayments. The net profit on financial operations amounted to EUR 7.4 million (2023: EUR -0.7 million) of which EUR 1.2 million was realised from divestments and EUR 6.2 million related to unrealised valuation gains which

EUR 1,000	2020	2021	2022	2023	2024
Net interest income	5,677	6,046	6,775	11,028	10,474
Net result of financial operations	2,802	1,091	-4,493	-699	7,402
Trust fund management fee	2,697	3,815	3,110	4,395	6,732
Other income	632	849	347	232	297
Total income	11,809	11,801	5,739	14,955	24,904
Operating expenses	-6,616	-7,274	-8,486	-10,249	-11,994
Net loan losses/reversals	-1,624	-1,578	-50,558	6,071	-349
<b>Result for the year</b>	<b>3,568</b>	<b>2,949</b>	<b>-53,305</b>	<b>10,777</b>	<b>12,561</b>
<b>Total assets</b>	<b>180,992</b>	<b>184,338</b>	<b>133,412</b>	<b>149,848</b>	<b>167,574</b>
<b>Total equity</b>	<b>169,608</b>	<b>172,557</b>	<b>119,252</b>	<b>130,030</b>	<b>142,591</b>

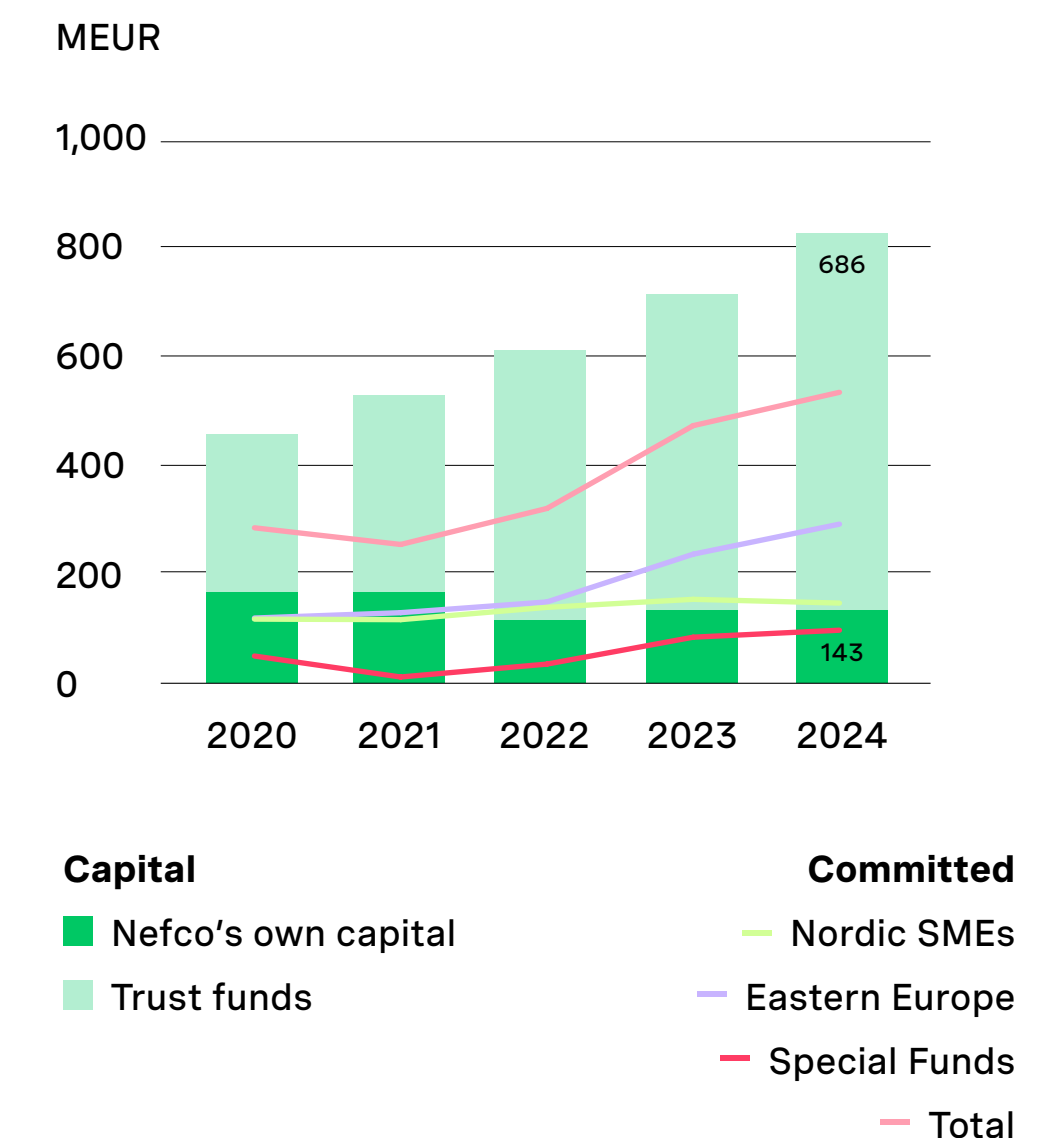
were mainly related to reversals of prior year devaluations. The increase in trust fund income reflects the higher level of activities as discussed later in the Business overview.

The operating expenses were EUR 1.7 million higher than in 2023 due to investments in people (higher headcount and training) and technology (through outsourced activities). Nefco continues to recover losses on fully impaired loans in Ukraine, however it also recorded losses on Nordic SME lending, reflecting the difficult economic environment in which our customers operated. As a result, the net loan losses for 2024 amounted to EUR 0.3 compared to a positive amount of EUR 6.1 million in 2023.

The chart on the right presents Nefco's own investments and the funds managed on behalf of others, mainly Nordic governments and the European Union.

The total equity on 31 December amounted to EUR 142.6 million (2023: EUR 130 million) and the total for trust funds amounted to EUR 685.9 million

### Capital under Nefco management and funds committed



(2023: EUR 589.2 million). The funds committed to projects amounted to EUR 538 million (2023: EUR 476 million).

### Nefco's own investments

As mentioned previously, Nefco invests its own capital in the form of loans or equity investments in both Nordic SMEs and Eastern Europe. There have been no new investments in Eastern Europe since the escalation of the war in Ukraine.

→ For more information on Nefco's own investments please refer to [Business areas](#) and the [Financial report](#)

### Risk management

During 2024, Nefco continued to invest and improve its Risk Management Framework (RMF) through the recruitment of additional staff, the development of new tools and procedures, and updates of policies. An RMF facilitates the creation of robust and healthy risk management governance as well as risk management policies and procedures to keep risks below the levels that have been determined by the Board. A risk appetite statement (RAS) was approved by the Board in late 2024, and the management monitors the risk levels to ensure that they are maintained within the limits set in the RAS.

→ More information about risks and risk management can be found in the [Financial report](#)

### Nefco's Trust Fund management

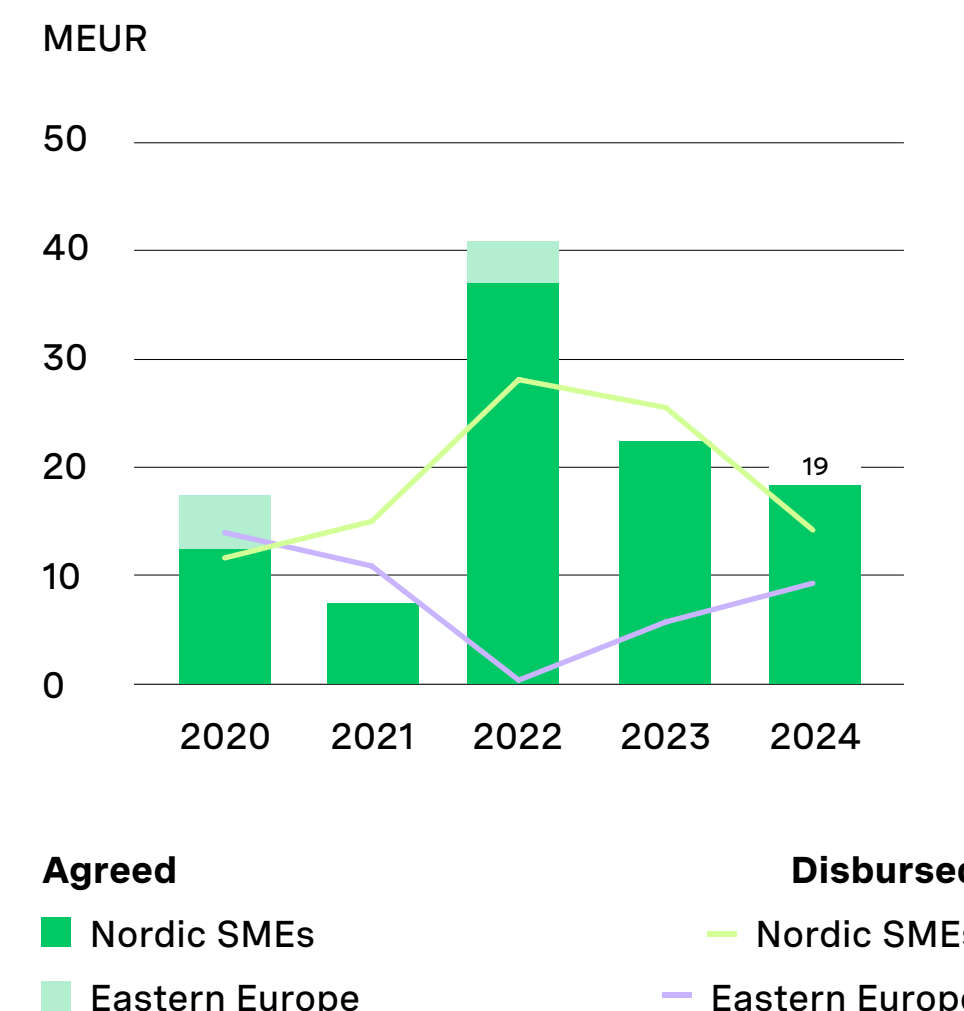
Nefco manages funds on behalf of others, mainly Nordic governments and the European Union. In most cases, the funds are disbursed as various types of grants, but they can also be provided in the form of concessionary loans or results-based grant financing.

At the end of 2024, the value of Nefco's trust fund assignments totalled EUR 686 million (2023: EUR 589 million). At the end of the year, there were 260 (2023: 241) trust fund projects with a total of EUR 326.0 million (2023: EUR 270.6 million) in committed funds.

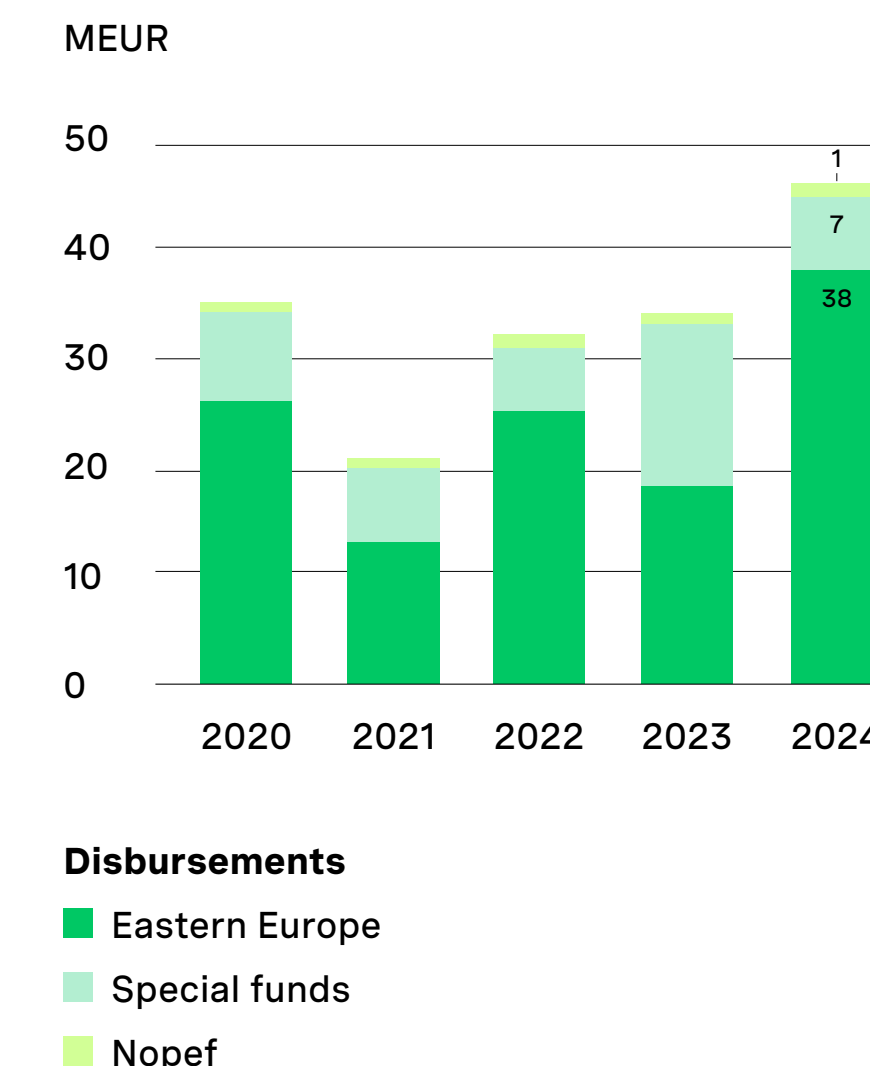
During 2024, EUR 46 million was disbursed to trust fund projects (2023: EUR 34 million). A list of trust funds managed by Nefco can be found in [Glossary](#).

EUR million unless otherwise stated	2023	2024
Number of active investments	83	81
Committed funds	205.2	211.5
Number of approved Nordic SME investments	10	9
Of which Nordic SME fast-track investments	8	1
Approved Nordic SME investment	27.9	24.9
Of which Nordic SME fast-track investments	2.7	0.3
Number of agreed Nordic SME investments	8	6
Of which Nordic SME fast-track investments	4	0
Agreed Nordic SME investments	20.8	18.7
Of which Nordic SME fast-track investments	1.8	0
Disbursements	31.3	23.5

### Agreed and disbursed investments per year and business area



### Disbursed trust funds per business area



### The Nordic Environmental Development Fund (NMF)

The Nordic Environmental Development Fund (Nordiska Miljöutvecklingsfonden, NMF), established in 1996 and managed by Nefco, receives yearly funding from the Nordic Council of Ministers. The Nordic Investment Bank (NIB) is involved in project evaluation. NMF provides grant financing to enhance the profitability and risk taking of urgent environmental projects, speeding up implementation and attracting further investment.

In 2024, NMF primarily supported Nefco’s Green Recovery Programme for Ukraine and the Biodiversity Pilot Programme for Nordic SMEs, both initiated in 2022. Details on these programmes can be found in the Business overview section of this report.

NMF Credits, created in 2010, offers soft loans to Eastern European municipalities for energy savings, separate from NMF grants. Financial reports are prepared separately for NMF and NMF Credits, with the remaining funds at the end of 2024 totalling EUR 15.5 million (2023: EUR 15.4 million) for NMF and EUR 12.8 million (2023: EUR 12.8 million) for NMF Credits.

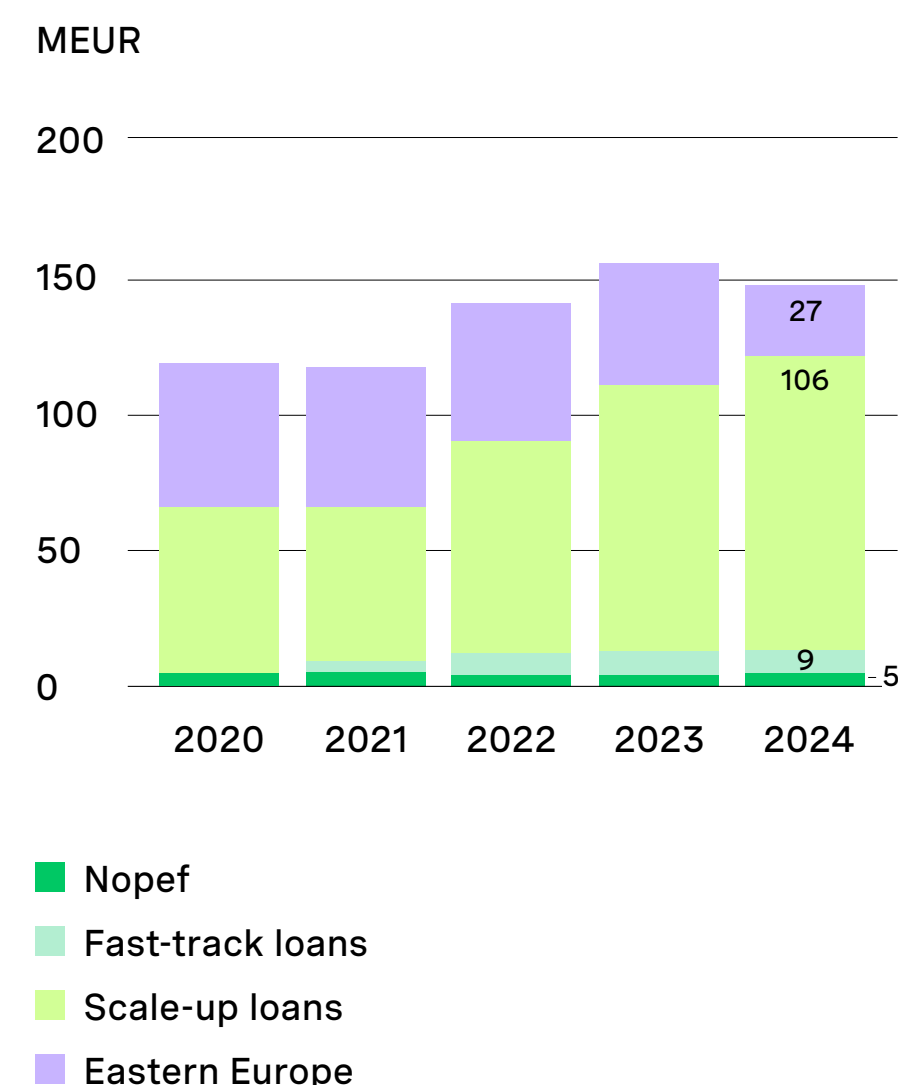
## Business overview

### Green transition Nordic SMEs

Nefco finances the initial scale-up of Nordic green solutions on global markets. Nefco can take higher financial risks than commercial banks, bridging the gap between equity and traditional bank financing - the so-called ‘missing middle’.

One of Nefco’s strategic goals is to increase the number of Nordic SME projects in its portfolio, helping them to grow and be more competitive, which will contribute to the green transition.

#### Funds committed to the active portfolio of investments and projects in Nordic SMEs



### Investments

Nefco can provide risk financing such as subordinated loans and equity-type financing through its own capital to enable SMEs’ scale-up investments and facilitate their business growth.

This year, amidst challenging financial markets, there have been not only a lower number of approvals but also financial losses within the Nordic SME investment portfolio. To address these challenges and lower exposure to future losses, the administration has enhanced Nefco’s risk framework, credit risk analysis and risk-mitigation loan structures.

During 2024, eight scale-up investments were approved by the Board and one fast-track loan by Nefco’s Investment Committee and EUR 23.5 million disbursed. At the end of the year, Nefco’s Nordic SME portfolio comprised 68 investments (including the private sector in Eastern Europe) with a value of EUR 141.8 million.

### Trust fund activities

Nopef (the Nordic Project Fund) is a trust fund financed by the Nordic Council of Ministers and managed by Nefco. Nordic SMEs can receive financial support through Nopef for feasibility studies into establishments, demonstration projects and pilot installations of green technologies and solutions on international markets. Nopef contributes to the goals of Vision 2030 and to increasing employment, knowledge sharing and development of sustainable business models.

At the end of 2024, Nopef’s active portfolio comprised 126 projects with EUR 4.8 million in funding approved (2023: 111 projects, EUR 4.1 million).

### Biodiversity Pilot Programme

Nefco’s Biodiversity Pilot Programme for Nordic SMEs launched in 2022 came to an end in spring 2024. The Programme was financed through NMF, with contributions from the Nordic Council of Ministers.

The Programme has enabled SMEs to learn about biodiversity-related risks and opportunities for their businesses and to test scalable solutions to address them. Our approach was to start working with biodiversity management rather than waiting for established methodologies. We believe that focusing the pilot programme on SMEs has the potential to lead the way for future biodiversity work with organisations of all sizes.

In September 2024, Nefco’s approved a second round of the pilot programme that the administration is taking forward with new pilot companies.

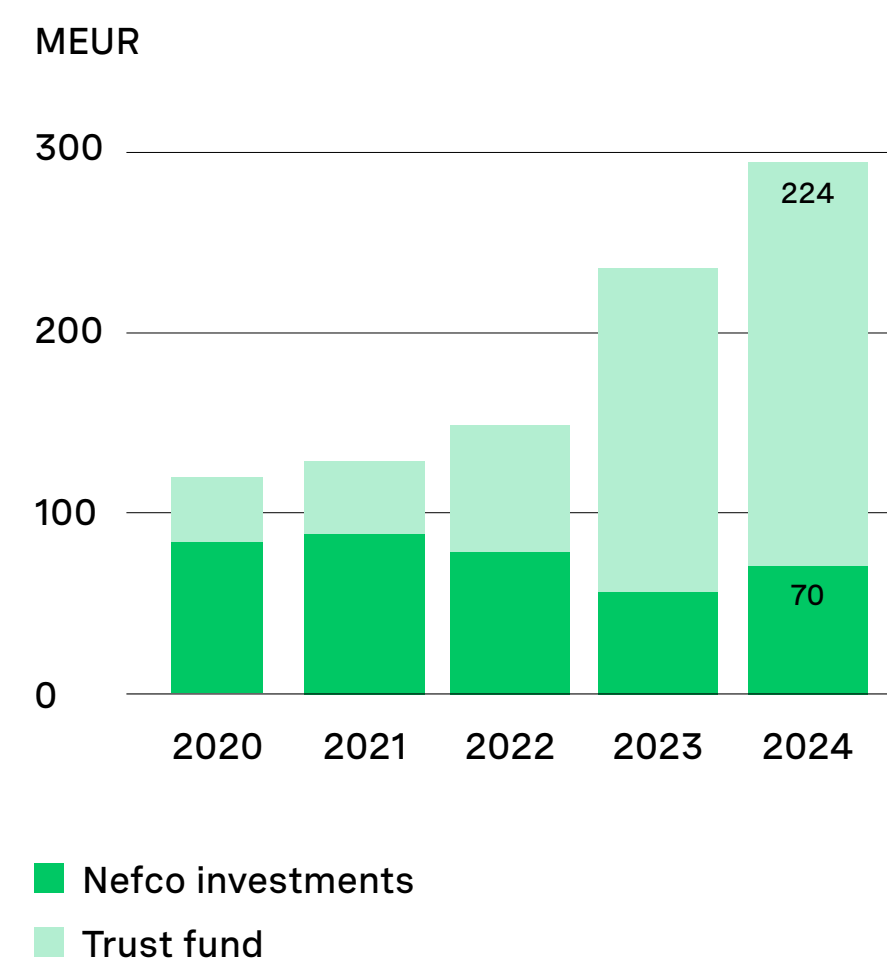
➔ [Read more about key learnings and results from the Pilot Programme on Nefco’s website](#)

## Green transition in Eastern Europe

Nefco was originally established with the goal to finance projects that positively impact communities and the environment in Eastern Europe. Nefco has been providing both investment loans from its own capital and grants through trust funds for green transition in the region.

In 2024, our efforts focused on implementing grant-funded projects in Ukraine to help the country build back greener and better. This work has been highly successful, with excellent project traction on the ground, dedicated staff

### Funds committed to the active portfolio of investments and projects in Eastern Europe



and contractors, and strong satisfaction among donors and beneficiaries. These green recovery activities continue to be both meaningful and motivating for our staff and partners, both within and outside Ukraine.

### Investments

#### Ukraine

Despite the ongoing war, many clients have continued interest and debt repayments on loans provided prior to Russia’s war on Ukraine. No new investment loans were provided in 2024.

#### Georgia

In Georgia, Nefco is unable to lend directly to municipalities, but an initial investment project was successfully implemented through a loan provision to the state. A second loan for a new energy-efficiency project related to schools in mountainous regions is ongoing. Three of six design-build contracts have been procured.

### Trust fund activities

#### Ukraine

Nefco’s Green Recovery Programme for Ukraine implements grant funding from the Nordic countries and the European Union. There are currently more than 60 projects being implemented under the scope of the Programme, and several new projects are in the pipeline.

Nefco partners with Ukrainian municipalities to address the direct and indirect consequences of the war. The Programme covers short-term repair and restoration of critical infrastructure and public service buildings, rebuilding of utilities and facilities serving internally displaced persons (IDPs) and capacity building for Local Green Recovery Plans. The ultimate goal is to strengthen resilience, enhance energy and environmental security, and help to further integrate Ukraine with Europe.

Nefco had raised EUR 323 million by the end of 2024 for the Green Recovery Programme for Ukraine. At the end of the year, the contribution of funds was as follows:

- Denmark: EUR 51.3 million
- Finland: EUR 5 million
- Norway: EUR 23.2 million
- Sweden: EUR 14.9 million
- EU: EUR 211.8 million
- Eastern Europe Energy Efficiency and Environment Partnership (E5P): EUR 12.6 million
- Nordic Environmental Development Fund (NMF): EUR 5 million

An important part of the Programme is capacity building. This includes support for municipalities to develop Local Green Recovery Plans to guide sustainable recovery activities.

Before Russia’s full-scale invasion, Nefco provided soft loans in the form of Energy Savings Credits (ESC) through NMF Credits to Ukrainian municipalities for the implementation of energy-efficiency measures related to public buildings and street lighting. All projects have been completed and three loans are still outstanding in Kremenchuck, Brovary and Chortkiv but are being served according to the loan agreements.

#### Moldova

In Moldova, Nefco continues to work with the municipal sector to improve energy efficiency and enhance energy security.

Nefco currently implements one project through ESC loans, targeting the educational sector, schools and daycare centres.

Four projects in four districts of Moldova with ESC loans and co-funding from the Eastern Europe Energy Efficiency and Environment Partnership (E5P) are also ongoing. These comprise energy-efficiency upgrading of 11 healthcare institutions, including hospitals, polyclinics and family doctors’ surgeries.

The projects are under implementation and expected to be fully completed by the end of 2025.

## Special Funds

The Nefco Special Funds programmes have also made significant progress, particularly within our two big programmes in Africa. We are now in the implementation phase of these initiatives. Our Special Funds are multi-donor programmes, in which Nefco manages funds in trust on behalf of the donors.

There has been positive progress in all fund assignments, notably the Beyond the Grid Fund for Africa (BGFA), the Modern Cooking Facility for Africa (MCFA) and the Baltic Sea Action Plan (BSAP) Fund.

The Nordic Initiative for Cooperative Actions (NICA) is a programme that promotes the development of carbon market mechanisms under Article 6 of the Paris Agreement.

### Beyond the Grid Fund for Africa

The multi-donor Beyond the Grid Fund for Africa (BGFA) is a EUR 126 million flagship facility offering results-based financing for off-grid energy sector companies in six African countries. The aim is to reduce the power gap by stimulating and accelerating new business models to enable access to clean and affordable energy. The programme is financed by Denmark, Germany, Norway and Sweden, and administered by Nefco.

In total, EUR 65.7 million of funds are under agreements (at end of 2023: EUR 55 million). BGFA recorded its highest level of fund disbursement at EUR 9.5 million and has cumulatively provided EUR 20.4 million to portfolio companies.

The fund has cumulatively provided over 610,000 energy service subscriptions, reaching over 3.1 million people to date.

→ Read more on the [BGFA website](#)

### Modern Cooking Facility for Africa

The Modern Cooking Facility for Africa (MCFA) is now capitalised at EUR 61.5 million and is among the largest results-based financing instruments in the world focused on higher-tier cooking solutions. The facility, which promotes the implementation of cleaner cooking solutions in Sub-Saharan Africa, is administered by Nefco and funded by Norway, Sweden and the European Union with regard to the Zambia country programme.

To date, 13 agreements have been signed with a total cumulative value of EUR 22.3 million. Cumulative disbursements total EUR 5.7 million (at end of 2023: EUR 3.7 million).

→ Read more on the [MCFA website](#)

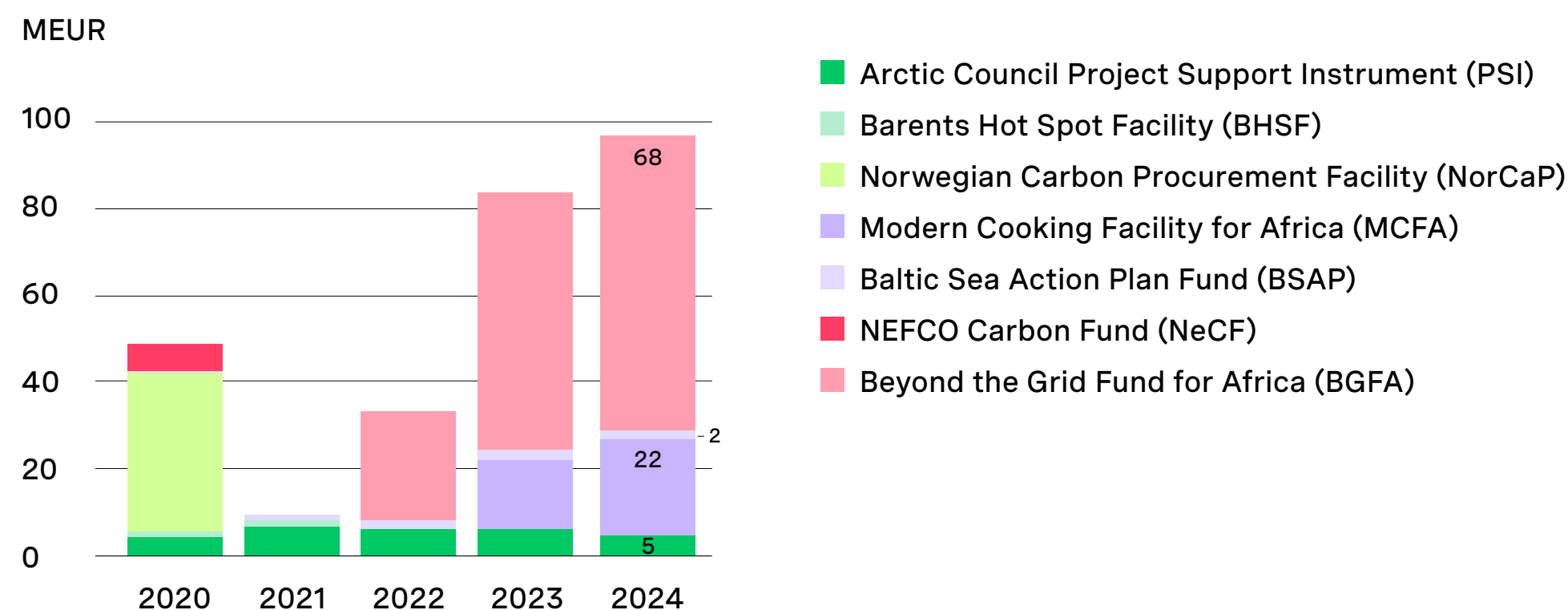
the preparation of bankable projects from both public and private entities. The fund is financed by Finland and Sweden and administered by Nefco and the Nordic Investment Bank (NIB).

There are currently 16 ongoing projects under the BSAP Fund, while 11 projects have been completed during the year. The active projects are progressing well, with significant milestones being achieved across various initiatives. Discussions are on-going with current and potential new donors to replenish the Fund, as the majority of available funds are currently allocated to projects.

In November, Sweden announced a new contribution of SEK 9,000,000 (approx. EUR 760,000) to the fund. This makes it possible for the BSAP Fund to launch a new Call for Proposals in 2025.

→ Read more about the [BSAP Fund on Nefco's website](#)

### Funds committed to the active portfolio of projects in Special Funds





## Staff

At the end of 2024, Nefco had 58 full-time and five part-time employees based at its headquarters in Helsinki. An additional six staff members were employed by the Representative Office in Kyiv, Ukraine.

Nefco also had six full-time advisors connected to its operations and several additional consultants engaged in individual projects at the end of the year.

## Board meetings

In 2024, there were ten Board meetings. Six of the meetings were held on site and the others were arranged online. Additionally, the Board made eight decisions by written procedure. Special workshops focusing on capitalisation and risk framework respectively were arranged in conjunction with the March and September meetings.

## Result and proposal

The Nefco Board proposes that the profit for the year of EUR 12,561,477.17 is allocated to the Reserve for investment/credit losses.

Helsinki, 25 February 2025

**Erik Kiesow**  
Sweden, Chair

**Saija Vuola**  
Finland

**Halla Sigrún Sigurðardóttir**  
Iceland

**Siri Sorteberg**  
Norway

**Carsten Møberg Larsen**  
Denmark

**Trond Moe**  
Managing Director

Nefco's financial statements are prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). These statements have been audited in accordance with International Standards on Auditing by the authorised public accountant firms, Ernst & Young AB and Ernst & Young Oy.

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# Financial report



*Financial Report (Nefco)*

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# Statement of comprehensive income

EUR 1,000	Note	2024	2023
<b>Income</b>			
Interest income calculated using the effective interest method		11,258	11,758
Other interest income		728	476
<b>Total interest income</b>		<b>11,986</b>	<b>12,234</b>
Interest expense		-1,512	-1,206
<b>Net interest income</b>	(3)	<b>10,474</b>	<b>11,028</b>
Net result of financial operations	(4)	7,402	-699
Commitment fee income		297	232
Trust fund income	(5)	6,732	4,395
<b>Total income</b>		<b>24,904</b>	<b>14,955</b>
<b>Operating expenses</b>			
Administrative expenses	(6), (7), (8)	-11,364	-9,674
Depreciation tangible and intangible assets	(12)	-619	-534
Foreign exchange gains and losses		-11	-41
Impairment of loans / reversals	(11)	-349	6,071
<b>Total operating expenses</b>		<b>-12,343</b>	<b>-4,178</b>
<b>Result for the year</b>		<b>12,561</b>	<b>10,777</b>
<b>Total comprehensive income</b>		<b>12,561</b>	<b>10,777</b>

The accompanying notes are an integral part of these financial statements

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# Statement of financial position

EUR 1,000	Note	31 December 2024	31 December 2023
<b>ASSETS</b>			
Cash and cash equivalents	(15), (16)	31,134	26,716
Placements with credit institutions	(15), (16)	33,891	29,388
Investment assets	(9)	23,278	17,938
Loans outstanding	(11)	68,693	66,784
Other receivables		1,385	822
Accrued interest and fees receivable		6,074	5,521
Intangible assets	(12)	1,934	2,106
Tangible assets	(12)	1,186	574
<b>Total assets</b>		<b>167,574</b>	<b>149,848</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Long-term debt	(13)	15,074	9,949
Other liabilities		5,068	6,026
Accrued interest payable		4,841	3,844
<b>Total liabilities</b>		<b>24,982</b>	<b>19,818</b>
<b>Equity</b>			
Paid-in capital	(14)	113,407	113,407
Reserve for investment/credit losses		10,000	-
Retained earnings		6,623	5,846
Result for the year		12,561	10,777
<b>Total equity</b>		<b>142,591</b>	<b>130,030</b>
<b>Total liabilities and equity</b>		<b>167,574</b>	<b>149,848</b>

The accompanying notes are an integral part of these financial statements

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# Changes in equity

EUR 1,000	Paid-in capital	Reserve for investment/credit losses	Retained earnings	Total comprehensive income	Total
<b>Equity at 1 January 2023</b>	<b>113,407</b>	<b>24,557</b>	<b>34,594</b>	<b>-53,305</b>	<b>119,252</b>
Appropriation to the retained earnings	-	-	-53,305	53,305	-
Appropriation from the reserve for investment/credit losses	-	-24,557	24,557	-	-
Total comprehensive income	-	-	-	10,777	10,777
<b>Equity at 31 December 2023</b>	<b>113,407</b>	<b>-</b>	<b>5,846</b>	<b>10,777</b>	<b>130,030</b>
Appropriation of comprehensive income and retained earnings	-	10,000	777	-10,777	-
Total comprehensive income	-	-	-	12,561	12,561
<b>Equity at 31 December 2024</b>	<b>113,407</b>	<b>10,000</b>	<b>6,623</b>	<b>12,561</b>	<b>142,591</b>

The accompanying notes are an integral part of these financial statements

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# Cash flow statement

EUR 1,000	Notes	2024	2023
<b>Cash flows from operating activities</b>			
Result for the year		12,561	10,777
<b>Adjustment for non-cash items</b>			
Depreciation tangible and intangible assets	(12)	619	534
Value adjustments, investment assets	(9),(15)	-6,205	1,051
Impairments, lending	(11),(15)	1,618	-6,678
Capitalizations, lending		-1,012	-752
Adjustments, lending		-907	-870
Exchange rate adjustments		-	-
Change in accrued interests, assets	(15)	-1,542	-2,094
Change in accrued interests, liabilities	(15)	997	935
Other adjustments to the year's result		11	12
<b>Lending</b>			
Disbursements	(11)	-21,860	-28,172
Repayments		17,385	19,198
Prepayments		10,207	11,011
<b>Investment assets</b>			
Investments	(9)	-350	-6,328
Divestments		1,215	766
Change in other receivables	(15),(16)	-6,915	-3,932
Change in other liabilities	(15),(16)	-2,028	1,424
<b>Cash flows from operating activities</b>		<b>3,795</b>	<b>-3,117</b>

EUR 1,000	Notes	2024	2023
<b>Cash flows from investing activities</b>			
Change in placements with credit institutions	(15),(16)		
Acquisitions		-30,503	-28,146
Disposals		26,000	24,000
<b>Net cash flows from investing activities</b>		<b>-4,503</b>	<b>-4,146</b>
<b>Cash flows from financing activities</b>			
Change in long-term debt	(13)		
Drawdowns		7,000	4,000
Repayments		-1,875	-878
<b>Net cash flows from financing activities</b>		<b>5,125</b>	<b>3,122</b>
<b>Change in cash and cash equivalents</b>		<b>4,418</b>	<b>-4,140</b>
<b>Opening balance for cash and cash equivalents</b>	(15)(16)	<b>26,716</b>	<b>30,857</b>
<b>Closing balance for cash and cash equivalents</b>	(15)(16)	<b>31,134</b>	<b>26,716</b>
<b>Additional information to the statement of cash flows</b>			
Interest income received	(3)	11,433	10,476
Interest expense paid	(3)	-516	-271

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# Notes to the financial statements

## Note 1: Accounting policies

### 1.1 Reporting entity

The operations of the Nordic Environment Finance Corporation (hereinafter the Corporation or NEFCO) are governed by the Agreement between the governments of Denmark, Finland, Iceland, Norway and Sweden and the related Statutes. In accordance with the Agreement and the Statutes, NEFCO's purpose is to promote investments of Nordic environmental interest with a focus on Eastern Europe.

In its strategy for 2021-2025 NEFCO has defined as its primary purpose to accelerate the green transition by:

- financing environmentally sustainable small and medium-sized projects using Nordic solutions and technologies that have the potential to be scaled up on global markets and have a substantial positive environmental impact, and support globally set common targets and contributions, and
- 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 is an international financial institution. In the member countries, the Corporation is an international legal person with full legal capacity, exempt from payment restrictions and credit policy measures. In addition, the NEFCO Agreement contains immunity provisions exempting the Corporation from taxation in the Nordic countries.

NEFCO's principal office is located at Fabianinkatu 34, Helsinki, Finland. In addition, NEFCO's representative office rents office premises in Kyiv, Ukraine.

### 1.2 Basis of accounting

NEFCO's financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IASB). The accounts of the Corporation are kept in euro.

### 1.3 Changes in accounting policies and disclosures

#### New and amended standards

The following amendments to existing IFRS accounting standards became effective for annual periods beginning on 1 January 2024:

- Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1;
- Lease Liability in a Sale and Leaseback - Amendments to IFRS 16;
- Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7.

None of these amendments have had an impact on the financial statements at 31 December 2024.

On 30 May 2024, the IASB issued Amendments to IFRS 9 and IFRS 7, Amendments to the Classification and Measurement of Financial Instruments (the Amendments). Based on the initial assessment performed, the amendments in these areas are not expected to have a material impact on the financial statements, however, the assessment is yet to be concluded.

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements for presentation

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within the statement of profit or loss, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations. IFRS 18, and the amendments to the other standards, are effective for reporting periods beginning on or after 1 January 2027. IFRS 18 will apply retrospectively. NEFCO is currently working to identify all impacts the amendments will have on the primary financial statements and notes to the financial statements.

### 1.4 Functional and presentation currency

The Corporation's financial statements' functional and presentation currency is euro.

### 1.5 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are recognised in the accounts at the exchange rate prevailing on the closing date. Non-monetary assets and liabilities are recognised in the accounts at the euro rate prevailing on the transaction date. Income and expenses recognised in currencies other than euro are converted on a daily basis to euro, in accordance with the euro exchange rate prevailing on that day.

Realised and unrealised exchange rate gains and losses are recognised in the statement of comprehensive income.

The Corporation uses the official euro exchange rates published by ICE Data Services. See Note 17.

### 1.6 Significant accounting judgments and estimates

When preparing the financial statements, management is required to make judgements that may have an effect on the reported result,

financial position and other disclosures. This impacts Expected Credit Loss and disclosed fair values of financial instruments (Notes 9,11,15). Actual outcomes may deviate from the assessments made and these deviations may be significant in relation to financial statements.

### 1.7 Recognition and derecognition of financial instruments

Financial instruments are generally recognised when the Corporation become a party to the contractual provisions of the instrument in the statement of financial position on a settlement date basis. Loans are recognised when funds are transferred to the customers' accounts.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire. A financial liability is derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expires.

### 1.8 Basis for classification and measurement

The Corporation classifies its financial assets and liabilities into the following categories: those measured at amortised cost and those measured at fair value. This classification depends on both the contractual characteristics of the assets and the liabilities and for financial assets the business model adopted.

#### Financial assets and liabilities at amortised cost

An investment or liability is classified at "amortised cost" only if both of the following criteria are met: the objective of the Corporation's business model is to hold the assets and liabilities in order to collect or pay the contractual cash flows, and the contractual terms of the financial instrument must give rise on specified dates to cash flows that are only payments of principal and interest on the principal amount outstanding.



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### Financial assets at fair value

If either of the two criteria above is not met, the asset cannot be classified in the amortised cost category and must be classified at fair value through profit and loss (FVTPL) or at fair value through other comprehensive income (FVOCI). FVOCI is used to classify assets held for payments of principal, interest and to sell. All other financial assets are classified as FVTPL. A control process is applied to ensure that the fair value of the financial asset is determined on a reasonable basis. Net change in fair value is included in "Net result of financial operations" in the Statement of Comprehensive income.

### Determination of fair value

Measurement of financial assets at fair value is carried out according to the following hierarchy based on fair value:

Level 1 - Market prices quoted on an active market for identical assets. Investments quoted on an active market are measured at the balance sheet date (or latest available) quoted price.

Level 2 - Valuation model based on either directly (i.e., prices) or indirectly (i.e. derived from prices) observable data. This category includes assets valued using quoted market prices in an active marketplace for similar assets; quoted prices for identical or similar assets in a less active marketplace or another valuation method, in which all significant data can be determined either directly or indirectly in the marketplace. This category includes assets which value is determined by for example external resources or stipulations in exit agreements.

Level 3 - This category includes all assets where the valuation method includes inputs, which are not based on observable data, and the unobservable inputs have a significant effect on the valuation. If there is any objective evidence of impairment, the impairment loss is determined based on the recoverable amount of the assets.

All valuations are based on assumptions and judgements that management considers reasonable based on prevailing circumstances. The actual outcome may differ from the estimates.

## 1.9 Cash and cash equivalents

Cash and cash equivalents include monetary assets and placements with original maturities of three months or less, calculated from the date the acquisition and placements were made. These are highly liquid and held for the purpose of meeting short-term cash commitments.

Cash and cash equivalents in the cash flow statement refers to the net amount of monetary assets and placements with original maturities of three months or less, calculated from the time the transaction was entered into.

## 1.10 Placements with credit institutions

NEFCO invests its liquidity, which is primarily in euros, with credit institutions, preferably large Nordic banks. Carrying amount is deemed appropriate for fair value.

## 1.11 Investment assets

NEFCO's investment assets include participating interests in a number of companies. NEFCO is regarded as an investor in companies with the aim of generating positive environmental impacts in accordance with the Corporation's mandate and Statutes. The primary objective is to achieve environmental benefits, not to maximise profits. However, the Statutes require that the projects in which NEFCO invests are financially profitable to ensure that the Corporation's authorised capital remains intact.

The Corporation's management has decided to report all investments in other companies at fair value through the profit and loss (FVTPL). Even though NEFCO in some instances might have over 20%, but always less than 50%, ownership NEFCO does not have significant influence

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due to that the majority (or other) shareholder assumes responsibility for the business operations. Typically, new investment involves an exit agreement with the majority investor (or project developer) setting out the conditions for NEFCO's withdrawal from the company.

The Corporation regularly assesses its investment assets using its own valuation model. However, the assessed fair value is greatly affected by the market conditions in the individual countries and other circumstances beyond NEFCO's control. See Note 9.

### 1.12 Other placements

NEFCO's other placements include placement in the Nordic Environmental Development Fund. NEFCO's other placements are carried at fair value through profit and loss (FVTPL) because the investment return does not pass the solely payment of principal and interest (SPPI) test.

The Corporation regularly assesses its other placements using its own valuation model. However, the assessed fair value is greatly affected by the market conditions and other circumstances beyond NEFCO's control. In some circumstances cost has been determined as the best estimate of fair value due to the limited valuation data available. See Note 10 and 15.

### 1.13 Loans outstanding

The Corporation's lending transactions are recognised in the statement of financial position on the transfer of funds to the borrower. Loans outstanding are carried at amortised cost applying effective interest rate (EIR) method and after deductions for any impairment losses. Loans outstanding includes also convertible loans, which are carried at fair value since they do not pass the SPPI test. See Note 11.

### 1.14 Impairment of loans

Valuations and impairments are part of NEFCO's risk management process. The final decision lies with the Board, to whom the Managing Director makes a proposal of credit impairment based on the decision

by Investment Committee. The Investment Committee assesses each project regularly and the risk report and portfolio analysis form a basis for the assessment. In 2022, Russia's invasion of Ukraine caused NEFCO to make impairments to a large part of its portfolio. All amounts in Ukraine, Russia and Belarus, other than those guaranteed by owner countries or directly on-lent, were impaired in full reflecting the high credit risk environment where these assets are located. See Note 11.

### Expected Credit Losses

Credit losses are estimated based on Expected Credit Loss (ECL) model. IFRS 9 introduced a stage model, where credit risk is divided into three stages:

Stage 1 - financial assets, where no significant increase in credit risk has been identified since initial recognition, are placed in this stage. ECL is calculated on a 12-month basis and interest revenue is calculated on a gross basis.

Stage 2 - financial assets, where a significant increase in credit risk has been identified (but no objective evidence) since initial recognition, are placed in this stage. NEFCO defines significant increase in credit risk as a negative change from the initial credit rating of the country where the project is located. Loans where the administration has identified increase in project-based credit risk are placed in this stage. ECL is calculated on a lifetime basis and interest revenue is calculated on a gross basis.

Stage 3 - financial assets are credit impaired. ECL is calculated on a lifetime basis and interest income is calculated on a net basis. All non-performing loans (unpaid after 90 days from due date) are assigned in this stage.

NEFCO's model is based on the changes in project country's rating and guarantees by NEFCO's owner countries are considered. As country risk ratings are quite stable, any change in rating is considered significant.

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### 1.15 Intangible assets

Intangible assets mainly consist of investments in software, software licences and right-of-use assets arising from leasing arrangements. Acquisitions that generate economic benefits exceeding costs beyond one year are recognised as intangible assets. The investments are carried at historical cost and are amortised over the assessed useful life of the assets, which is estimated to be between three and five years. The right of use assets' depreciations are amortised over the tenor of the lease agreement. The amortisations are made on a straight-line basis (Note 12).

### 1.16 Leasing agreements

The Corporation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Corporation recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. The initial lease asset equals the lease liability in most cases.

#### Right-of-use assets

The Corporation recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term. See Note 12.

#### Lease liabilities

At the commencement date of the lease, the Corporation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease liabilities are shown under "other liabilities" in the Statement of Financial Position.

### 1.17 Tangible assets

Tangible assets in the statement of financial position include office equipment and other tangible assets owned by the Corporation. The assets are recognised at historical cost, less any accumulated depreciation based on their assessed useful life. The depreciation period for office equipment and other tangible assets is determined by assessing the individual item. The depreciation period is usually three to five years. The depreciations are calculated on a straight-line basis (Note 12).

### 1.18 Write-downs and impairment of intangible and tangible assets

NEFCO's assets are reviewed annually for impairment. If there is any objective evidence of impairment, the impairment loss is determined based on the recoverable amount of the assets (Note 12).

### 1.19 Long term debt

Since 2017, NEFCO has on-lent funds from Nordic partners to projects in Ukraine and these loans are presented in both Loans outstanding and Liabilities. Liabilities are measured at amortised cost. NEFCO does not have risk of default towards these lenders due to contractual terms. NEFCO has borrowed funds under a loan agreement with a related party, the Nordic Investment Bank (Note 13).

### 1.20 Net interest income

NEFCO's net interest income includes accrued interest on financial instruments less interest expenses on borrowing (Note 3). Net interest income is calculated based on the contractual terms and regarding financial instruments carried at amortised cost the effective interest rate (EIR) method is used.

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### 1.21 Commitment fee income

Commitment fees are charged on loans that are agreed, but not yet disbursed and are accrued in the statement of comprehensive income over the commitment period.

### 1.22 Trust fund income

Trust funds are established in accordance with Section 3 of the Statutes of the Corporation and are administered under the terms governing each such trust fund. These trust funds may be investing funds or providing grant funds. Trust funds are primarily focused on project preparation, implementation and advisory and may be bilateral or multilateral in nature. Trust fund donors are countries or government owned entities. The resources provided to NEFCO through the contribution agreements are held separately from the Corporation's ordinary capital resources and are subject to external audit. Liquidity of trust funds is managed in accordance with NEFCO's Risk Policy. Management fees from trust funds are either periodised or paid as one-off fee, based on each trust fund agreement terms or anticipated agreement term. Costs are either carried by NEFCO or by the trust fund.

The periodisation of up front fees recognises the income over the expected life of the trust fund and expense pattern. One off fees are recognised when all obligations have been met. See note 5.

### 1.23 Administrative expenses

NEFCO purchases administrative services from a related party, the Nordic Investment Bank (NIB). The cost of these services is shown in Note 8.

The Corporation receives a host country reimbursement from the Finnish Government equal to the tax withheld from the salaries earned by its employees. The host country reimbursement is reported as a deduction from administrative expenses (Note 7).

### 1.24 Employee benefits

#### Defined contribution plans

The Corporation is responsible for arranging pension security for its employees. In accordance with the Host Country Agreement between the Corporation and the Finnish Government and as part of the Corporation's pension arrangements, the Corporation has decided to apply the Finnish State pension system. Contributions to this pension system, which are paid into the Finnish State Pension Fund, are calculated as a percentage of salaries. The Finnish Ministry of Finance determines the basis for the contributions and establishes the actual percentage of the contributions in co-operation with the local government pension institution KEVA. See Note 7.

NEFCO also provides its permanent employees with a supplementary pension insurance scheme arranged by a private pension insurance company. This is a group pension insurance based on a defined contribution plan. Obligations for contributions to the pension plans are expensed as the related service is provided and recognised as administrative expenses in profit or loss.

The Corporation has a Representative Office in Kyiv, Ukraine, where the employee contracts are based on the local terms of employment and health and safety regulations as defined under Ukrainian law.

### 1.25 Cash flow statement

The cash flow statement has been prepared using the indirect method whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. The cash flows are classified by operating, investing, and financing activities. Cash flow items cannot be directly determined from the statement of financial position.

Cash and cash equivalents in the cash flow statement refer to the net amount of monetary assets and placements with original maturities of three months or less, calculated from the time the transaction was entered into.

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## Note 2: Financial risk management

NEFCO has adopted a risk management policy that provides regulations for reporting and monitoring the risks associated with its operations, including regulations for possible borrowing based on lending portfolio risk level. In accordance with the said regulations, the risk management process includes reporting of the portfolio four times per year to the Board of Directors. The goal is to provide an on-going assessment of the portfolio risk.

The purpose of NEFCO's operations is to provide risk capital and loans to finance investments that are of environmental interest to the Nordic countries. The geographical mandate is global but keeping Eastern Europe in focus. The authorised capital and reserves is used to finance NEFCO's investments. The main financial risks - credit risk, foreign exchange rate risk, interest rate risk, price risk, liquidity risk and operational risk - are carefully managed and risk management procedures are closely integrated into NEFCO's business routines.

### 2.1 Market risk

#### Foreign exchange rate risk

Outstanding loans are denominated in euros. The guarantee facility from Nordic Environmental Development Fund for the rouble-denominated loans was closed in 2023 as NEFCO's lending in rouble ended.

The foreign exchange rate risk in respect of other activities is insignificant.

#### Interest rate risk

Interest rate risk refers to the effect of market rate fluctuations on the Corporation's interest-bearing assets and related interest income. The distribution of loans outstanding according to the length of the interest rate fixing period is indicated in Note 11.

The liquidity reserve of approximately EUR 65.0 million (2023: EUR 56.1 million) is primarily placed in large Nordic banks. A 0.5% fall in the annual interest rate would result in a reduction in earnings of around EUR 0.3 million (2023: EUR 0.3 million). Conversely, an increase in interest rates would have a positive impact on financial performance.

#### Price risk

The price risk associated with NEFCO's equity investments is subjected to thorough examination before presentation to NEFCO's Board for an investment decision. The maximum price risk exposure at the balance sheet date consists of the investment assets totalling EUR 23.3 million (2023: EUR 17.9 million). Equity investments account for 20.5% (2023: 15.8%) of the authorised capital (see Note 9).

#### Concentration risk

Concentration risk associated with NEFCO's investments arises from investments being concentrated to, for example, a single counterparty, sector or country. Counterparty may also be a project sponsor (or/ in addition to an individual customer). As NEFCO is an environmental investor, there may be situations when a single sector is concentrated, and these are followed up on a case-by-case basis. NEFCO's exposure in Ukraine is relatively large, but within the limits of the Risk Policy. The exposure is mitigated by owner country guarantees and part of it is directly on-lent, where the risk of default is carried by the primary lender. Considerable impairments were made on the Ukrainian portfolio after Russia's invasion in 2022 and most clients have been able to continue repayments despite of the situation. All concentration risks are monitored on quarterly basis in the risk report presented to the Board of Directors.

See note 11 for lending country specification.

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### 2.2 Credit risk

The credit risk associated with NEFCO's lending is subjected to thorough examination before presentation to NEFCO's Board for a lending decision. The maximum credit risk exposure at the balance sheet date consists of the amounts outstanding for loans totalling EUR 68.7 million (2023: EUR 66.8 million).

Credit risk constitutes NEFCO's main financial risk. It involves the risk that the Corporation's borrowers or other counterparties fail to fulfil their contractual undertakings and that the collateral provided as security does not cover the Corporation's claims. In accordance with NEFCO's mandate, all the Corporation's lending can be classified as high risk. The table below shows credit risk exposure by internal rating.

The main risk consists of lending to counterparties backed by lien or other security in property, which accounts for 47.3% of the authorised capital. A thorough distribution of collaterals is provided in Note 11.

Lending, net book value <sup>1</sup> (EUR 1,000)	2024				2023			
	Stage 1	Stage 2	Stage 3	Loans at FV	Stage 1	Stage 2	Stage 3	Loans at FV
Very high risk	-	-	-	-	-	-	-	-
High risk	5,599	3,653	195	-	16,515	2,578	547	-
Medium risk	20,369	5,563	-	6,954	15,464	2,485	-	5,537
Low risk	8,072	16,355	-	-	3,668	16,471	-	-
Na.	-	4,000	-	-	-	5,085	-	-
<b>Total lending</b>	<b>34,040</b>	<b>29,571</b>	<b>195</b>	<b>6,954</b>	<b>35,646</b>	<b>26,619</b>	<b>547</b>	<b>5,537</b>

<sup>1</sup>Expected credit loss lump sum (EUR 1.3 million, 2023: EUR 1.0 million) and deferred fee income (EUR 0.7 million, 2023: EUR 0.6 million) have not been considered while calculating these amounts.

### 2.3 Liquidity risk

The effective management of liquidity risk ensures that NEFCO can meet all its payment obligations as they mature. The cash, cash equivalents and placements with credit institutions (accounting for 57.3% of the authorised capital) consist mostly of euro-denominated deposits with Nordic banks placed for a period of one year or less. The deposits mature at regular intervals, guaranteeing access to funds when necessary.

### 2.4 Operational risk

Operational risk is the risk of financial loss or loss of reputation through shortcomings or failings relating to internal processes, human errors, data systems and external events. Legal risk is also considered an operational risk. NEFCO's management of operational risk is governed by internal instructions and focuses on proactive measures designed to ensure business continuity as well as the accuracy and appropriateness of internal and external information.

### 2.5 Internal Audit

The main responsibility of Internal Audit is to evaluate NEFCO's controls, risk management and governance processes. Internal Audit reports on a regular basis to NEFCO's Board of Directors and Control Committee. The annual internal audit activity plan is approved by the Board of Directors.

### 2.6 Capital management

NEFCO is not governed by any national or supranational regulations. The Corporation maintains an adequate capital base by continuous monitoring of cash flow, liquidity, and available capital for new investments. The corporation also continuously monitors risk in its lending and investment activities.

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### Note 3: Net interest income

Interest income (EUR 1,000)	2024	2023
Interest income, placements with credit institutions	1,401	817
Interest income, lending	9,856	10,941
Interest income calculated using the effective interest method	11,258	11,758
Other interest income	728	476
<b>Interest income total</b>	<b>11,986</b>	<b>12,234</b>
Interest expense	-1,512	-1,206
<b>Net interest income</b>	<b>10,474</b>	<b>11,028</b>

### Note 4: Net result of financial operations

Financial operations (EUR 1,000)	2024	2023
Investment assets, realised gains and losses	1,161	214
Other realised gains and losses	36	138
<b>Total realised gains and losses</b>	<b>1,197</b>	<b>352</b>
Investment assets, unrealised gains and losses	6,205	-1,051
<b>Total unrealised gains and losses</b>	<b>6,205</b>	<b>-1,051</b>
<b>Net result of financial operations</b>	<b>7,402</b>	<b>-699</b>

### Note 5: Trust fund income

Trust fund income (EUR 1,000)	2024	2023
Trust fund management fees	6,726	4,390
Service fees	5	4
<b>Total trust fund income</b>	<b>6,732</b>	<b>4,395</b>

As at 31 December 2024 the Corporation administered 30 trust funds (2023: 32) with aggregate pledged contributions amounting to EUR 686 million (2023: EUR 653 million).

The Corporation acts as manager and administrator of the trust funds for which it receives management and cost recovery fees. In 2024 these amounted to EUR 6,726 thousand (2023: EUR 4,390 thousand) as follows: Green recovery program for Ukraine: EUR 3,373 thousand (2023: EUR 1,124 thousand), Beyond the Grid Fund for Africa: EUR 1,088 thousand (2023: EUR 994 thousand), NMF: EUR 823 thousand (2023: EUR 771 thousand), Modern Cooking Facility for Africa: 733 thousand (2023: 657 thousand), NOPEF: EUR 425 thousand (2023: 390 thousand) and other trust funds: EUR 284 thousand (2023: EUR 454 thousand).

NEFCO has invested in NMF, see Note 10.

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## Note 6: Personnel expenses

### Compensation for the Board of Directors, the Control Committee, the Managing Director and the Management Committee

Compensation for the Board of Directors and the Control Committee is set by the Nordic Council of Ministers. The members of the Board of Directors are entitled to a fixed annual remuneration. The members of the Board of Directors and the Control Committee are also entitled to reimbursement of travel and accommodation expenses and a daily allowance in accordance with the Corporation's travel policy.

The Board of Directors decides on the appointment and remuneration of the Managing Director. According to the Statutes, the Managing Director is appointed on a fixed-term contract of up to six years. The existing contract can also be prolonged. The current Managing Director's contract commenced on 1 June 2019 for a six-year period and was extended for another 6 years on October 2024.

Compensation for the Managing Director is paid in the form of a fixed monthly salary and customary taxable benefits and allowances.

Compensation for the Chairman of the Board of Directors, the Board, the Control Committee as well as the taxable income of the Managing Director and the other members of the Management Committee was as follows:

Compensation/taxable income (EUR 1,000)	2024	2023
Chairman of the Board of Directors	4	4
Other members of the Board of Directors	17	17
Control Committee	2	2
Managing Director	504	497
Other members of the Management Committee	1,257	1,129

Distribution by gender as at 31 Dec	2024	2023
<b>Board of Directors including alternates</b>	<b>10</b>	<b>10</b>
Female	4	5
Male	6	5
<b>Control Committee</b>	<b>6</b>	<b>6</b>
Female	2	2
Male	4	4
<b>Management Committee including the Managing Director</b>	<b>8</b>	<b>7</b>
Female	2	2
Male	6	5

NEFCO has issued a guarantee regarding one staff loan up to EUR 200 thousand for one member of the Management Committee. This guarantee covers also interest and any fees regarding this loan. The outstanding amount was EUR 90 thousand at 31.12.2024 (2023: EUR 120 thousand). There were no other advances, credits granted or any debt arrangements between the Corporation and the members of the Control Committee, the Board, the Managing Director or the Management Committee members, nor other commitments entered into by the Corporation on their behalf by way of guarantee of any kind.

## Pension benefits

NEFCO is responsible for arranging the pension security for its employees. The Finnish public sector pension system (JuEL Pension) forms the basis for the pension benefits. The JuEL Pension is calculated based on the employee's annual taxable income and the applicable age-linked pension accrual rate. The employer's pension contribution in 2024 was 17.60% (2023: 17.64%) of the pensionable income. The employee's pension contribution was either 7.15% or 8.65%, depending on the employee's age. NEFCO pays this contribution for its permanent staff, and it is taxed as a benefit for the employee. The pension is accounted for as a defined contribution plan.



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In addition to the JuEL Pension, the Corporation has taken out a supplementary group pension insurance policy for its entire permanently employed staff, including the Managing Director. The insurance premium, 6.5%, is calculated based on the employee's taxable income and paid until the age of individual retirement under the JuEL Pension, with an upper age limit of 65 years. The supplementary pension is accounted for as a defined contribution plan.

The employer's pension contribution regarding the Managing Director amounted to EUR 167 thousand (2023: EUR 162 thousand), of which EUR 48 thousand (2023: EUR 46 thousand) related to supplementary pension premiums. The corresponding figure for the other members of the Management Committee was EUR 391 thousand (2023: EUR 348 thousand) of which EUR 81 thousand (2023: EUR 72 thousand) related to supplementary pension premiums. The Board of Directors and the Control Committee members are not eligible for NEFCO pension arrangements.

### Insurances

NEFCO has taken out several (both statutory and voluntary) insurance policies for its staff: unemployment insurance, group accident insurance, group life insurance, medical insurance and disability insurance. All personal insurance policies are valid for the total duration of employment (if not otherwise stated for the separate insurance alternatives). Longer periods of absence from work may interrupt the insurance coverage temporarily. Some of the insurances are available only to staff with a longer fixed term contract and permanently employed staff. The Board of Directors and Control Committee members are not under the coverage of the above-mentioned insurances.

### Health care

NEFCO has also arranged occupational health care for its staff through a private medical centre in Finland. NEFCO's medical insurance covers in addition use of other health care service providers if needed and it covers public sector health care services for more severe or complex medical treatment needs. The occupational health care benefit includes both preventive health care and wellbeing actions for staff and medical care. The Board of Directors and Control Committee members are not under the coverage of the health care benefit.

### Additional expatriate benefits

Professional staff (including Management Committee members) who move to Finland for the sole purpose of taking up employment with the Corporation are entitled to certain expatriate benefits, such as an expatriate allowance and a spouse/family allowance. In addition, NEFCO assists the expatriate in finding accommodation, usually by renting a house or a flat in its own name. The staff member reimburses the Corporation for a part of the rent, which is equal to at least the taxable value of the accommodation benefit established annually by the Finnish National Board of Taxes.

### Taxation and Host Country Reimbursement

According to an agreement between the Corporation's member countries, taxation of staff and Management Committee members salaries and taxable benefits and the Managing Director's salary, shall be taxed in the host country Finland in accordance with applicable Finnish taxation legislation.

According to the Host Country Agreement between the government of the Republic of Finland and the Corporation, the amount of tax withheld on the salaries of the Corporation's staff and the final tax on salaries collected shall be reimbursed to the Corporation.

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## Note 7: Administrative expenses

Administrative expenses (EUR 1,000)	2024	2023
Salaries, social security and remuneration of governing bodies	5,995	4,940
Pensions and insurances	2,254	2,128
Other personnel costs	899	685
Host country reimbursement according to the agreement with the Finnish government	-1,603	-1,347
<b>Net personnel costs</b>	<b>7,546</b>	<b>6,406</b>
Services received from the Nordic Investment Bank	1,502	1,199
Consultancy fees	977	623
Communication and marketing	385	387
Office premises expenses	294	341
Travel costs	211	227
Other administrative expenses	450	490
<b>Total administrative expenses</b>	<b>11,364</b>	<b>9,674</b>

Employees	2024	2023
<b>Head office</b>		
Number of employees as at 31 December	63	60
Average age of employees	45	44
Average period (years) of employment	7	6
Distribution by gender as at 31 December		
Female	38	39
Male	25	21
<b>Representative office Ukraine</b>		
Number of employees	6	6
Female	2	2
Male	4	4

The Corporation's administrative expenses include the administrative expenses for administered trust funds, such as Beyond the Grid Fund for Africa, NMF and Modern Cooking Facility for Africa.

In 2023 the host country reimbursement is based on salaries in 2021 and in 2024 it is based on salaries in 2022.

The number of employees in the table above includes all contracted employees. Permanent employees with contracts until further notice or fixed term contracts for at least 4 years amounted to 49 (2023: 49). Employees on substitute contracts, fixed term contracts less than four years and temporary contracts amounted to 14 (2023: 11).

In 2024, auditors' fees amounted to EUR 46 thousand (2023: EUR 48 thousand), including audit fees related to trust funds under administration by NEFCO.

## Note 8: Related party disclosures

The Statutes of NEFCO require it to have the same Nordic Control Committee members with NIB. Control Committee is responsible for the audit of NEFCO. The powers vested in NEFCO's Board of Directors may, to the extent considered appropriate, be delegated to the Managing Director of NEFCO. NEFCO is required to have its principal office located in the principal office of NIB.

NEFCO acquires services from and enters into transactions with NIB. The table below shows the outstanding balance of NEFCO's receivables from and amounts owed to NIB. At 31 December 2024, NEFCO has agreed on undrawn borrowing totalling at EUR 25.0 million (2023: EUR 32.0 million). NEFCO's key employees are also considered related parties. Information regarding key employees is presented in Note 6.

(EUR 1,000)	2024	2023
Interest and fees paid to NIB	476	227
Rents paid to NIB	365	451
Service fee paid to NIB	1,502	1,199
Amounts owed by NEFCO to NIB	11,237	4,995
Amounts owed by NIB to NEFCO	-	-

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## Note 9: Investment assets

The Corporation's portfolio comprised the following holdings as at 31 December 2024:

Holding	Country/region of operation	% of total capital of the investment company
Usaldusfond BaltCap Infrastructure Fund	Baltics	2.9
BaltCap Private Equity Fund III usaldusfond	Baltics	3.3
Bank Lviv JSCJSB	Ukraine	10.4
Baseload Capital Holding AB	Sweden	1.9
CRI hf.	China	2.7
FlyCap Mezzanine Fund II AIF KS	Baltics	4.7
Greenstream Network Ltd	China	23.7
RindiBel JCJSC	Belarus	38.6
Taaleri SolarWind II SCSp	Eastern Europe	6.9
Valoe Oyj	Lithuania	3.7
Korkia Oy (convertible bond)	Chile	na.

Voting rights correspond to percentage of total capital of the investment company.

At 31 December 2024, the acquisition cost of the investment assets was EUR 24.0 million (2023: EUR 24.8 million) while the fair value was EUR 23.3 million (2023: EUR 17.9 million).

At 31 December 2024, the agreed but not disbursed capital commitments for investment assets totalled EUR 1.0 million (2023: EUR 1.2 million).

## Note 10: Other placements

During 2011–2013, NEFCO invested a total of EUR 5.3 million in the Nordic Environmental Development Fund (NMF). Investment in the NMF is not financially profitable and the fair value is assessed therefore to be EUR 0. While the investment in NMF does not yield any financial profit, it contributes to NEFCO's investment activities. The investment in NMF falls in the Level 3 category in the fair value hierarchy.

## Note 11: Loans outstanding

At 31 December 2024, NEFCO had 65 (2023: 69) loans outstanding amounting to EUR 104.5 million (2023: 108.2 million). Below is a specification of loans outstanding by classification:

Loans outstanding (EUR 1,000)	2024	2023
Loans outstanding at amortised cost	97,538	102,650
Loans outstanding at fair value	6,954	5,537
	104,492	108,187
Expected credit losses	-35,119	-40,841
Deferred fee income	-680	-562
<b>Total loans outstanding</b>	<b>68,693</b>	<b>66,784</b>

## Expected Credit Losses

At 31 December 2024, loans outstanding at amortised cost has been impaired for Expected Credit Losses (ECL) to 61.7 million (in 2023 EUR 61.2 million). The following tables show net lending after deductions for ECL of EUR 35.1 million (2023: EUR 40.8 million). ECL for commitments amounted at EUR 0.1 million (2023: EUR 0.4 million) and is booked as other liabilities.

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Loans outstanding classified in stages according to ECL method.

Loans outstanding (EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
<b>Exposure at 31 December 2022</b>	<b>28,486</b>	<b>68,381</b>	<b>11,579</b>	<b>108,446</b>
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	182	-182	-
Transfer to Stage 3	-1,250	-320	1,570	-
Repayments	-4,789	-18,183	-2,046	-25,018
Disbursements and capitalisations	18,735	8,189	2,000	28,924
Remeasurements and FX changes	-5,536	-1,512	-2,655	-9,703
<b>Exposure at 31 December 2023</b>	<b>35,646</b>	<b>56,737</b>	<b>10,267</b>	<b>102,650</b>
Transfer to Stage 1	-	-	-	0
Transfer to Stage 2	-4,206	4,442	-236	0
Transfer to Stage 3	-	-	-	0
Repayments	-10,899	-13,900	-2,367	-27,166
Disbursements and capitalisations	13,499	8,555	-	22,054
Remeasurements and FX changes	-	-	-	0
<b>Exposure at 31 December 2024</b>	<b>34,040</b>	<b>55,834</b>	<b>7,664</b>	<b>97,538</b>

The below table shows what net effect the impairments on loans, loan receivables, accrued interest and non-utilisation fees had on the result in each year.

Impairment of loans/reversals in the statement of comprehensive income (EUR 1,000)	2024	2023
Realised credit losses	-59	-304
Impairment on lending	-1,233	6,394
Expected Credit Losses (ECL), net	-45	-355
<b>Total impairment of loans/reversals</b>	<b>-1,338</b>	<b>5,735</b>

Impairments according to ECL stages and individually or collectively impaired.

Expected Credit Loss (ECL) (EUR 1,000)	Stage 1	Stage 2	Stage 3	Total
<b>ECL at 31 December 2022</b>	<b>27</b>	<b>40,502</b>	<b>11,579</b>	<b>52,108</b>
Transfer to Stage 1	-	-	-	-
Transfer to Stage 2	-	182	-182	-
Transfer to Stage 3	-	-19	19	-
Repayments	-14	-11,736	-51	-11,801
Disbursements and capitalisations	0	287	0	287
Remeasurements and FX changes	0	1,893	-1,645	247
<b>ECL at 31 December 2023</b>	<b>13</b>	<b>31,108</b>	<b>9,720</b>	<b>40,841</b>
Transfer to Stage 1	-	-	-	0
Transfer to Stage 2	-	236	-236	0
Transfer to Stage 3	-	-	-	0
Repayments	-2	-8,047	-2,211	-10,261
Disbursements and capitalisations	-	868	-	868
Remeasurements and FX changes	-	3,475	195	3,670
<b>ECL at 31 December 2024</b>	<b>11</b>	<b>27,639</b>	<b>7,469</b>	<b>35,119</b>

## Specifications of Loans outstanding

Of the loans, 55 are floating-rate loans. Such loans account for 79.9% of the total loan portfolio. Seven loans accounting for 13.5% of the total loan portfolio have fixed interest rates. In addition, three loans have fixed and floating mechanisms in different tranches, accounting for 6.6% of the total loan portfolio.

Interest rate risk describes how movements in market interest rates affect the value of NEFCO's interest-bearing assets and liabilities, as well as interest income and expenses. The following table shows the interest rate profile for loans outstanding. Loans outstanding are broken down by repayments or interest adjustment date.

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Loans outstanding (EUR 1,000)	2024	2023
Up to and including 3 months	54,931	55,101
3-6 months	29,162	33,875
6-12 months	5,403	1,581
1-5 years	14,995	13,485
over 5 years	0	4,146
<b>Total loans outstanding</b>	<b>104,492</b>	<b>108,187</b>
Expected Credit Loss	-35,119	-40,841
Deferred fee income	-680	-562
<b>Exposure at 31 December</b>	<b>68,693</b>	<b>66,784</b>

The maturities of the loans extended by the Corporation vary from below one to 9 years.

All of NEFCO's lending is denominated in euros.

Country (EUR 1,000)	2024	2023
Belarus	258	696
Denmark*	13,141	15,705
Finland*	27,750	23,298
Georgia	3,072	1,918
Iceland*	6,147	5,581
Norway*	2,225	375
Sweden*	7,393	11,159
Ukraine	44,506	49,456
<b>Total loans outstanding</b>	<b>104,492</b>	<b>108,187</b>
Expected Credit Loss	-35,119	-40,841
Deferred fee income	-680	-562
<b>Exposure at 31 December</b>	<b>68,693</b>	<b>66,784</b>

\* Majority of loans to countries marked with asterisk are channelled by borrowers to the borrower's countries of operation.

Non-performing loans at 31 December 2024 amounted to EUR 23.0 million before impairments (2023: EUR 14.6 million). These loans have been impaired in full except for proportion of a loan that is backed by security in property.

Loans outstanding by type of security at 31 December:

Security (EUR 1,000)	2024		2023	
	Amount	Share %	Amount	Share %
Loans guaranteed by member countries	15,670	15.0	10,812	10.0
Loans to or guaranteed by other countries	3,244	3.1	2,108	1.9
Loans to or guaranteed by banks	10,000	9.6	10,417	9.6
Loans backed by security in property	49,426	47.3	43,544	40.2
Loans with negative pledge clause and other covenants	14,911	14.3	29,752	27.5
Loans guaranteed by parent companies and other guarantees	7,502	7.2	8,012	7.4
Loans without formal security	3,739	3.6	3,543	3.3
<b>Total loans outstanding</b>	<b>104,492</b>	<b>100</b>	<b>108,187</b>	<b>100</b>
Expected Credit Loss	-35,119		-40,841	
Deferred fee income	-680		-562	
<b>Exposure at 31 December</b>	<b>68,693</b>		<b>66,784</b>	

The Corporation defines "forbearance" as a concession granted to a counterparty for reasons of financial difficulties, meaning the modification of the terms and conditions of the contract or its refinancing. Forbearance recognition is not limited to measures that give rise to a loss for the lender. Modification of the terms and conditions of the contract may include, for example, reduction of the interest rate, principal or accrued interest, or rescheduling of the payment dates of principal and/or interest and has an actual effect on the future cash flows. Loan forbearance is granted on a selective basis and purposefully to avoid counterparty default in favour of the Corporation's collection opportunities.

At 31 December 2024, the loans agreed, but not yet disbursed, totalled EUR 18.3 million (2023: EUR 24.3 million). In principle, all borrowers could request disbursement within three months, but NEFCO does not disburse loans until the specified conditions precedent for disbursement are met (availability period for current portfolio extends up to 1 years). NEFCO has the capacity to make all disbursements.

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## Note 12: Intangible and tangible assets

The right-of-use assets relate to lease agreements for the office premises in Helsinki. New expanded office facilities were taken into use in December 2024.

<b>Right of use assets (EUR 1,000)</b>	<b>2024</b>	<b>2023</b>
As at 1 January	2,106	2,376
Depreciation expense	-484	-394
Remeasurement (change in lease payment)	312	124
<b>As at 31 December</b>	<b>1,934</b>	<b>2,106</b>
<b>Lease liabilities (EUR 1,000)</b>	<b>2024</b>	<b>2023</b>
As at 1 January	-2,174	-2,415
Interest expense	-11	-12
Rental payments	373	376
Remeasurement (change in lease payment)	-312	-124
<b>As at 31 December</b>	<b>-2,124</b>	<b>-2,174</b>
<b>Tangible assets (EUR 1,000)</b>	<b>2024</b>	<b>2023</b>
Acquisition value 1.1	895	854
Acquisition during the year	747	41
Acquisition value 31.12	1,642	895
Accumulated depreciation 1.1	321	181
Depreciation according to plan for the year	135	140
Accumulated depreciation 31.12	456	321
<b>Net book value</b>	<b>1,186</b>	<b>574</b>

## Note 13: Long term debt

At 31 December 2024, NEFCO had EUR 15.1 million outstanding of long term debt (2023: EUR 9.9 million). One third of the amount has been directly lent on to NEFCO's borrowers and there is no risk of default by NEFCO towards lenders, as NEFCO is obliged to repay only after NEFCO's borrower repays. EUR 11.1 million of the amount is not on-lent (2023: EUR 4.9 million). Borrowing is denominated in euros at either fixed interest or tied to 6-month Euribor.

At 31 December 2024, NEFCO has agreed on undrawn borrowing totalling at EUR 25.0 million (2023: EUR 32.0 million).

## Note 14: Paid-in capital

NEFCO's paid-in capital reached its full amount of EUR 113.4 million in 2007. The breakdown of the paid-in capital by member country is as follows:

<b>Paid-in capital (EUR 1,000)</b>		<b>Share %</b>
Denmark	21,561	19.0
Finland	22,265	19.6
Iceland	1,320	1.2
Norway	24,192	21.3
Sweden	44,070	38.9
<b>Total authorised capital</b>	<b>113,407</b>	<b>100.0</b>

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**Note 15: Fair value of financial instruments**

The table below shows the classification of financial instruments held at amortised cost or mandatory classification of financial instruments held at fair value at the end of the year.

Classification of financial instruments (EUR 1,000)	2024			2023		
	Amortised cost	Fair value through profit and loss	Total	Amortised cost	Fair value through profit and loss	Total
<b>Financial Assets</b>						
Cash and cash equivalents	31,134	-	31,134	26,716	-	26,716
Placements with credit institutions	33,891	-	33,891	29,388	-	29,388
Investment assets	-	23,278	23,278	-	17,938	17,938
Other placements	-	-	0	-	-	0
Loans outstanding	61,739	6,954	68,693	61,247	5,537	66,784
Other receivables	1,385	-	1,385	822	-	822
Accrued interest income	5,997	76	6,074	5,459	62	5,521
<b>Total</b>	<b>134,147</b>	<b>30,308</b>	<b>164,454</b>	<b>123,632</b>	<b>23,536</b>	<b>147,168</b>
<b>Financial Liabilities</b>						
Long-term debt	15,074	-	15,074	9,949	-	9,949
Other liabilities	5,068	-	5,068	6,026	-	6,026
Accrued interest expense	4,841	-	4,841	3,844	-	3,844
<b>Total</b>	<b>24,982</b>	<b>0</b>	<b>24,982</b>	<b>19,818</b>	<b>-</b>	<b>19,818</b>

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The following table provides an analysis of the fair value of financial instruments according to the fair value hierarchy at the end of the year. In calculating fair value of loans outstanding for €STR rate of 2.9% has been used (2023: 3.9%).

Level of fair value of financial instruments (EUR 1,000)	2024		2023	
	Carrying amount	Fair Value	Carrying amount	Fair Value
<b>Financial Assets</b>				
Cash and cash equivalents	31,134	31,134	26,716	26,716
Placements with credit institutions	33,891	33,891	29,388	29,388
Investment assets	23,278	23,278	17,938	17,938
Other placements	-	-	-	0
Loans outstanding	68,693	68,115	66,784	65,631
Other receivables	1,385	1,385	822	822
Accrued interest income	6,074	6,074	5,521	5,521
<b>Total</b>	<b>164,454</b>	<b>163,877</b>	<b>147,168</b>	<b>146,015</b>
<b>Financial Liabilities</b>				
Long-term debt	15,074	15,003	9,949	9,796
Other liabilities	5,068	5,068	6,026	6,026
Accrued interest expense	4,841	4,841	3,844	3,844
<b>Total</b>	<b>24,982</b>	<b>24,912</b>	<b>19,818</b>	<b>19,665</b>



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The following table provides an analysis of the fair value of financial instruments at the end of the year broken down by the applicable Level in the fair value hierarchy.

Level of fair value of financial instruments (EUR 1,000)	2024			2023		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial Assets</b>						
Cash and cash equivalents	31,134	-	-	26,716	-	-
Placements with credit institutions	-	33,891	-	-	29,388	-
Investment assets	-	22,277	1,000	-	9,694	8,244
Other placements	-	-	-	-	-	-
Loans outstanding	-	68,115	-	-	65,631	-
Other receivables	-	1,385	-	-	822	-
Accrued interest income	-	6,074	-	-	5,521	-
<b>Total</b>	<b>31,134</b>	<b>131,743</b>	<b>1,000</b>	<b>26,716</b>	<b>111,055</b>	<b>8,244</b>
<b>Financial Liabilities</b>						
Long-term debt	-	15,003	-	-	9,796	-
Other liabilities	-	5,068	-	-	6,026	-
Accrued interest expense	-	4,841	-	-	3,844	-
<b>Total</b>	<b>0</b>	<b>24,912</b>	<b>0</b>	<b>0</b>	<b>19,665</b>	<b>0</b>

Level 1 refers to market prices quoted in an active marketplace.

Level 2 refers to observable data other than Level 1 market prices.

Level 3 refers to information based on other than directly observable data.

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The following table provides an analysis of the changes in the fair value of Level 3 investment assets and other placements.

<b>Changes in fair values categorised at level 3 (EUR 1,000)</b>	<b>2024</b>	<b>2023</b>
Opening balance	8,244	4,078
Investments during the year	-	3,000
Divestments during the year	-2,100	-
Reassignment from/to level 3	-10,292	3,008
Change in value <sup>1</sup>	5,149	-1,842
<b>Closing balance</b>	<b>1,000</b>	<b>8,244</b>

<sup>1</sup> This line corresponds to the effect on profit and loss.

## Sensitivity analysis

In the assessment of NEFCO's Level 3 assets, due consideration must be given to the inherent nature of the investments and the form of NEFCO's involvement. The investments - normally made in recently established entities - are assessed at fair value. NEFCO pursues an exit strategy requiring that the invested capital is recovered in its entirety at a reasonable interest. Typically, new investment involves an exit agreement with the majority investor (or project developer) setting out the conditions for NEFCO's withdrawal from the company. At a later stage, the companies are evaluated in terms of their financial performance in accordance with the exit agreement when exit is impending.

A sensitivity analysis is difficult to carry out because normally there is no active market for these shares. 10% increase (or decrease) in the value of the existing portfolio would add (deduct) EUR 0.1 million (2023: EUR 0.8 million) to the financial result.

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## Note 16: Maturity profile of financial assets and liabilities

The following table provides an analysis of the maturity of financial assets and liabilities at the end of the year.

2024 (EUR 1,000)	Carrying amount	Contractual cash flow	Up to and incl. 3 months	Over 3 months and up to and incl. 6 months	Over 6 months and up to and incl. 1 year	Over 1 year and up to and incl. 5 years	Over 5 years	Undefined
<b>Financial Assets</b>								
Cash and cash equivalents	31,134	31,134	31,134	-	-	-	-	-
Placements with credit institutions	33,891	34,603	8,201	12,292	10,219	-	-	3,891
Investment assets	23,278	23,384	-	1,107	-	15,518	3,010	3,750
Other placements	-	-	-	-	-	-	-	-
Loans outstanding	68,693	118,093	25,541	6,502	19,310	52,659	14,081	-
Other receivables	1,385	15,516	15,516	-	-	-	-	-
<b>Total</b>	<b>158,381</b>	<b>222,730</b>	<b>80,392</b>	<b>19,901</b>	<b>29,529</b>	<b>68,177</b>	<b>17,090</b>	<b>7,641</b>
<b>Financial Liabilities</b>								
Long-term debt	15,074	19,937	8,037	-	977	6,364	4,560	-
Other liabilities	5,068	4,913	2,288	240	480	1,432	179	294
<b>Total</b>	<b>20,142</b>	<b>24,850</b>	<b>10,325</b>	<b>240</b>	<b>1,457</b>	<b>7,796</b>	<b>4,739</b>	<b>294</b>
<b>Net during the period</b>	<b>138,239</b>	<b>197,880</b>	<b>70,067</b>	<b>19,661</b>	<b>28,072</b>	<b>60,382</b>	<b>12,352</b>	<b>7,347</b>
Loans agreed but not yet disbursed	18,272	18,272	-	-	-	-	-	18,272
Investment assets agreed but not yet disbursed	957	957	-	-	-	-	-	957
Borrowing agreed but not yet drawn	25,000	25,000	-	-	-	-	-	25,000

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2023 (EUR 1,000)	Carrying amount	Contractual cash flow	Up to and incl. 3 months	Over 3 months and up to and incl. 6 months	Over 6 months and up to and incl. 1 year	Over 1 year and up to and incl. 5 years	Over 5 years	Undefined
<b>Financial Assets</b>								
Cash and cash equivalents	26,716	26,716	26,716	-	-	-	-	-
Placements with credit institutions	29,388	30,187	6,164	8,254	12,381	-	-	3,388
Investment assets	17,938	19,115	-	70	-	6,350	9,694	3,000
Other placements	-	-	-	-	-	-	-	0
Loans outstanding	66,784	121,452	16,829	6,494	9,581	75,784	12,763	-
Other receivables	822	8,602	8,602	-	-	-	-	-
<b>Total</b>	<b>141,648</b>	<b>206,072</b>	<b>58,311</b>	<b>14,818</b>	<b>21,963</b>	<b>82,135</b>	<b>22,457</b>	<b>6,388</b>
<b>Financial Liabilities</b>								
Long-term debt	9,949	13,877	6,699	-	764	4,109	2,304	-
Other liabilities	6,026	5,870	1,935	405	670	1,799	429	634
<b>Total</b>	<b>15,974</b>	<b>19,747</b>	<b>8,634</b>	<b>405</b>	<b>1,434</b>	<b>5,908</b>	<b>2,733</b>	<b>634</b>
<b>Net during the period</b>	<b>125,673</b>	<b>186,325</b>	<b>49,677</b>	<b>14,413</b>	<b>20,529</b>	<b>76,227</b>	<b>19,725</b>	<b>5,754</b>
Loans agreed but not yet disbursed	24,287	24,287	-	-	-	-	-	24,287
Investment assets agreed but not yet disbursed	1,228	1,228	-	-	-	-	-	1,228
Borrowing agreed but not yet drawn	32,000	32,000	-	-	-	-	-	32,000

At 31 December 2024, EUR 3.9 million (2023: EUR 3.4 million) was pledged as collateral for the staff loans and is shown above as placements with credit institutions with undefined maturity.

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## Note 17: Exchange rates

The following exchange rates were used to convert monetary assets and liabilities from foreign currency into domestic currency:

		EUR rate 31.12.24	EUR rate 31.12.23
BYN	Belarussian rouble	3.40780	3.65325
DKK	Danish krone	7.45777	7.45324
GBP	British pound	0.82939	0.86892
ISK	Icelandic krona	143.9146	150.5169
NOK	Norwegian krone	11.7857	11.23847
SEK	Swedish krona	11.45513	11.08845
UAH	Ukrainian hryvnia	43.74785	41.95395
USD	US dollar	1.03932	1.10536

## Note 18: Post balance sheet events

There have been no material post balance sheet events that would require disclosure or adjustment to these financial statements.

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# Auditor's report

To the Control Committee of the Nordic Environment Finance Corporation.

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Nordic Environment Finance Corporation (the Corporation) which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information. The financial statements are included on pages 66-93 in this document.

In our opinion the financial statements present fairly, in all material respects, the Nordic Environment Finance Corporation's financial position as at 31 December 2024 and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Corporation in accordance with the International Ethics Standards Board of Accountants' Code of Ethics

for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information than the Annual Accounts

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included on page 1-65 and 98-103 but does not include the financial statements and our auditor's report thereon. We have obtained this other information before the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the Corporation's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users

taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Report on other requirements

### Opinion

In addition to our audit of the financial statements, we have also audited the administration of the Board of Directors and the Managing Director of the Nordic Environment Finance Corporation for the year 2024 in accordance with the Terms of the Engagement. In our opinion the administration of the Board of Directors and the Managing Director, in all material aspects, complied with the Statutes of the Corporation.

### Basis for Opinion

We conducted the audit in accordance with generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the Corporation in accordance with professional ethics for accountants and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Responsibilities of the Board of Directors and the Managing Director

All the powers of the Corporation shall be vested in the Board, which may, to the extent considered appropriate, delegate these to the Managing Director and/or to the Nordic Investment Bank based on Section 7 of the Statutes.

The Managing Director is responsible for the conduct of the operations of the Corporation and shall follow the guidelines and instructions issued by the Board of Directors.

## Auditor's Responsibilities

Our objective concerning the audit of whether the Board of Director's and the Managing Director's administration have complied with the Statutes of the Corporation, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect has acted in contravention of the Statutes.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect actions or omissions that can give rise to liability to the Corporation.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that



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are material for the operations and where deviations and violations would have particular importance for the Corporation's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion.

Helsinki, 26 February 2025

**Ernst & Young Oy**  
Authorized Public  
Accountant Firm

**Ernst & Young AB**  
Authorized Public  
Accountant Firm

**Terhi Mäkinen**  
Authorized Public  
Accountant

**Mona Alfredsson**  
Authorized Public  
Accountant

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# Statement by the Control Committee

Statement by the Control Committee of the Nordic Environment Finance Corporation on the audit of the administration and accounts of the Corporation.

## To the Nordic Council of Ministers

In accordance with section 9 of the Statutes of the Nordic Environment Finance Corporation, we have been appointed to ensure that the operations of the Corporation are conducted in accordance with the Statutes and to bear responsibility for the audit of the Corporation. Having completed our assignment for the year 2024, we hereby submit the following report.

The Control Committee met during the financial year as well as after the Corporation's financial statements had been prepared, whereupon the necessary control and examination measures were performed. The Corporation's Annual Report was examined at a meeting in Helsinki on 26 February 2025, at which time we also received the Auditors' Report submitted on 26 February 2025 by the authorised public accountants appointed by the Control Committee.

Following the audit performed, we note that:

- the Corporation's operations during the financial year have been conducted in accordance with the Statutes, and that
- the financial statements, which comprise the statement of financial position as at 31 December 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, are prepared in all material

respects in accordance with the accounting principles described in the notes to the financial statements. The financial statements show a profit of EUR 12,561,477.17.

We recommend to the Nordic Council of Ministers that:

- the result for year 2024 will be treated as proposed by the Board of Directors
- the statement of comprehensive income and the statement of financial position will be adopted, and
- the Board of Directors and the Managing Director will be discharged from liability for the administration of the Corporation's operations during the accounting period examined by us.

Helsinki, 26 February 2025

**Aud Lise Norheim**  
Chair

**Vilhjálmur Árnason**

**Noora Fagerström**

**Lars Püss**

**Sjúrdur Skaale**

**Truls Vasvik**

# Glossary

**BGFA**

Beyond the Grid Fund for Africa

**BHSF**

Barents Hot Spot Facility

**BIO**

Protection and Restoration of Biodiversity and Ecosystems

**BSAP**

The Baltic Sea Action Plan

**CC**

Control Committee

**CCA**

Climate Change Adaptation

**CCM**

Climate Change Mitigation

**CE**

Transition to Circular Economy

**CO<sub>2</sub>**

Carbon dioxide

**COP**

Conference of the Parties

**DNSH**

Do No Significant Harm criteria

**ESAP**

Environmental and Social Action Plan

**ESG**

Environmental, Social and Governance

**EU**

European Union

**GCF**

Green Climate Fund

**GHG**

Greenhouse gas

**GWh**

Gigawatt hours

**HELCOM**

The Helsinki Commission (or the Baltic Marine Environment Protection Commission)

**IDD**

Integrity due diligence

**IDP**

Internally Displaced Person

**IFI**

International Financial Institution

**ktCO<sub>2</sub>**

Kilo-tonnes of carbon dioxide, the unit of measurement for GHG emissions

**MCFA**

Modern Cooking Facility for Africa

**MSS**

Minimum Social Safeguards criteria

**NCM**

Nordic Council of Ministers

**NDF**

Nordic Development Fund

**NeCF**

NEFCO Carbon Fund

**Nefco investments**

Projects financed with Nefco's own capital

**Nefco**

The Nordic Environment Financing Corporation (The Nordic Green Bank)

**NIB**

Nordic Investment Bank

**NICA**

Nordic Initiative for Cooperative Approaches

**NMF**

The Nordic Environmental Development Fund

**NorCaP**

Norwegian Carbon Procurement Facility

**PPC**

Pollution Prevention and Control

**SC**

Substantial Contribution criteria

**Scope 1**

Direct emissions from owned or controlled sources

**Scope 2**

Indirect emissions from the generation of purchased energy

**Scope 3**

All indirect emissions, not included in Scope 2, that occur in the value chain of an organisation, including both upstream and downstream emissions

**SDG**

Sustainable Development Goals

**SMEs**

Small and medium-sized enterprises

**Trust fund projects**

projects financed through managed facilities on behalf of donors

**UN**

The United Nations

**WTR**

Sustainable Use and Protection of Water and Marine Resources

# Funds managed by Nefco in 2024

Fund or facility	Purpose	Contribution from
<b>Nefco's own capital</b>		
Nefco Investment Fund	Loan and equity-type financing for Nordic SME investments	Nefco's own paid-in capital provided by the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) and retained earnings
<b>Nefco as fund manager</b>		
<b>Nordic SMEs</b>		
Nordic Project Fund (Nopef)	Conditional loans/grants for feasibility studies for the internationalisation of Nordic SMEs outside the EU	Nordic Council of Ministers (NCM)
<b>Nordic SMEs and Eastern Europe</b>		
Nordic Environmental Development Fund (NMF and NMF Credits)	Soft loans (Energy Saving Credits) and grants for technical assistance to public projects in Eastern Europe  During 2024, NMF funds have also been used for the Nefco Green Recovery of Ukraine Programme and the Biodiversity Pilot Programme for Nordic SMEs	Initially funded by all the Nordic countries and Nefco, and currently by the Nordic Council of Ministers (NCM)
<b>Eastern Europe</b>		
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)
Fund allocations from the Ministry of Foreign Affairs of Denmark	Grant financing for selected cities in Ukraine to support their recovery actions with a focus on critical infrastructure	Denmark

Fund or facility	Purpose	Contribution from
Danida Sustainable Infrastructure Finance Programme (DSIF)	Grant financing for selected cities in Ukraine to support their recovery with a focus on critical infrastructure, as well as non-commercial, sustainable infrastructure projects in other selected Eastern European Partnership countries to complement Nefco loans	Denmark
Green recovery for Ukraine / Finland	Grant financing for green reconstruction of municipal infrastructure, strong focus on schools and facilities serving IDPs	Finland
Green recovery for Ukraine / Sweden	Grant financing support for green recovery actions in Ukraine	Sweden
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
Norad technical assistance support	Grant financing for technical assistance for various recovery actions in Ukraine	Norway
Sweden Ukraine District Heating Fund (SUDH)	Grant financing to complement Nefco loans for sustainable projects aimed at modernising and improving Ukrainian district heating systems, now adapted for recovery actions	Sweden
Sida funds for Technical Assistance & Guarantee	Grants supporting investments in the Eastern European region	Sweden
Arctic Council Project Support Instrument (PSI) <i>Frozen</i>	Grants for pollution mitigation and biodiversity-related projects approved by the Arctic Council working groups	Finland, Iceland, Norway, Russia, the Sami Parliament of Norway, Sweden, the USA and Nefco
<b>Special Funds</b>		
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 and Sweden
Beyond the Grid Fund for Africa (BGFA)	Results-based financing to incentivise clean off-grid energy business models in Sub-Saharan Africa	Sweden, Denmark, Germany, Norway and in-kind contribution from Power Africa/USAID

Fund or facility	Purpose	Contribution from
Modern Cooking Facility for Africa (MCFA)	Results-based financing for incentivising modern clean cooking solutions in Sub-Saharan Africa	Norway, Sweden and the EU
Nordic Initiative for Cooperative Approaches (NICA)	Financing to demonstrate how international partnerships can scale up and accelerate ambitious climate action related to carbon market mechanisms under Article 6 of the Paris Agreement	Finland, Norway, Sweden, the Nordic Council of Ministers and Nefco
<b>Nefco accredited as implementing agency</b>		
<b>Eastern Europe</b>		
Eastern Europe Energy Efficiency and Environment Partnership (E5P)	Grants used as an incentive for municipal clients to take loans provided by implementing agencies such as Nefco; now also grants adapted for recovery actions in Ukraine	Denmark, Estonia, the EU, Finland, Germany, Iceland, Ireland, Latvia, Lithuania, Norway, Poland, the Slovak Republic, Sweden, Switzerland, Ukraine and the USA
EU NIP - Neighbourhood Investment Platform	Grants to complement other financing for capital-intensive infrastructure projects in EU partner countries  Repurposed for green recovery activities in Ukraine	The EU
EU NIP - Neighbourhood Investment Platform	Grants to complement other financing for capital-intensive infrastructure projects in EU partner countries.  Repurposed for green recovery activities in Ukraine	The EU
EU Repair of Critical Municipal Infrastructure	Grants to support the green recovery of Ukraine	The EU
EU Housing for Internally Displaced Persons (IDP)	Grants to support the green recovery of Ukraine	The EU
<b>Global</b>		
Green Climate Fund (GCF)	For providing and mobilising finance directly to private sector SMEs, small cities and municipalities for the implementation of climate projects in line with Nationally Determined Contributions and specific local needs and opportunities, focus on Eastern Europe; GCF project development for solar microgrids currently ongoing in Haiti	Parties to the United Nations Framework Convention on Climate Change (UNFCCC)

→ [Read more](#)

# NEFCO

*The Nordic Green Bank*

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