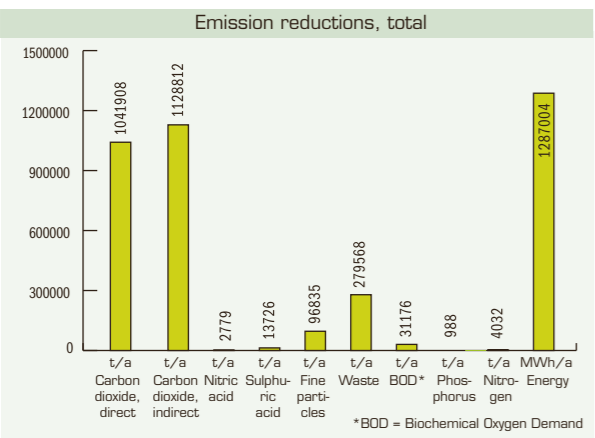


What can NEFCO offer your enterprise?

- Several financial instruments and competitive loans or capital investments
- Legal and financial competence
- Solid expertise in environmental issues
- NEFCO's participation reduces the economic risks of the investment, and facilitates the implementation of the project
- Local knowledge and long experience of environmental financing in Russia, Ukraine, Belarus, Estonia, Latvia, and Lithuania
- A wide network of contacts, which includes local authorities and financial institutions as well as private and public enterprises in the Nordic countries and Eastern Europe



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Case studies



Manure as business

NEFCO has provided financing for about twenty agricultural projects in the Baltic countries and Russia through its fund for agricultural projects. The most recent example is a project in Ukraine where NEFCO is cooperating with a Danish enterprise, Halychyna Zahid, which bought a Ukrainian pig farm in 2001. The farm is now being modernized and refurbished, partly with financing provided by NEFCO's Investment Fund.

The pig farm, which has around 50,000 pigs, is located near Kavske village, which is about 70 km south-west of Lviv.

As part of the project, NEFCO is financing a biogas reactor, which will generate energy for heating and ventilating the farm buildings and thus improve the living conditions and welfare of the pigs. Replacing fossil fuel with biogas will save the farm nearly EUR 670,000 per year. The project is also having other positive impacts on the environment. The modernization of the pig farm has resulted in the removal of the old insulation material, which contained asbestos, a carcinogenic substance.



A glimmer of light in the metal industry

Neva Ferrit Ltd, headquartered in St. Petersburg in Russia, is a subsidiary of Ferroprigor which manufactures a wide range of ferromagnetic products for the Russian metal industry.

NEFCO approved a loan which enabled the company to purchase a new furnace. It was installed the very same year, replacing thirteen old furnaces. The finance was provided from NEFCO's Revolving Facility for Cleaner Production, which is part of the Nordic Environmental Development Fund.

This investment reduced Neva Ferrit's carbon dioxide emissions by approx. 430 tonnes per year from the time that the new furnace became operational. Since the introduction of this new technology, sulphur dioxide emissions have become a thing of the past. And, thanks to lower energy consumption, Neva Ferrit Ltd now saves about EUR 179,000 per year, which enables it to comfortably service its NEFCO loan. The total investment cost of this project was EUR 490,000.



Financing for a better environment



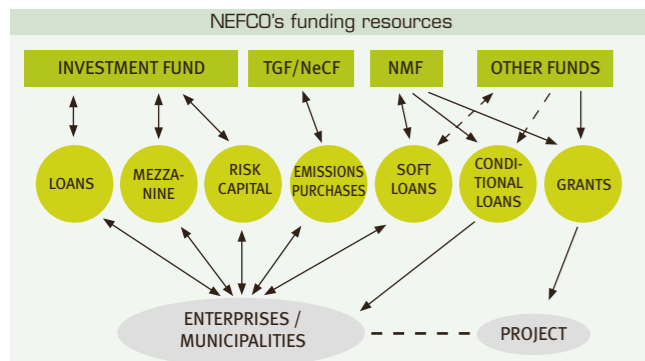
NEFCO in a nutshell

The Nordic Environment Finance Corporation, NEFCO, is an international financial institution established in 1990 by the Nordic countries – Denmark, Iceland, Norway, Sweden and Finland. Its primary objective is to finance cost-efficient environmental projects in its neighbouring areas in Eastern Europe. NEFCO is headquartered in Helsinki, adjacent to the Nordic Investment Bank (NIB).

NEFCO administers a number of funds targeted towards environmental projects in Russia, Ukraine and Belarus, and currently also in Estonia, Latvia and Lithuania for a limited period of time. Furthermore, it has initiated a pilot programme in China. NEFCO provides financing for projects which aim at reducing environmentally hazardous emissions and discharges, such as greenhouse gases and toxic pollutants. Many of its projects help to reduce the discharge of nutrient salts into the Baltic Sea, thus combating eutrophication.

NEFCO offers loans, subordinated loans and soft credits for enterprises and municipalities, which invest in environmental projects within NEFCO's area of operation. NEFCO may also enter into partnerships with local enterprises which carry out environmental projects in countries where it operates. To facilitate its operations in Russia and Ukraine, NEFCO has local consultants in St. Petersburg, Novgorod, Kiev and Donetsk.

Each project financed by NEFCO must fulfil certain environmental criteria and the reductions in emissions and discharges must be quantifiable. Further information on these criteria can be found on our website at www.nefco.org. Each project application is carefully analyzed by NEFCO's legal advisors, investment managers and environmental experts before being presented to its Investment Committee. NEFCO's Board, consisting of representatives from all the Nordic countries, makes the final investment decisions.



NEFCO's major funds

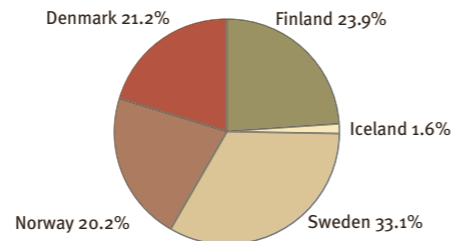
Investment Fund (IF)

With a capital of EUR 113.4 million, NEFCO operates as a partner, lender or guarantor in economically viable projects. The projects must, however, produce relevant environmental impacts in order to merit financing. NEFCO gives priority to projects that have positive environmental effects not only for the project country but also for the Nordic region, emphasising mainly on projects that reduce harmful discharges into waterways and seas as well as reduce crossborder airborne emissions and greenhouse gas emissions.

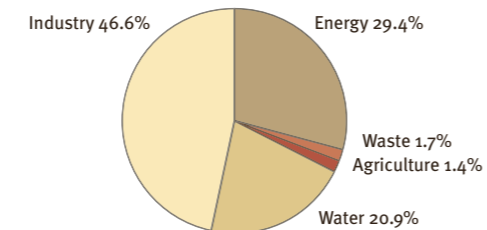
The long-term participation of a Nordic partner is a prerequisite for the project to receive financing. This participation may include various forms of direct investment by a private or public enterprise. It can also be a project involving long-term deliveries. Nordic cooperation within the municipal sector, with the Investment Fund acting as financier, is also acceptable.

NEFCO requires projects that it is involved in to meet reasonable profitability criteria, but as long as this can be achieved, the primary focus is, however, on the positive environmental impacts. NEFCO always carefully examines the technical feasibility and financial profitability of all projects. The Investment Fund provides capital investments or loans at market rates. Generally, the maximum investment loan per project is EUR 4 million. In capital investments, NEFCO's financing portion does not generally exceed 50 per cent of the total investment. Regarding share capital, the financing portion is usually around 30 per cent.

DISTRIBUTION BY COUNTRY OF INTEREST



DISTRIBUTION BY SECTOR



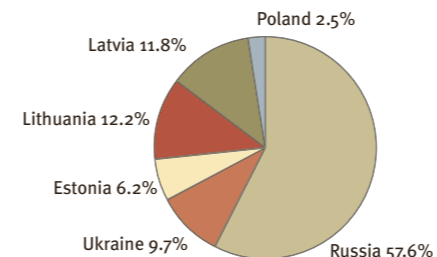
Nordic Environmental Development Fund (NMF)

The Nordic Environmental Development Fund (NMF) manages funds of EUR 60 million, and is the financial instrument for so-called "concessional financing", i.e. loans provided at a more favourable rate than the prevailing market rate. The purpose of this fund is to support the profitability of urgent environmental projects, enable greater risk-taking in financing, advance the implementation of projects or support additional environmental investments. The Fund may provide financing for projects in Russia, Ukraine and Belarus.

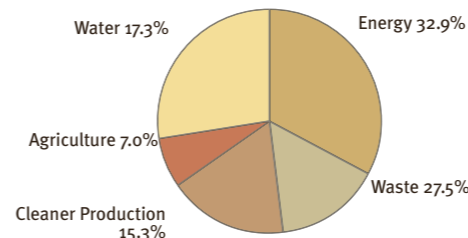
At present, the majority of NMF's financing initiatives involve revolving financing mechanisms in which the funds are to be repaid to the NMF. These are normally favourable credit arrangements intended to support cleaner technology and energy saving as well as environmental investments in agriculture. The technical applications should be based on the best available technology compliant with the existing financial circumstances and local conditions. Technical equipment or services, financed by the Fund, may be purchased in accordance with Nordic, local or international procurement processes.

NEFCO may finance up to 90 per cent, or a maximum sum of EUR 400,000 of the investment costs in projects which receive funds from revolving credit programmes.

DISTRIBUTION BY COUNTRY OF OPERATION



DISTRIBUTION BY SECTOR



Carbon Finance and Funds, TGF and NeCF

NEFCO administers two carbon funds, or more correctly, carbon procurement vehicles, providing financing for projects which combat climate change. The Baltic Sea Region Testing Ground Facility (TGF) is a regional climate fund in which public and private financing are united for climate-related investments. It has capital of EUR 35 million. The purpose of this fund is to purchase cost-efficient emission credits for its investors. TGF provides financing for Joint Implementation projects within the framework of the Kyoto Protocol, via the purchase of emission credits. The Fund focuses on energy projects in Estonia, Latvia, Lithuania, Poland, Russia and Ukraine. TGF's investors include the Nordic countries, Germany and nine private enterprises.

The NEFCO Carbon Fund (NeCF) is a global carbon credit fund established in April 2008. It administers capital of EUR 72 million. NeCF enables investments in projects which reduce carbon emissions, in accordance with the flexible mechanisms in the Kyoto Protocol. NeCF is directed towards investors with compliance obligations under the framework of the EU Emission Trading Scheme.

NeCF provides financing for environmental projects which fulfil the requirements of the Kyoto Protocol in the Joint Implementation or Clean Development Mechanism. In practice, the bulk of these projects involve a more efficient use of energy or investments in renewable energy.

TGF and NeCF are public-private partnerships administered by NEFCO, but they have their own Investment Committees with investor representatives.

