

A photograph of several white wind turbines against a blue sky with scattered white clouds. The turbines are positioned on the left side of the slide, with one in the foreground and others receding into the distance.

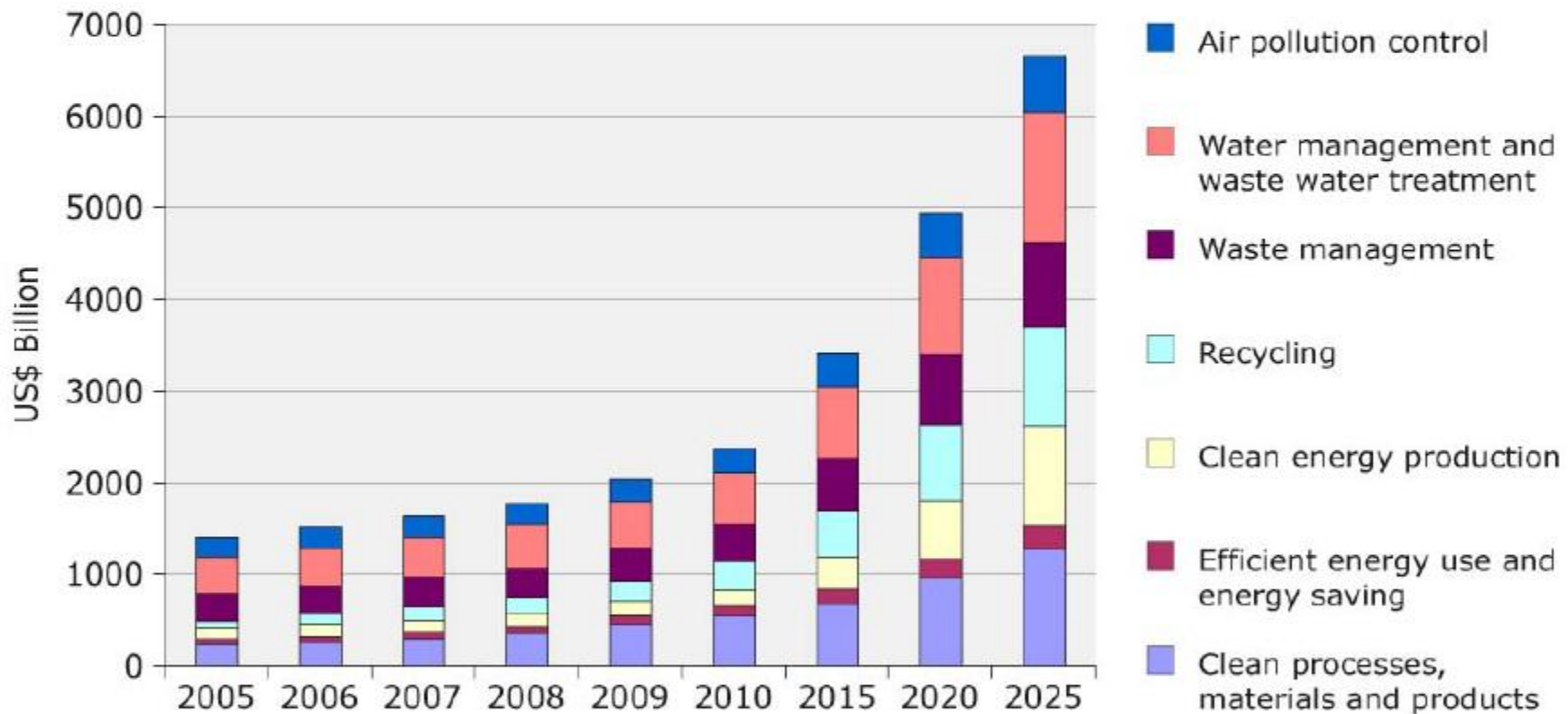
Financing environmentally sustainable development in Eastern Europe

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Tracking environmental investments

- environmental investments in Eastern Europe have an annual growth rate of approximately 8 % (before the recession)
- the total turnover for environmental investments in Eastern Europe is valued at EUR 12 billion
- the global market for cleantech business is valued at USD 2000 billion and the annual growth rate in this sector is estimated at 10-15 % (before the recession)
- the international financial institutions important players in environmental lending

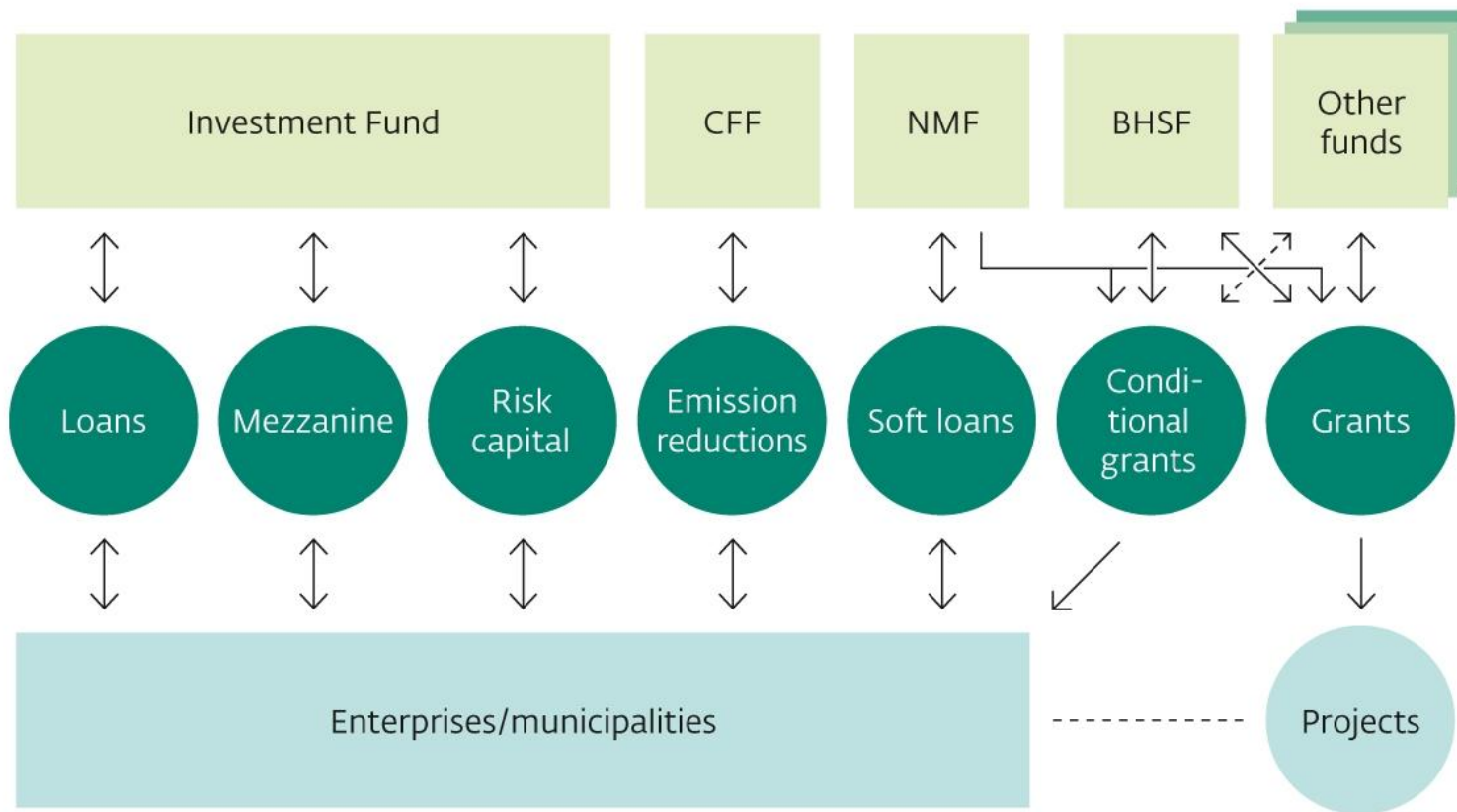
Cleantech is the fastest growing technological and investment sector



NEFCO in a nutshell

- international financial institution, established 1990 by the Nordic governments. Headquarters are in Helsinki, Finland
- we administer funds to a total value of 383 million euros
- NEFCO provides loans and capital investments for environmental beneficial projects of interest to the Nordic countries
- geographic mandate: Russia, Ukraine, Belarus, Estonia, Latvia and Lithuania
- priorities: mitigation of climate change, curbing eutrophication in the Baltic Sea, prevention of toxic discharges and eliminations of environmental hot spots in the Arctic and Barents regions
- 30 employees and 6 locally hired consultants

NEFCO's funding resources



NEFCO's presence in Ukraine

- NEFCO started operations effectively in Ukraine in 2007
- our current project pipeline lists 85 projects in Ukraine
- the Ukrainian share of NEFCO's loan portfolio has increased from 7.8 per cent in 2007 to 11.5 per cent in 2009
- 17% of the loans from the Nordic Environmental Development Fund were granted for Ukrainian projects
- local office with 4 locally contracted consultants in Kyiv
- the framework agreement was ratified by the Ukrainian parliament in September
- the most common types of projects relate to; energy efficiency, renewable energy and cleaner production

Financial criteria

- the project has to be implemented within our geographic mandate
- only financially bankable investments
- tested technology must be applied
- the project must deliver measurable reductions of emissions or discharges
- ecological cost efficiency

Ecological goals

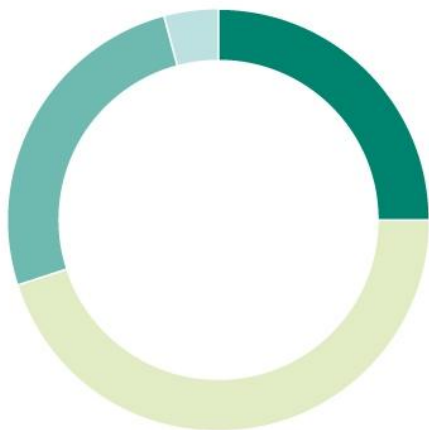
- Reduced emissions to the atmosphere
- Less water pollutants
- Reduced contamination of soil
- Saving raw material
- Less hazardous waste
- Less energy used



Distribution by sector

Investment Fund

Distribution by sector



- Water 25%
- Industry 45%
- Energy 26%
- Waste 4%

Nordic Environmental Development Fund

Distribution by sector



- Water 15%
- Agriculture 10%
- Waste 16%
- Energy 32%
- Industry 27%

Distribution by country

Investment Fund

Distribution by country



- Estonia 9%
- Latvia 13%
- Lithuania 11%
- Poland 12%
- Slovakia / Czech Rep. 1%
- Russia 48%
- Ukraine 6%

Nordic Environmental Development Fund

Distribution by country

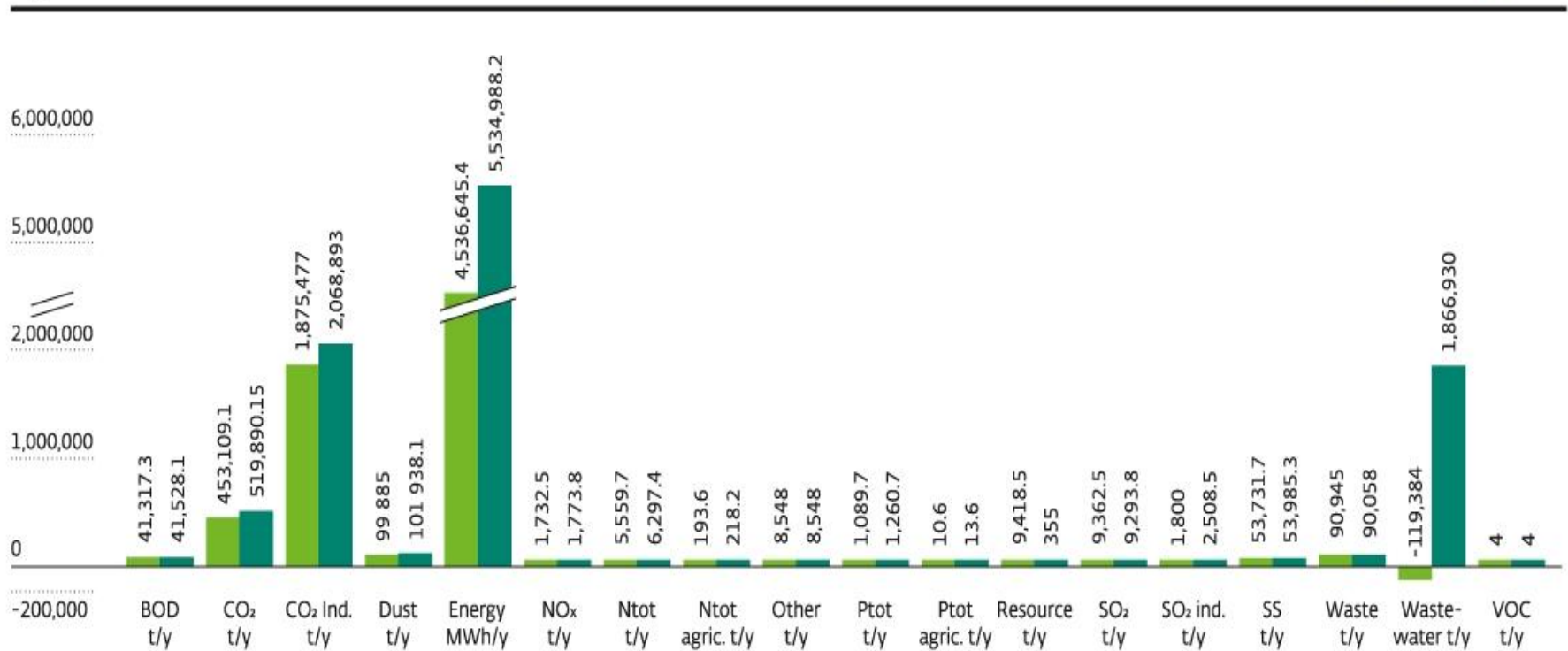


- Estonia 4%
- Latvia 12%
- Lithuania 5%
- Poland 2%
- Russia 60%
- Ukraine 17%

NEFCO's emission reductions 08/09

Figure 1 NEFCO – Total reductions

● 2008 ● 2009



The facility for Cleaner Production

- maximum loan amount EUR 350,000
- loans in UAH being considered
- NEFCO can finance up to 90 % of the project's investment costs
- Interest 6%
- payback period 2-4 years
- security: 125% of the loan amount
- Standard Loan agreement
- the repayment of the loan is tied to the savings the project generates



Production of light bulbs in Lviv, Ukraine

Example - Lviv, Ukraine

- credit programme with Bank Lviv for lending of capital to projects supporting energy savings
- the programme comprises EUR 3 million
- Bank Lviv provides one third of the capital
- loans have i.e. been provided for instalment of frequency converters



Example - Archangelsk, Russia

- usage of sawdust and bark for energy production
- customers: the local sawmills
- the heat is used for drying timber and heating the buildings in the area
- two 2.5 MW boilers consume some 15,000 m³ of bark and 4,800 m³ of sawdust/year



Example - Kavske, Ukraine

- pig farm with 50,000 pigs in Kavske in the Lviv region
- biogas production will save some EUR 670,000 in heating costs per year
- improved, energy saving ventilation of the buildings
- other benefits: removal of old insulation containing asbestos



Example - Kyiv, Ukraine

- Kyivkhib No. 2 and 10 in Kiev
- loan for cleaner production
- replacement of ovens saving 213,000 MWh or 4,318 tonnes of CO2 per year
- the electricity expenses were reduced by 10 per cent



Example – Odessa, Ukraine

- paint manufacturing in Odessa, Ukraine
- only waterborne paints are produced
- total investment over EUR 10 million, NEFCO invests EUR 2.2 million in equity
- Direct environmental benefits through production and less truck transfers from Estonia (CO² savings)
- financiers: NEFCO, Swedfund og Eskaro AB

Why cooperate with NEFCO?

- NEFCO's financing reduces the project risks
- NEFCO has long and solid experience of financing projects in Ukraine
- we offer a wide range of different financial instruments
- environmental and financial expertise, local presence in Ukraine
- useful networks to environmental players in the Nordic region and Ukraine

www.nefco.org

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