

Carbon Projects Stream: In Time for Compliance?

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NEFCO and Carbon Finance

- Nordic Environment Finance Corporation (NEFCO) is a risk capital institution and specialist fund manager, established in 1990 under international treaty by the five Nordic governments
- Since 2003 it has been the Fund Manager of the Baltic Sea Region Testing Ground Facility (TGF), a €35m regional carbon procurement fund vested as a public - private partnership
- NEFCO Carbon Fund launched in early 2008, focusing on CDM in China, India, rest of Asia and Africa.
- Carbon funds under management are currently €115 million
- Bulk of carbon finance investments include renewable energy & energy efficiency components

The CDM / JI Experience in Nordic Region

- Nordic Governments have been early and enthusiastic market participants in CDM and JI
- Initially a lot of unfounded optimism on project performance, more recently:
 - bottlenecks in international processes
 - financial crisis to impact supply
 - Many took action to replace projects either directly or through funds by NEFCO, World Bank etc
- This may still not be enough for Kyoto compliance
- However there is little or no appetite in Nordic countries for sovereign sCER or AAU purchases



Opportunity Areas for Government

- A legitimate Kyoto compliance route
- Significant opportunities in Russia, Ukraine and CEE countries
- Possibility to offer flexible and innovative financing schemes, for example with post 2012 revenues
- Possibilities for much needed sectoral / programmatic approaches
- However,
 - little experience, no established Kyoto rules
 - scope and terms are to be negotiated bilaterally



Nordic Government Perspectives on GIS / AAU Trades

- Successful government programmes
- Some Nordic government obligations downscaled i.a. due to NAP adjustments
 - enhanced role for private sector
- Key concerns are driven by public acceptability and general unease on use of excess allowances and not simply compliance issues:
 - transparency and accountability (measureable and verifiable results)
 - environmental integrity
 - clear procedures and criteria
- Leads to an emphasis on "hard greening" where above concerns can be assuaged



For further information contact:

For additional information, please visit
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