

Financing mechanisms of environmental investments– case NEFCO

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- ◆ **Implementation of env. projects require investments leading to emission reductions**
- ◆ **Business enterprises are both project (problem) owners and providers of solutions**

Drivers

Business enterprises react to incentives:

Carrots

- ◆ **Improved profitability (win-win solutions)**
- ◆ **New business opportunities**
- ◆ **Economic incentives (subsidies, tax rebates)**
- ◆ **Image**

Sticks

- ◆ **Enforcement of environmental regulation
(e.g. threat of business being stopped)**
- ◆ **Penalties, fees & other sanctions**
- ◆ **Economic instruments (taxes)**

The role of financing

Lack of financing is frequently mentioned as a reason for insufficient environmental action.

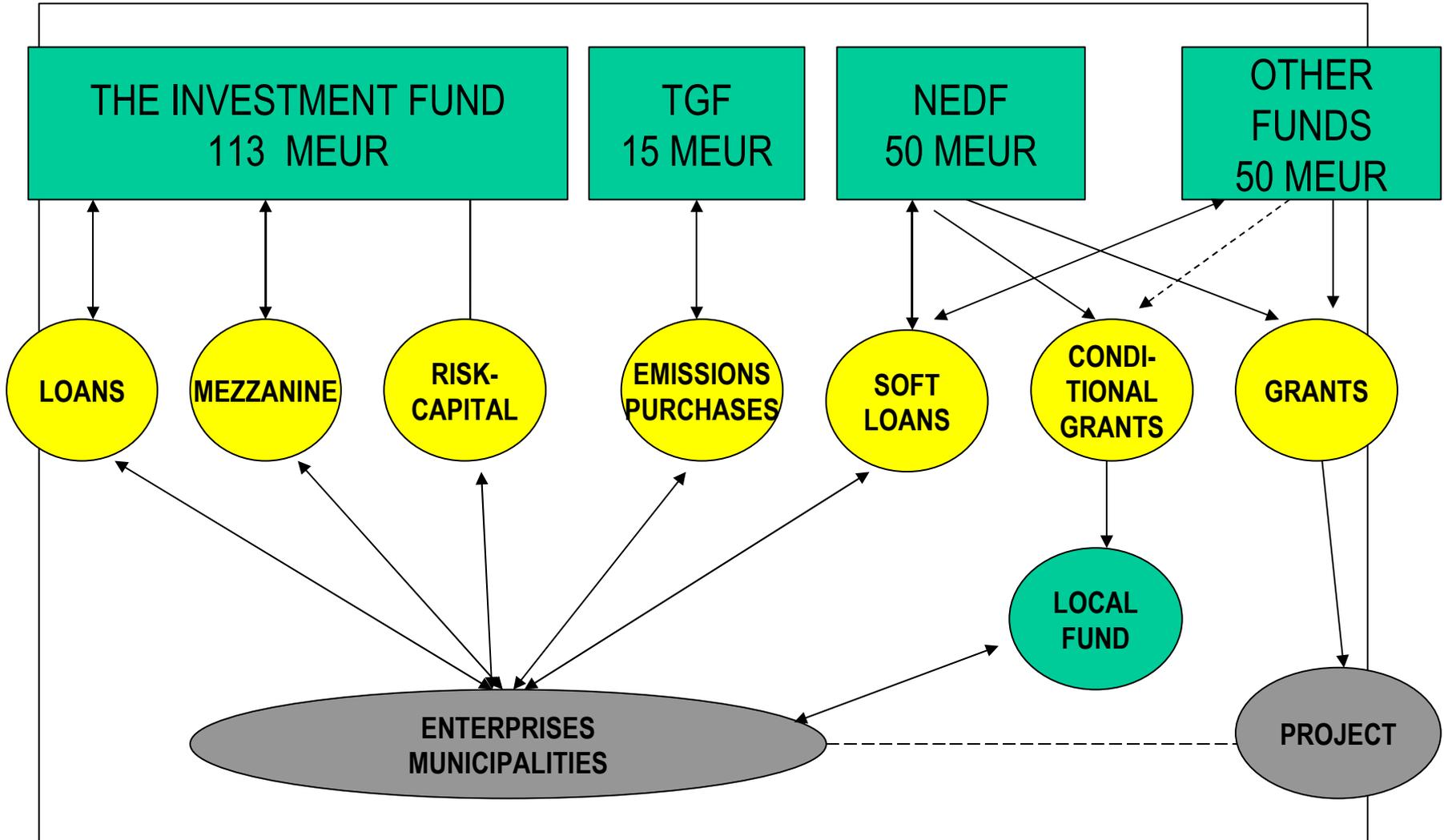
The generality of this can be disputed (“there is not a lack of money but a lack of good projects”) but in the case of environmental investment a number of projects do fall below the requirements of investors and lenders at large (because of lower return and/or higher risk).

Under these circumstances specialized financing instruments can play a constructive part and spearhead development by:

- ◆ **actively focusing on the environmental sector and showing successful examples**
- ◆ **accepting higher risk (due to higher risk-absorption capacity and/or specialized knowledge of market segment)**
- ◆ **accepting lower than market return on investments**

- ◆ **A multilateral financial institution established in 1990 by the 5 Nordic countries**
- ◆ **Has as its purpose to promote cost effective solutions to reduce the environmental load from the adjacent region (Baltic Sea Region, EECCA)**
- ◆ **Mainly focuses on small and medium sized projects**
- ◆ **Provides**
 - **Risk capital**
 - **Risk loans**
 - **Soft loans**
 - **Carbon financing**
 - **Grants (in special cases)**

NEFCO activities



NEFCO INVESTMENT FUND (RU, UKR, EST, LAT, LIT, BR)

- ◆ Equity investments
- ◆ Loan on market terms, subordinated loans, mezzanine financing

NORDIC ENVIRONMENTAL DEVELOPMENT FUND (RU, UKR, BR)

- ◆ Soft Loans, Contingency financing
 - ◆ Cleaner Production Lending Facility
 - ◆ Energy Savings Recycled Grants Programme
 - ◆ Agricultural Environmental Lending Programme
 - ◆ Social Energy Savings Loan Facility

TESTING GROUND FACILITY (RU, POL, EST, LAT, LIT)

- ◆ Finances JI-projects through purchase of credits

OTHER FUNDS

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_14981

