

NEFCO Carbon Finance and Funds

Operational Review 2009



Carbon Financing for
Sustainable Energy
Investments

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1 Review of Operations by the Fund Manager

The year 2009 was characterised by difficult economic conditions in tandem with a challenging political environment in which to progress climate change policy. However, the year witnessed good progress by the carbon funds administered by NEFCO, despite a difficult trading environment globally which has affected the financing climate for sustainable energy investments in general, and weaker carbon prices in particular in the first half of 2009. The price collapse at the beginning of the year led to a stagnation of the primary market, whereby few new deals were transacted in the market. Although prices have recovered in the latter part of the year and remained relatively stable, overall activity in the market is much reduced due also to the closing Kyoto window of opportunity and post-2012 uncertainty. Against this backdrop, the Fund Manager has continued to be active in the market, enhancing the overall financial viability of those investments. By year end, a total of 18 Emission Reductions Purchase Agreements (ERPAs) were in place, located in Estonia (3), Lithuania (3), Russia (6), Ukraine (1), China (4) and Vietnam (1).

There have been continuing bottlenecks and delays in the project cycle during the year, and analysts continue to downgrade the CDM/JI pipeline to reflect their impacts on the supply side of the market. Regulatory uncertainties are however being addressed through CDM reforms, but insufficient predictability in terms of rules and process have continued to slow the potential uptake of carbon financing opportunities during the year. In particular, there

are concerns impacting the eligibility of certain renewable energy technologies such as wind and, to a lesser extent, hydro in China.

Notwithstanding external market constraints, the NEFCO Carbon Fund (NeCF) has seen a high level of project activity throughout the year. The deal flow has been strongest in China, India and Southeast Asia where a large number of projects have been evaluated. The technology emphasis in all territories remains on renewable energy and energy efficiency. By year-end, five ERPAs had been signed, including the first project encompassing both Kyoto and post-Kyoto vintages, a small hydro investment in Vietnam, signed in December 2009. In addition, there were seven outstanding Letters of Intent (LoIs) signed for projects in China, Thailand and Vietnam. In total, over half the fund capital was allocated at year-end.

Project identification work also commenced in Africa, with conferences and outreach missions undertaken in Egypt and South Africa, and LoIs were signed for biomass projects in Nigeria and South Africa (which did not proceed to ERPA stage). The Fund Manager continues to negotiate on CDM projects in sub-Saharan Africa, and has explored opportunities in Southeast Europe and the Caucasus region.

In Eastern Europe, the TGF has seen a significant consolidation and de-risking of its portfolio, with a number of non performing projects removed due to financing difficulties and regulatory uncertainties in the Russian Federation. These have been replaced by new procurement in larger projects, principally

through secondary transactions given the lack of suitable primary market opportunities in JI. As a result, the Fund Manager has been able to conclude the active procurement phase in 2009, and the TGF fund was over-allocated by agreement with the Investors. The TGF also saw its first deliveries of early credit AAUs and ERUs in this year from the Benaiciai wind project in Lithuania, as well as new project registrations in Lithuania (Track 2) and Estonia (Track 1). A significant energy efficiency project at a coke plant in eastern Ukraine was concluded. The project has received a Letter of Approval from the Kyiv authorities and Track 1 registration in January 2010.

The JI mechanism continues to suffer from regulatory uncertainty in the largest potential market, Russia, with no Letters of Approval (LoAs) issued in that country, although new streamlined procedures were published in October 2009. This remains the principal area of challenge in the TGF's work programme for 2010, since the Russian projects account for over half the portfolio.

In September 2009, a new grant facility, the Nordic Climate Facility (NCF) was launched in cooperation with the Nordic Development Fund (NDF), a sister institution co-located with NEFCO in Helsinki. NCF funds technological innovation in areas susceptible to climate change such as: energy, transport, water and sanitation, health, agriculture, forestry as well as other areas related to natural resource management. NEFCO has developed a good working relationship with NDF, and is collaborating on other carbon financing opportunities in

line with its new climate mandate. In addition, the CFF Unit has been broadening its climate cooperation within the Nordic region, and with UN agencies, bilateral financing institutions and the multilateral development banks.

In December 2009 at the Copenhagen Climate Conference, no formal consensus was reached on a new global architecture for climate change mitigation, and the post-2012 role of the CDM remains somewhat unclear. The market has been largely unaffected by the lack of firm mandate from the Copenhagen conference since expectations had been low, but some statements from the text

of the Copenhagen Accord offer hope for continued progress in 2010, the year of NEFCO's 20th Anniversary. In the short term, unilateral action will define the shape and size of the carbon markets, notably in North America but greater clarity is also required from the EU on the volumes and types of credits that will be permitted in EU's own Emissions Trading Scheme (EU ETS) after 2010. In the coming years, NEFCO will continue to work with its public and private sector Investors to meet their requirements for high quality emission reduction credits from sustainable energy and related investments.

January 2010

Ash Sharma

Head

Carbon Finance and Funds Unit

Magnus Rystedt

Managing Director

NEFCO

2 NEFCO Carbon Fund (NeCF)

The NEFCO Carbon Fund (NeCF) is a global carbon fund based on a public-private partnership model, launched in March 2008 for the purchasing of greenhouse gas emission reductions under Joint Implementation (JI) and the Clean Development Mechanism (CDM).

The NeCF invests in a wide typology of projects by providing carbon finance to renewable energy, energy efficiency, fuel switching and other investments. The principal target markets are east, south and southeast Asia and Anglo-phone Africa, although the fund is open to other developing or transition economies.

Investors in NeCF

The NeCF is directed towards private investors (corporate entities with compliance obligations under the EU Emissions Trading Scheme, or EU ETS) and sovereign investors.

Public Sector Investors

- Denmark
- Industrialisation Fund for Developing Countries (Denmark)
- Finland
- Norway
- Nordic Environment Finance Corporation

Private Sector Investors

- DONG Energy (Denmark)
- EPV Energy (Finland)
- Kymmivoima (Finland)

As of December 2009, EUR 86.6 million had been raised from the Investors.

In addition, existing pledges raised imply financial resources of up to EUR 100.6 million.

Projects

The NeCF invests in a wide range of greenhouse gas mitigation projects including – but not limited to – renewable energy projects (e.g. biomass, small-scale hydropower, wind, geothermal), energy efficiency and fuel switching.

Projects should be in line with the requirements of the Kyoto Protocol, in particular the fulfilment of the requirements of the JI Supervisory Committee and CDM Executive Board, and the eligibility criteria under the EU ETS.

As of December 2009, the NeCF had signed five contracts for the purchase of 1.6 million Certified Emission Reductions (CERs) from two renewable energy projects, two waste recovery and power generation projects in China, and a small hydro project in Vietnam. In addition, the NeCF had valid Letters of Intent (LoIs) on four further projects at year-end.

During the course of 2009, a number of further LoIs were signed but these projects were not contracted due to issues raised during the due diligence phase.

Regulatory and market overview

The year 2009 witnessed continuing bottlenecks and delays in the CDM project cycle, and the average number of days a CDM project spends at validation stage has increased by two months over the last year. Furthermore, the restrictive stance on assessment of additionality taken by the CDM Executive Board has

resulted in a larger volume of rejections, requests for review and corrections. Accordingly, market analysts continue to downgrade the CDM/JI pipeline to reflect these impacts on the supply side of the market. The Executive Board has also placed the Designated Operational Entities (DOEs) under further scrutiny, with the one of the largest entities suspended in September, but reinstated in December.

In particular, there are concerns impacting the eligibility of certain renewable energy technologies such as wind and, to a lesser extent, hydro in China. NEFCO has been carefully monitoring developments in the Executive Board so as to identify and mitigate methodological and additionality risk areas for project under contract, and remained in close contact with consultants and DOEs. The lead times for projects seeking registrations have lengthened to over 12 months in many cases, thereby reducing the amount of co-financing for project investments. Regulatory uncertainties are, however, being addressed through CDM reforms outlined at the Copenhagen conference, but insufficient predictability in terms of rules and process have continued to slow the potential uptake of carbon financing opportunities during the year.

The Copenhagen Climate Conference was unable to define an international framework for post-2012 climate policy and therefore the future of the CDM remains unclear. The range of outcomes for the mechanism during the climate policy negotiations is wide, and hence investor confidence is likely to remain muted in this period.

Case Study

Ban Coc Hydro Project



The Ban Coc hydro power-house generates approximately 75 Gwh renewable energy per year. Photo: Maija Saijonmaa

The Ban Coc 18 MW hydropower project is located in Chau Kim commune, Que Phong district, Nghe An province, northern Vietnam. Electricity supplied in Vietnam is generated mainly from fossil fuel sources and is solely distributed to consumers via the unique national electricity grid.

The project's purpose is to generate hydroelectricity from a clean and renewable source (hydropower of the Nam Giai stream) to supply to the national grid via a Power Purchase

Agreement (PPA) signed with the Electricity Corporation of Vietnam (EVN). The project's installed capacity and estimated annual gross power generation is 18 MW and 75,470 MWh, respectively. The net electricity generated (with an estimated annual volume of 74,715 MWh) will be supplied to the national grid via a newly constructed 35kV transmission line which connects between Ban Coc hydropower plant and 35/110kV Truong Banh transformer station.



Truong Banh transformer station in Vietnam. Photo: Maija Saijonmaa

3 Baltic Sea Region Testing Ground Facility (TGF)

The Testing Ground Facility has its origins in multilateral energy cooperation in the Baltic Sea Region. The energy ministers of the Baltic Sea Region countries and the European Commission decided in 1999 to enhance energy co-operation in the region with the creation of BASREC (Baltic Sea Region Energy Cooperation).

The objectives of the Testing Ground were originally:

- to build capacity and competence to use the Kyoto mechanisms and promote common understanding of concepts, rules and guidelines for use of the flexible mechanisms of the Kyoto Protocol, to promote realization of high quality projects in the energy sector generating emissions reductions;
- to collaborate in addressing administrative and financial barriers and the level of transaction costs, especially regarding small-scale JI projects;
- to facilitate generation, ensure issuance and transfer of ERUs and AAUs related to or accruing from JI projects and Emissions Trading.

Since then, the TGF has evolved into a commercially functioning carbon purchase fund based on the public-private partnership principle.

The TGF invests in projects owned and operated by private enterprises, public utility companies, public-private partnerships and municipal, regional or governmental authorities. Due to its BASREC origins, TGF operates only in Russia, the Baltic States and Ukraine and prioritises energy-related projects.

Investors in the TGF

The TGF is a public-private partnership which has investors from six governments and nine heat and power and industrial companies. It is capitalised at 35 million euro, split equally between public and private sectors.

Public Sector Investors

- Denmark
- Finland
- Germany
- Iceland
- Norway
- Sweden

Private Sector Investors

- DONG Energy (Denmark)
- Fortum (Finland)
- Gasum (Finland)
- Keravan Energia (Finland)
- Kymppivoima (Finland)
- Outukumpu (Finland)
- Vapo (Finland)
- Vattenfall Europe and Vattenfall Generation (Germany)



The TGF administers six ERPA stage projects in Russia. Photo: Patrik Rastenberger

TGF portfolio overview

The Fund Manager has sought to diversify portfolio risk across project types, with an emphasis on renewable energies and energy efficiency projects, and the TGF's countries of operation (Russia, the Baltic States and Ukraine), taking into account the technical and realizable potential in those markets.

Since 2005, over 90 Project Idea Notes (PINs) have been screened by the Fund

Manager and submitted as investment proposals to the TGF IC. The breakdown of these projects by project type and geography is presented below.

The graph shows a strong emphasis on renewable energy and energy efficiency projects, with the distribution of the former between wind and biomass/biogas technologies.

At the end of 2009, the TGF portfolio consisted of thirteen ERPA projects in

Russia (6), Estonia (3), Lithuania (3) and Ukraine (1), and the TGF's active procurement phase was effectively concluded, pending developments in Russia, which accounts for half the portfolio. During 2009, there was a significant consolidation of the TGF to remove non-performing projects and de-risk the portfolio. To replace these, several large transactions were concluded with major financial institutions including

Commerzbank (Germany), Macquarie Bank (Australia/UK) and Sumitomo Corporation (Japan). Upon Investor agreement, the TGF has over-allocated its capital to hedge against possible under-performance. In total, the Facility has committed, in the form of Emission Reductions Purchase Agreements (ERPAs), to buy over 4 million tonnes of carbon dioxide equivalent of emission reduction.

Figure 1a
**Project Idea Notes
by project type**

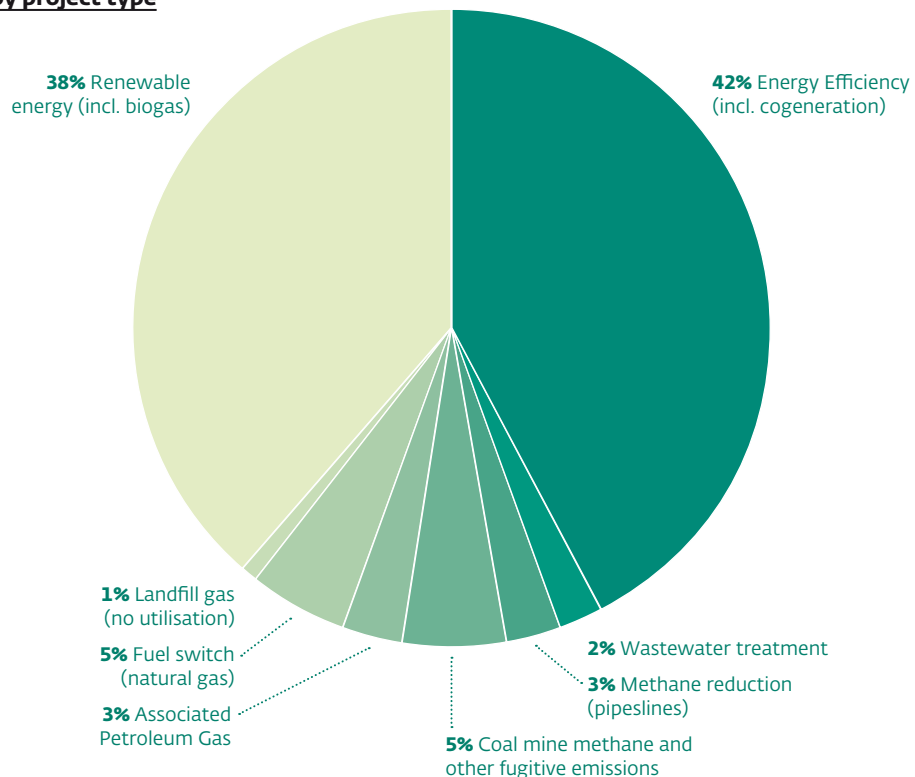
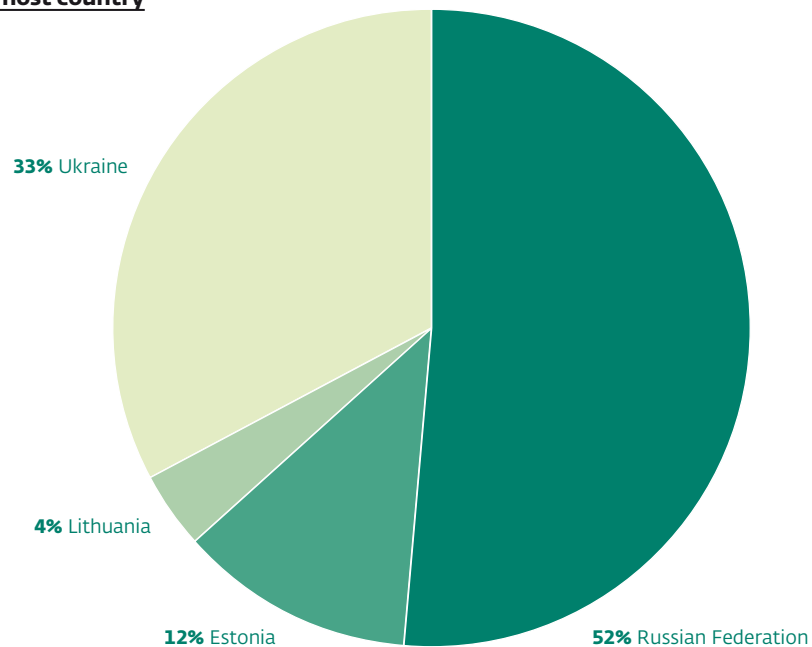


Figure 1b
**Project Idea Notes
by host country**





Chimney at Lapes, Lithuania. TGF's Lapes landfill gas utilisation project achieved its final JI-determination in January 2010. Photo: Hanna-Mari Ahonen



Estonia registered NEFCO's first wind farm project under the national JI-track 1 in December 2009. Photo: Nelja Energia

Regulatory and market overview

In 2009, the JI market struggled in the grip of the financial crisis. Nonetheless, 2009 was a historical year for JI with the first issuances and transfers of ERUs from JI projects, also for the Testing Ground Facility. The financial crisis and the rapidly closing window of opportunity for any new JI projects (for the Kyoto period of 2008–2012) has resulted in continued thinning of the JI market. Contractions in both demand and supply of ERUs left the JI market quiet and illiquid in 2009, narrowing the price difference of projects at different stages. In February 2009, TÜV-SÜD became the first Independent Entity to achieve accreditation, followed by SGS and Bureau Veritas in mid-year. This finally removed a key bottleneck and enabled the issuance of the first ever ERUs.

In August 2009, the Lithuanian Sudenai-Lendimai Wind Power Project became the second TGF project to achieve final determination under JI Track 2 and in October, the Lithuanian Benaiciai Wind Park Project became the first ever TGF project to deliver ERUs, as well as the second JI project in the world to generate ERUs under the international Track 2 procedures.

On the host country front, some long-awaited positive progress has taken place in Russia, who adopted new JI Rules in October to replace the JI Rules of May 2006, under which no approvals were issued in almost 2.5 years. The new rules are simplified and significantly reduce the number of institutions involved in assessing the projects. The TGF projects that have applied for JI approval under the old system must re-apply

once instructions have been published. Ukraine operationalised its Track 1 procedures in February 2009 and hosts an active pipeline of around 40 JI projects with complete documentation. Ukraine is also working on special procedures for small-scale and programmatic JI projects, as well as a late (i.e. post-2012) crediting scheme.

With the removal of the last remaining bottleneck for generating ERUs from Lithuanian projects – UN accreditation of Independent Entities – Lithuania was the first TGF host country to issue ERUs. Lithuania finalised its national procedures for ERU issuance and transfer in October 2008. The country has decided to rely on the international JI Track 2 procedures instead of a national JI Track 1 system. TGF's Lapes landfill gas utilisation project achieved its final determination in early January 2010 under this system. The Estonian JI approval process was on hold throughout 2009 due to Estonia's ongoing court case against the European Commission regarding the country's second National Allocation Plan. However, the long-awaited publishing of Estonia's national JI guidelines in January 2009 together with the accreditation of Independent Entities enabled Estonia to register the first JI projects under its national Track 1 procedures, including TGF's Viru-Nigula Wind Farm Project in December 2009.

Case Study

Alchevsk Coke Plant Waste Heat Recovery Project



Coke battery at Alchevsk coke plant in Ukraine.
Photo: CF Partners

In the Ukrainian city of Alchevsk, a coke plant is running more efficiently and combating global climate change with support from the TGF. The Alchevsk Coke Plant Waste Heat Recovery project was the first Ukrainian project to be contracted for the TGF. The project is estimated to reduce over 1.1 million tonnes of carbon dioxide emissions by the end of the year 2012 by displacing fossil fuel-based energy and avoiding the associated emissions. As a co-benefit, local air pollutants are also reduced.

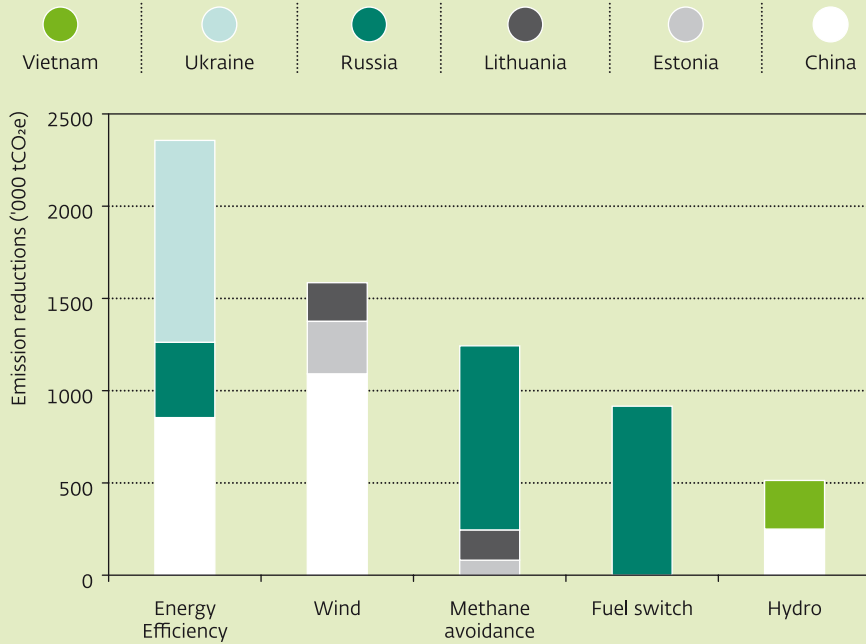
The project consists of captive cogeneration with waste heat recovery at Alchevsk Coke Plant to displace the use of natural gas and grid electricity. Prior to the project, a traditional method of coke wet quenching was used. The project introduces a modern coke dry quenching method, installed in October 2007, which enables the recovery of waste heat and its utilization to generate heat and electricity. The project entails installation of a waste heat recovery system, a highly efficient boiler firing coke oven gas and blast furnace gas and a 9 MW turbine generator connected to the boiler, generating up to 54 GWh per annum of net electricity. The boiler and turbine generator will be commissioned in February 2010.

The project progressed smoothly and swiftly through the required steps; the process from first contact to signed contract took less than six months. The project was first presented to NEFCO in late July 2009 and by mid-August, a Term Sheet had been signed, NEFCO's environmental screening completed and final approval granted by the TGF Investors' Committee. The TGF team conducted thorough environmental, financial, legal and technical due diligence during August and September. In October, the TGF team visited the site together with the project developer, Sumitomo Corporation. Meanwhile, Bureau Veritas performed the determination to confirm that the project fulfils international JI criteria. The determination was successfully finalised in November 2009 and host country approval was received the following month. The project was registered (achieved final determination) in January 2010.

4 Carbon Finance and Funds (CFF) Portfolio Overview

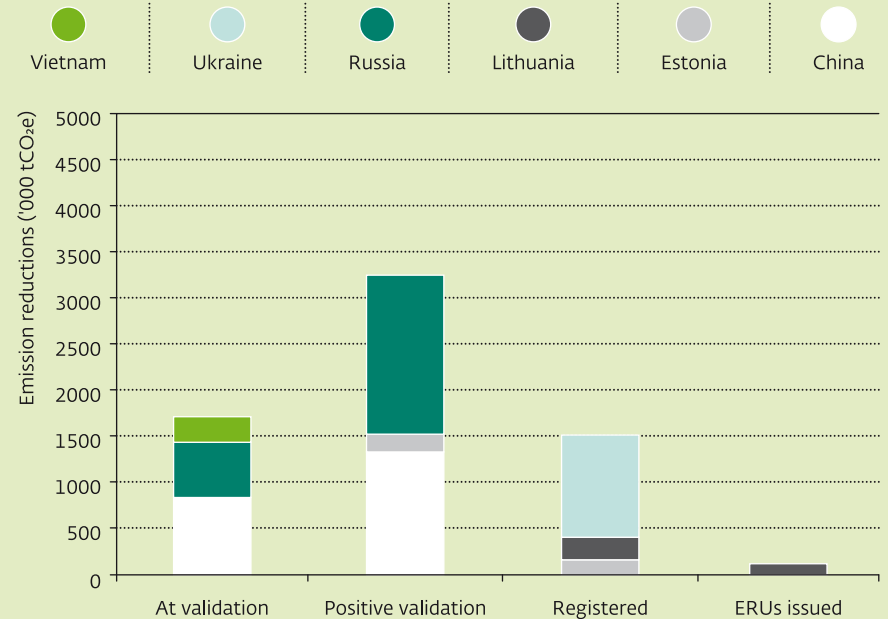
The Fund Manager has sought to diversify portfolio risk across project types, with an emphasis on renewable energy and energy efficiency projects, taking into account the technical and realizable potential in the carbon markets of different host countries.

Figure 2
Emission reductions from contracted CFF projects by host country and project type



The breakdown of emission reductions by project type demonstrates CFF's continuing emphasis on catalysing sustainable energy investments, notably renewable energy, particularly wind, solid biomass and biogas and energy efficiency.

Figure 3
Emission reductions from contracted CFF projects by host country and project stage



The breakdown by project stage shows that the majority of emission reductions is expected from projects that have achieved at least positive validation/determination, meaning that they have successfully passed independent scrutiny

and are awaiting confirmation of final status by the Executive Board (CDM), JI Supervisory Committee (JI Track 2) or the host country (JI Track 1).



Cement production in the Jiangsu province in China. The project utilises waste heat from the cement production to generate power. Photo: Maija Saijonmaa

Sustainable development benefits

CFF projects offer significant broader environmental and sustainability benefits as well as climate change mitigation. For energy sector projects, these include:

- cost savings through improved efficiency and reduced fuel consumption and energy losses;
- providing an additional financial impetus for the transition to a lower carbon economy, reducing reliance on increasingly expensive fossil fuels;
- reduced levels of local air pollution through elimination of coal and mazut (heavy fuel oil), with benefits for human health;
- reduced groundwater pollution through reduced release of nutrients (primarily for animal waste treatment systems);
- improved operational reliability and comfort levels for communities, (for example district heating rehabilitations) especially important in colder environments;
- employment related benefits through job creation and retention, also training and development of new skills, and
- capital investment, technology transfer and introduction of best practices through international cooperation.

Other Facilities and Initiatives

In September 2009, a new grant facility, the Nordic Climate Facility (NCF) was launched in cooperation with the Nordic Development Fund (NDF), a sister institution co-located with NEFCO in Helsinki. The NDF is a separate institution owned by the same member countries. The 4 million euro NCF encourages and promotes technological innovation

in areas susceptible to climate change such as: energy, transport, water and sanitation, health, agriculture, forestry as well as other areas related to natural resource management.

NEFCO has developed a good working relationship with NDF, and is collaborating on other carbon financing opportunities and facilities in line with that institution's new climate mandate. During 2009, NEFCO has also been engaging a wider range of stakeholders beyond its traditional networks in Eastern Europe, reflecting the global reach of its funds. This has included multilateral banks, bilateral development financial institutions and UN organs, in areas of project development and technical cooperation.

Making use of biomass at a power plant in China. Photo: Maija Saijonmaa



CFF Portfolio – Current TGF portfolio as of January 2010

Project and Location	Category	Emission reductions (tCO ₂ e by 2012)*	Status
Estonia: Biogas Energy Utilisation, Saaremaa	Renewable energy (biogas cogeneration), methane avoidance	89,000	Contracted
Estonia: 24 MW Wind Park, Viru Nigula	Renewable energy (wind)	330,000	Contracted (Track 1 Registration)
Estonia: 9 MW Wind Park, Vanaküla	Renewable energy	127,000	Contracted
Lithuania: 16.5 MW Wind Park, Benaiciai	Renewable energy (wind)	131,000	Contracted (Track 2 Final Determination)
Lithuania: Landfill Gas Energy Utilisation, Lapes	Renewable energy (landfill gas cogeneration), methane avoidance	152,000	Contracted (Track 2 Final Determination)
Lithuania: 6+8 MW Wind Parks, Sudenai and Lendimai	Renewable energy (wind)	79,000	Contracted (Track 2 Final Determination)
Russia: Waste Coke Oven Gas Utilisation, Khimprom	Energy efficiency (supply side)	354,000	Contracted
Russia: District Heating Rehabilitation, Strezhevoi	Energy efficiency (supply side)	70,000	Contracted
Russia: District Heating Fuel Switch and Rehabilitation, Priozersk	Renewable energy (biomass), fuel switch (to natural gas), energy efficiency (supply side)	155,000	Contracted
Russia: District Heating Fuel Switch and Rehabilitation, Kirov	Renewable energy (biomass), fuel switch (to natural gas), energy efficiency (supply side)	955,000	Contracted
Russia: District Heating Rehabilitation, Belokurikha	Energy efficiency (supply side)	395,000	Contracted
Russia: Associated Petroleum Gas, confidential	Methane avoidance (Associated Petroleum Gas utilisation)	1 million**	Contracted
Ukraine: Coke Plant Waste Heat Recovery, Alchevsk	Energy efficiency (demand side)	1.1 million	Contracted

* Estimated emission reductions based on latest version of the Project Design Document (PDD).

Note that NEFCO does not necessarily contract the full amount.

** NEFCO's share of project's estimated emission reductions.

CFF Portfolio – Current NeCF portfolio as of January 2010

Project and Location	Category	Emission reductions (tCO ₂ e)	Status
China: Xiangshui 201MW wind project, Jiangsu province	Renewable energy	1.4 million	Contracted
China: 19MW Hydro Project, SW China	Renewable energy	245,000	Contracted
China: Hongfeng Waste Heat Recovery for Power Generation, Jiangsu province	Energy efficiency	510,000	Contracted
China: Keneng Waste Heat Recovery for Power Generation, Jiangsu province	Energy efficiency	576,000	Contracted
China: 16MW Hydro Project, SW China	Renewable energy	115,000	Letter of Intent
China: 20MW Hydro Project, SW China	Renewable energy	171,000	Letter of Intent
China: District Heating Project, NW China	Energy efficiency	600,000	Letter of Intent
Thailand: 10MW Biomass project, north east Thailand	Renewable energy	226,000	Letter of Intent
Vietnam: 18MW Hydro Project, Nghe An province	Renewable energy	266,000	Contracted
Vietnam: 10MW Hydro Project, Son La province	Renewable energy	149,000	Letter of Intent
Vietnam: 15MW Hydro Project, Thanh Hoa province	Renewable energy	246,000	Letter of Intent
Vietnam: 12MW Hydro Project, Lao Cai province	Renewable energy	186,000	Letter of Intent

Governance

The governance of the funds is based on a set of Operating Guidelines or Participation Agreement and overseen by an Investors' Committee, which meets usually four times a year. The Chair of the Committee was held in 2009 by Norway (NeCF) and Germany (TGF).

At the end of 2009 the NeCF Investors' Committee had the following composition:

Kenneth Topgaard Chmura

DONG Energy (Denmark)

Inge Gerhardt-Pedersen

Danish Energy Agency (Denmark)

Barbara Appel

Ministry of Environment (Finland)

Natalia Svejgaard

Industrialisation Fund for Developing Countries (Denmark)

Magnus Rystedt

NEFCO (as Investor)

Jon Kristian Pareliussen

Ministry of Finance (Norway, Chair)

Jani Vesanto

Kymmivoima (Finland)

Tomi Mäkipelto

EPV Energy (Finland)

At the end of 2009 the TGF Investors' Committee had the following composition:

Bengt Boström

Swedish Energy Agency (Sweden)

Inge Gerhardt-Pedersen

Danish Energy Agency (Denmark)

Kenneth Topgaard Chmura

DONG Energy (Denmark)

Barbara Appel

Ministry of Environment (Finland)

Måns Holmberg

Fortum (Finland)

Uwe Schröder-Selbach

Federal Ministry for Economics and Technology (Germany, Chair)

Helga Barðadóttir

Ministry of Industry and Commerce (Iceland)

Line Sunniva Flottorp Østhagen

Ministry of Petroleum and Energy (Norway)

Asko Dahlbom

Vapo (Finland)

Antje Buder

Vattenfall Berlin (Germany) and Vattenfall Generation (Germany)

CFF Staff

The Carbon Finance and Funds Unit currently operates with 10 full time staff, and in addition, draws significantly upon the resources of the NEFCO team in terms of environmental and technical due diligence and financial administration.

Local climate change experts in Ukraine and Russia (located in Kyiv and St. Petersburg) have been trained in the application of carbon finance and are managing JI projects in TGF's principal countries of operation. The unit also has a senior representative based in Singapore, servicing the Asian market.

CFF staff during 2009 (based in Helsinki, unless otherwise indicated) were:

Ash Sharma

Head of Unit (coordination, origination, investor relations)

Lotta Aho

Legal Counsel (legal, contractual and institutional issues)

Hanna-Mari Ahonen

Project Manager, Joint Implementation

Janika Blom

Legal Counsel (legal, contractual and institutional issues)

Raili Kajaste

Chief Technical Advisor (technical due diligence, environmental)

Majja Saijonmaa

Project Manager, Clean Development Mechanism

Vladimir Morozov

(project management in Ukraine), based Donetsk (until September 2009)

Vasyl Vasylenko

(project management in Ukraine), based in Kyiv

Tina Nyberg

(Administration matters)

Kimmo Siira

(origination & project management in Asia), based in Singapore

Kari Hämekoski

Manager (starts 1st February 2010)

Further Information

For additional information on
NEFCO CFF, please visit
<http://www.nefco.org/cff>
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This NEFCO publication has been
printed on FSC certified paper.
Graphic design: Mikko Luotonen
Cover photo: Patrik Rastenberger



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The Carbon Finance and Funds (CFF) operations of the Nordic Environment Finance Corporation (NEFCO) expanded in both volume and scope in 2009, against a backdrop of difficult economic conditions globally and political uncertainty regarding international climate policy. The NEFCO Carbon Fund (NeCF), now with financial resources exceeding 100 million euro, has been active in sustainable energy investments in Asia and Africa. NEFCO's pioneering Baltic Sea Region Testing Ground Facility (TCF), a 35-million-euro regional carbon finance facility, concluded its active procurement and entered fund administration phase in 2009. Both funds are structured as public-private

partnerships with investments from governments and private sector utilities and industrial companies and act as compliance vehicles that purchase Certified Emission Reductions (CERs) and Emission Reduction Units (ERUs) from projects that reduce greenhouse gas (GHG) emissions under the Kyoto Protocol. In 2009, a new technical assistance fund, the Nordic Climate Facility (NCF) supporting mitigation and adaptation actions for the poorest countries was launched, in association with the Nordic Development Fund (NDF). The funds are managed by the CFF Unit of NEFCO, an international financial institution owned by the five Nordic Governments, based in Helsinki.

