



Nordic Development Fund 

Annual Report 2016

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NDF Milestones

1988

Denmark, Finland, Iceland, Norway and Sweden sign an agreement regarding the establishment of NDF.

First capital injection of SDR 100 million.

1989

NDF begins its operations providing soft loans for social and economic development.

1993

31 projects in the credit portfolio.
Capital replenishment of SDR 150 million.

31
projects

1995

SDR 74 million outstanding to 26 countries.
NDF signs its first private sector loan agreement.



1996

67 projects in the credit portfolio.
Capital replenishment of SDR 265 million.

67
projects

2000

SDR 238 million outstanding to 33 countries.
Capital replenishment of EUR 330 million.



1988

1989

1993

1995

1996

2000

Foreword

Financing and knowledge. Climate change and sustainable development. These core principles from NDF's mission continued to guide the development and strengthening of NDF's operations in 2016.

More than ever before the international development and climate finance architecture today recognises the mutually complementary roles that public and private, national and international, larger and smaller organisations can play serving the common good. NDF has effectively positioned itself within this broader climate finance context through its current strategy, approved in 2015.

NDF's clear focuses on innovation, interfaces and linkages between the public and the private sector, and support for project development and preparation all enable us to be a value-adding player in the international climate finance field. The various recognitions and awards granted by the UN and other international bodies to NDF-funded projects and activities in recent years have encouraged us to continue and strengthen this chosen approach.

Because we value collaboration and co-financing, we have also resolved to develop our financial instruments to serve these purposes. 2016 was a year of new openings for NDF, as for the first time since

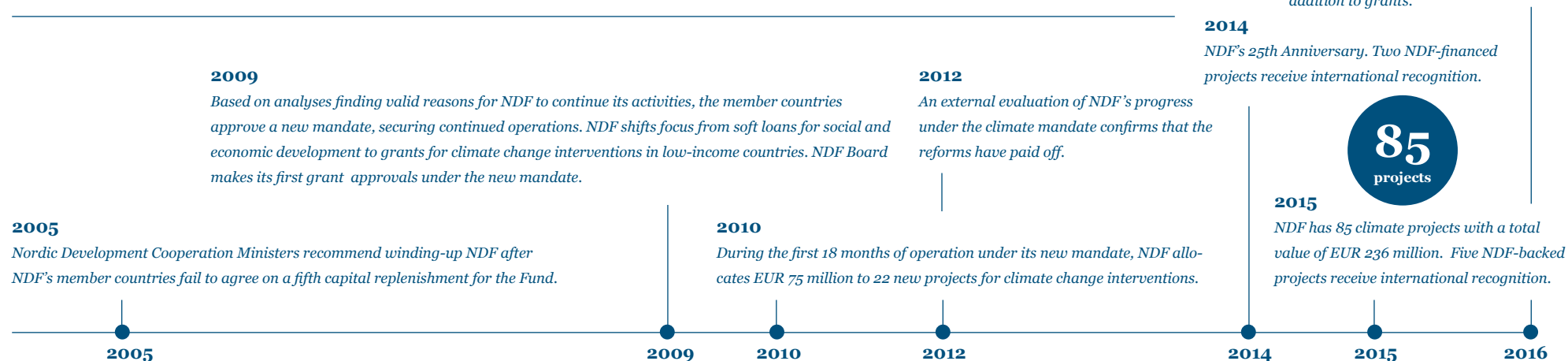
2005 projects involving a wider variety of financing than grants alone were added to our project portfolio. These projects involve an equity investment to support the provision of green guarantees to small and medium-sized enterprises in Africa, and a blended concessional loan and grant project supporting climate resilient infrastructure development in Laos.

A more agile and innovative approach will also better facilitate and catalyse further investments addressing climate change. Naturally, our operations have been and will continue to be developed keeping in mind the best interests of our low-income and lower-middle-income partner countries in Africa, Asia and Latin America.

I hope this annual report will help readers to better understand the work NDF is doing, and illustrate the results we aim to achieve.



Pasi Hellman
Managing Director



As part of a major electricity expansion scheme in Kenya, NDF is backing a project promoting off-grid electrification using wind and solar energy. Photo: NDF

List of abbreviations used

ACC	Anticorruption Committee
ADB	Asian Development Bank
AfDB	African Development Bank
AGF	African Guarantee Fund
COP22	22 nd Conference of the Parties
GCF	Green Climate Fund
GGF	Green Guarantee Facility
GGKP	Global Green Growth Knowledge Platform
IDB	Inter-American Development Bank
IIC	Inter-American Investment Corporation
MFA	Ministry for Foreign Affairs
MIF	Multilateral Investment Fund
MoU	Memorandum of Understanding
NCF	Nordic Climate Facility
NDF	Nordic Development Fund
NEFCO	Nordic Environment Finance Corporation
NIB	Nordic Investment Bank
NOAK	Nordic Working Group for Global Climate Negotiations
NGO	Non-governmental organisation
PPR	Project Performance Rating system
SGF	Small Grant Facility
SLoCaT	Sustainable Low Carbon Transport Network
SMEs	Small and medium-sized enterprises
UNFCCC	UN Framework Convention on Climate Change
WB	World Bank
WHO	World Health Organisation



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Strategy and policy issues

NDF's role as a reliable and knowledgeable climate and development-focused financing partner has grown significantly during recent years. Many of NDF's financing and other partners see NDF as a key partner in their efforts to increase the climate change relevance of their activities. This role is clearly reflected in the growing demand for NDF financing.

2016 was the first full year of implementation of the new NDF strategy "Agile and Innovative: NDF looking ahead," approved in 2015. To reflect the strategy, a number of guidelines and procedures have been updated and developed during the year. A review of NDF's catalytic role and leverage impact was conducted in the beginning of the year to lay the basis for enhancing NDF's role in these issues in future operations.

The financing window Nordic Climate Facility (NCF) targets new innovative and small-scale climate-focused pilots and other projects, and supports collaboration between Nordic institutions and their partner institutions in NDF's partner countries. It has a strong strategic role for NDF given its full alignment with NDF's strategic mission and objectives, and high visibility and relevance to Nordic and other stakeholders.

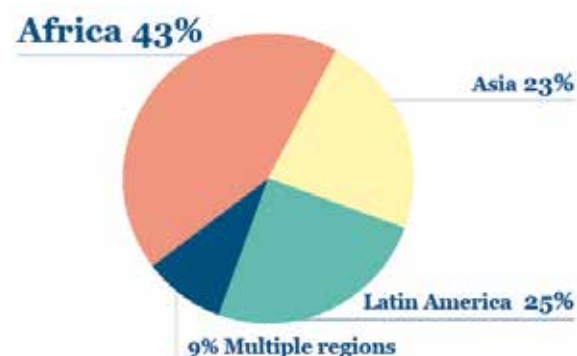
NDF continued to work actively to promote good governance and prevent fraud and corruption in its operations. The main focus areas have been cooperation with co-financing partners, proactive work, including training and awareness-raising, and investigating alleged misconduct and assessing need for sanctions. During 2016, the Anticorruption Committee (ACC) has, as previously, investigated alleged misconducts. For the first time, these activities have led to recommendations to the Sanctions Committee, which was still deliberating at the end of 2016.

NDF has in place a Memorandum of Understanding (MoU) on cooperation and information-sharing in integrity and anti-corruption-related issues with the World Bank (WB), the Asian Development Bank (ADB) and the Inter-American Development Bank (IDB), as well as with the Nordic Investment Bank (NIB) and the Nordic Environment Finance Corporation (NEFCO). NDF has also proposed a similar MoU to the African Development Bank (AfDB).

NDF's future financial resources have been discussed by the NDF Board of Directors on several occasions since 2011. The Nordic Council recommendation in 2012 to the Nordic countries' governments to allocate more capital to NDF to further enhance its climate change-related activities, which has been renewed annually since then, was renewed again in 2016. The recommendation has been discussed by the member countries but with no common understanding or progress on the issue.

Projects and results

The year 2016 was an active year for project development at NDF, not only in terms of volume, but also regarding the diversity, level of innovation and financial instruments deployed. The 10 new approved interventions amounted to a total of EUR 54.3 million. The individual contributions ranged between EUR 3 and 11 million. Significantly, and in line with the 2015 NDF strategy that emphasises flexible and innovative use of financing instruments, the interventions included a loan project, which blends a concessional loan with grant assistance, and an equity stake assumed by NDF. These were the first non-grant operations that NDF has engaged in since 2005.



Regional distribution of approved financing by region as of 31 December 2016



In Cambodia, an ongoing NDF project is giving women a more prominent role in climate change adaptation planning.

Photo: SNV

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At the end of the year, NDF's project portfolio (climate projects, excluding NCF sub-projects) consisted of 95 projects up to a total volume of EUR 283.8 million. Of these projects, 78 projects (EUR 264.5 million) were in various stages of implementation in 16 countries across Africa, Asia and Latin America. The Project Performance Rating system (PPR) is a tool developed by NDF for the monitoring of NDF-financed project activities. Each project is assessed once a year. The results from ratings made during 2016 show that approximately 86% of projects are classified as highly satisfactory, satisfactory or just adequate regarding progress towards objectives, overall project progress and risk. In 2016, 10 climate projects reached completion. Final ratings made of these projects show overall satisfactory results. One credit, the Power Sector Development Program in Bangladesh, was closed. NDF still has one active credit which originates before the climate change and development mandate was agreed in 2009.

NDF's portfolio is maturing with a number of projects reaching their end every year, and NDF has been accumulating experience and learning useful lessons from completed projects. In order to strengthen NDF's approach to focus on results, during 2016 NDF has developed a Results-Based Management Framework to serve as management tool. The framework consists of the following pillars: (1) Institutional level results management indicators, (2) Guidelines for project management and screening, (3) Continuous project and programme monitoring, (4) Project performance rating, and (5) Evaluation. During 2017, NDF's results will be summarised and disseminated using this framework.

NDF again received international recognition during the year when the International Center for Climate Governance gave an award to the NCF-funded project Clean Energy Promotion through Microfinance in Ethiopia. The annual theme for the Best Climate Practices Award was "expanding access to climate financing".

NDF's Climate Change Projects in 2016

During 2016, the Board approved financing for 10 projects for a total value of EUR 54.3 million. Of the total commitments, EUR 6 million was allocated as equity and EUR 6 million as a credit. The remaining sum was allocated as grants. Thus, about 22% of the new commitments utilised other instruments than grants.

PROJECT PORTFOLIO / AFRICA

Country/ project	NDF investment, EUR million
Regional	
African Guarantee Fund (AGF) Green Guarantee Facility (GGF)	7.6
Lake Victoria Basin Resource Efficiency and Cleaner Production	4.0
Rwanda	
Improving Charcoal Value Chain	3.7
Total Africa	15.3

PROJECT PORTFOLIO / ASIA

Country/project	NDF investment, EUR million
Regional	
Enhancing Readiness of ADB Developing Member Countries for Scaled Up Finance	0.5
ADB Project Readiness Improvement Fund (PRI Fund)	7.0
Lao PDR	
Road Sector Project II	11.0
Total Asia	18.5

PROJECT PORTFOLIO / LATIN AMERICA

Country/project	NDF investment, EUR million
Nicaragua	
Promoting Energy Savings Insurance	0.5
Total Latin America	0.5

MULTIPLE REGIONS

Country/project	NDF investment, EUR million
Multiple regions	
Nordic Climate Facility 7-9	20.0
Total Multiple Regions	20.0

22%

of NDF's new funding commitments made during 2016 consisted of equity and loans.

Key thematic areas of emphasis during 2016

Transport sector, capacity development and climate change

Although the transport sector is one of the main sectors that is, and will increasingly be, affected by climate change, relatively little work has been done to document national and global policy commitments on adaptation in the transport sector or to organise the knowledge work that is ongoing on adaptation to climate change. Also, while much work has been done on climate finance in the transport sector, the majority is on mitigation and only a small part of this relates to adaptation.

NDF was among the first financing institutions to allocate resources to projects that address transport and adaptation to climate change. In the period 2010-2015, NDF approved co-financing to eight projects on three continents with a total budget of more than EUR 30 million. While these projects may have both similarities and differences in design, they all share the same overall objective of developing capacity and tools to address climate change adaptation in the road infrastructure sector. Through these interventions, NDF has developed significant global experience from the road transport sector.

NDF's recent Road Sector Project II in Lao PDR shows effective utilisation of this experience. The support also marks a new financing arrangement for NDF since it combines a grant and a loan. NDF will support the development of climate-resilient road maintenance standards and planning tools at the national level, build capacity within the different authorities, and finance civil works for climate-resilient road maintenance. The climate-resilient road network will also increase rural people's access to services and markets, thereby increasing living standards and strengthening economic development.

Climate finance readiness

One priority area during 2016 has been the readiness activities that NDF has been engaged in. These activities have been a topic of substantive discussion within the Board throughout the year. One of these is the Project Readiness Improvement Fund, which has been set up together with ADB. The objective of the Fund is to enhance the readiness of climate change investment projects as well as to improve

the quality of design and increase project sustainability within ADB. The Fund has been set up as a multi-donor trust fund in order to attract additional donors.

Another readiness activity is a Small Grants Facility project aiming at enhancing readiness of ADB member countries for scaled-up finance. This supports ADB in the identification and preparation of climate change investments in Lao PDR and Cambodia. The project has as a clear objective to prepare bankable climate change investment projects for financing not only from ADB, but also from other sources, where one important actor will be the Green Climate Fund. ADB is also actively seeking to attract private sector funding for these investments.

Private sector development: focus on green finance, SMEs, energy, and agriculture

The year 2016 saw the establishment of a new innovative green financing mechanism by NDF and the African Guarantee Fund (AGF), namely the Green Guarantee Facility (GGF). GGF was developed and designed jointly by NDF and AGF, and financed by NDF through a blend of equity (EUR 6 million) and grant support (EUR 1.6 million) for technical assistance to benefit local African financial institutions. The GGF establishes a climate-focused guarantee window available to small and medium-sized enterprises (SMEs) in Africa. It is implemented by AGF with the purpose of catalysing stronger participation by the financial sector in support of investments in green growth and climate-resilient development. NDF also joined AfDB, Denmark, France and Spain as a shareholder in AGF with a seat on the Board of Directors.

Also in Africa, NDF is supporting the Lake Victoria Basin Resource Efficiency and Cleaner Production project that aims at catalysing private sector investment in cleaner, more efficient industry and supply chains throughout the Lake Victoria drainage basin. The project builds on the results and successes from an earlier pilot project in the area led by the WB with finance from Sida. The aim is to engage private industry, including SMEs, within the lake basin to assess their production systems and adopt greener practices and technologies. This project also links



Mixed grant and loan finance to facilitate road improvements in Lao PDR

NDF is providing a combination of grant and loan financing to help the national and regional authorities in Lao PDR build up the resilience of the country's vital road network to climate change and more frequent extreme weather events.

The project, to be financed by the Lao PDR government, NDF and the World Bank, aims to improve road maintenance standards and capacity initially in six regions, with prospects for later nationwide expansion.

The NDF financing package agreed during 2016 includes EUR 5 million as a grant and an additional EUR 6 million in the form of a loan. This is the first time that NDF is providing such loan financing for a project under its present climate mandate. The goal is that the project should at the same time build up capacity through grant financing, and start to realise road improvements through loan-financed civil works.

Project implementation will start during the first half of 2017 as part of the Lao authorities' proactive approach to enhancing climate resilience in the transport sector. It is hoped that within a couple of years the condition of regional road networks will already improve significantly, and the authorities' capacity to manage road maintenance will also be greatly strengthened, reducing the need for costly and disruptive emergency road repairs.

NDF's experiences from rural road improvement schemes in Cambodia (pictured) will be useful in the new scheme in Lao PDR. Photo: NDF



Small-scale biochar production was demonstrated in Helsinki in August 2016 for an NDF workshop focusing on positive outcomes from recent projects in Nepal and the Mekong region. Photo: NDF

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directly to the AGF project mentioned above, which was established to provide loans to SMEs that are investing in green growth.

The Promoting Energy Savings Insurance project will support preparation and structuring of an Energy Savings Insurance scheme in Nicaragua with the objective of promoting access to finance for SMEs investing in energy efficiency upgrades and energy saving technologies. This small grant will put in place the framework and methodology for a dedicated energy efficiency line of credit opening up access to finance for SMEs investing in energy-saving equipment and technology.

In Northwest Rwanda, NDF-supported activities will improve efficiency and sustainability along charcoal value chains to support forest landscape restoration and rural livelihoods. Five hundred farmers will be trained in woodlot management. The capacity-building will also include viable climate-resilient tree seeds, plantation, erosion control measures and general maintenance of the woodlots. The activity will help woodlots and charcoal cooperatives to gain better market access for their products. To reduce the pressure of wood fuel demand in commercial tea factories and households, the project will support the promotion of alternative sources of energy such as solar or geothermal energy, briquettes or electricity from small hydro.

Nordic Climate Facility (NCF)

NCF is the only Nordic challenge fund dedicated to climate change, development and innovation. NCF targets private and public partnerships between Nordic organisations and organisations in NDF partner countries with the aim of carrying out innovative climate change adaptation and/or mitigation projects. Financing is allocated on a competitive basis through calls for proposals. The facility has become one of NDF's most visible financing windows. During 2016, NCF was returned to direct NDF administration. Seven grant agreements were signed for the fifth call for proposals and the first call for proposals under direct NDF administration, NCF 6, was carried out. 14 projects under NCF 6 have been selected for contract negotiations. During 2016, NDF's Board of Directors approved a new commitment of EUR 20 million to NCF which will result in launching three new NCF calls for proposals during a three-year period. The new NCF commitment is directly aligned with

NDF's strategic goals; it will strengthen the role of NCF and explore opportunities for scaling up the facility itself and the NCF projects.

Small Grant Facility (SGF)

SGF is a financing frame for small projects, up to EUR 500,000. SGF is well in line with NDF's strategy with particular focus on innovation and private sector development. The objective of the facility is to provide small-scale, up-stream financing to projects which have the capacity to discover new solutions in the area of climate change and be catalytic by aiming at leveraging additional financing from other sources. Since 2009, a total of EUR 14 million has been allocated to SGF, of which total commitments amount to EUR 9.8 million for 22 projects. In 2016, two new projects were approved under this allocation, totalling EUR 1.0 million.

Knowledge management and outreach

Knowledge management and dissemination of results has remained in focus during the year. NDF has, selectively, participated in and contributed to a number of international discussions and events focusing on financing for sustainable development and climate change. NDF's main objective with conference and seminar attendance is to disseminate the experiences and lessons learned from the on-going and closed climate projects, as well as to learn from others and generally exchange information.

Together with WB and the World Health Organisation (WHO), NDF co-hosted a climate change and health seminar in May 2016 in Helsinki. The theme "Early experiences in multi-sectoral climate change and health work for international development: opportunities and finance" brought together health experts and development financiers. The seminar attracted more than 50 experts representing major development banks, aid agencies, foundations, universities and NGOs.

Furthermore, NDF co-hosted with ADB a workshop on lessons learned from the climate change and gender project, which is under implementation in the Mekong. The aim was to discuss concrete actions to scale-up gender-responsive mitigation actions and funding among government policymakers, civil society and experts from international

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organisations and multilateral development banks. NDF will continue to actively search for opportunities to arrange joint outreach activities with its partner organisations.

In addition, NDF has arranged climate-focused seminars and workshops on specific themes in the context of visits made to NDF by experts from partner institutions and other relevant organisations. For example, in June 2016, a joint workshop on anti-corruption and integrity issues based on ADB experiences, focusing on preventive work, was organised for NDF, NEFCO and NIB.

In November 2016, NDF participated in the 22nd Conference of the Parties (COP22) to the UN Framework Convention on Climate Change (UNFCCC) in Marrakech, Morocco. NDF presented its activities and achievements in selected climate finance events, together with its co-financing partners, and with particular focus on Nordic climate solutions.

NDF has continued to be an active member of the Global Green Growth Knowledge Platform (GGKP). GGKP is a global partnership of international organisations and experts that identifies and addresses major knowledge gaps in green growth theory and practice.

Furthermore, NDF is a member in the Sustainable Low Carbon Transport Network (SLoCaT), which promotes the integration of sustainable transport in global policies on sustainable development and climate change.

During the year, NDF produced two newsletters in English. In addition, an electronic newsletter was published three times during the year.

Partner institutions in co-financing

NDF has continued its co-financing with the AfDB, ADB, IDB and WB. Collaboration with the WB was geographically expanded when, in addition to the existing joint activities focusing on Africa, NDF engaged in co-financing a project in Asia.

A special effort to strengthen NDF's partner network and operations, particularly with regard to private sector support in Africa, was completed through an equity investment in the AGF and the establishment

of the GGF, providing better access to green finance for African SMEs. For more details see the report section Private sector development (p 8).

In 2016, NDF also engaged in discussions with the Green Climate Fund (GCF) regarding collaboration opportunities and exchange of information and sharing of experiences. Particularly in the area of the so-called climate readiness activities, various NDF-funded activities are expected to directly benefit GCF and its member countries' access to climate financing. NDF is also formally an observer in the Board of Directors of GCF.

During the year, discussions were also held with a number of other potential Nordic and other collaboration and/or co-financing partners with a view to developing concrete collaboration in 2017.

Cooperation with Nordic institutions

NDF has maintained a dialogue with both the Nordic Council and the Nordic Council of Ministers on issues related to climate change and development. During the year, there have been various joint Nordic cooperation processes on selected priority policy issues, such as energy, water, and fossil fuel subsidy reform. A number of outreach activities and publications resulting from these processes have increasingly incorporated and featured NDF activities as examples of joint Nordic inputs in the area of climate change and developing countries.

NDF cooperates closely with NIB mainly through shared office premises, HR and IT services, accounting and financial management. Formally, this administrative collaboration is based on a service agreement between NDF and NIB, subject to review from time to time. Cooperation and contacts in all these matters between NIB and NDF are regular and frequent, and provide synergies for the two institutions.

In addition, the collaboration with NEFCO has continued around NCF-related matters. During the year, the two organisations have arranged joint training sessions, workshops and seminars on experiences and results from earlier NCF projects (which were/are under NEFCO administration) as well as issues related to integrity and anti-corruption.

New private sector financing for green growth in Africa

In April, NDF completed its first direct private sector investment since the launch of its climate finance mandate in 2009. The transaction consisted of an equity investment of EUR 6 million in the Africa Guarantee Fund (AGF) blended with EUR 1.6 million in technical assistance support in the form of a grant.

The injection of fresh capital from NDF provided seed financing for the Green Guarantee Facility (GGF), a pioneering guarantee window, designed jointly by NDF and AGF and administered by AGF. The new facility aims to unlock access to finance for SMEs investing in low carbon growth and climate resilience in Africa. The GGF was formally launched during the 2016 Annual Meetings of the African Development Bank (AfDB) in Lusaka in May.

NDF has joined AGF's existing shareholders, who include the AfDB, Denmark, France and Spain, and now holds a seat on the AGF's Board of Directors. The transaction represents NDF's first major financing partnership under the climate mandate with an institution other than a multilateral development bank, pointing the way to other innovative non-grant financing arrangements leveraging private sector engagement in the fight against climate change.

NDF's financing of the new facility is expected to catalyse more than EUR 36 million in lending from local financial institutions to SMEs investing in green growth during the first 3 years of the GGF's operations. The pipeline of demand for green finance is growing, and the first green guarantees were approved before the end of 2016. GGF is already attracting interest from other donors, and there are good prospects for additional equity investments to scale up the impact of NDF financing.



In Rwanda and Uganda the energy efficiency and sustainability of tea production has been enhanced by promoting the use of renewable energy and the sustainable management of nearby forest plantations where fuel wood is grown. Photo: NDF



NDF takes over the management of the Nordic Climate Facility

The Nordic Climate Facility (NCF) is a unique financing window for innovative climate projects realised in 21 selected developing countries in Africa, Asia and Latin America. NCF projects all involve Nordic companies or organisations working with local partners to test and pilot potentially replicable and upscalable innovations that will help the target countries to mitigate and adapt to climate change.

Since its inception in 2009 NCF has issued six calls for project proposals under broad climate-related themes from water resources and energy efficiency to green growth and private sector development. NCF has so far contributed co-financing amounting to almost EUR 30 million to nearly 70 climate-related projects in developing countries.

During 2016 NDF took over the full administration of NCF's projects from the 5th round onwards. The remaining unfinished projects from NCF's first four funding rounds will continue to be overseen by the Nordic Environment Finance Corporation (NEFCO) until the end of 2017.

In 2016 contracts were signed for the seven projects making up the NCF 5 round, whose theme is "Climate resilience in urban and private sector contexts". Project activities have also commenced in all cases.

The theme for NCF's 6th round of projects is "Green growth for sustainable livelihoods". Fourteen projects were shortlisted during

2016 from a total of 82 applications, and final contract negotiations are well under way.

In November 2016 NDF's Board committed EUR 20 million for three further calls for proposals during the period 2017–2019. The new funding decision is in line with NDF's current strategy to strengthen the role of NCF as an innovative climate change challenge fund piloting promising project ideas from Nordic organisations.

As an early stage project financier NCF aims to enable the testing of innovative climate-related business ideas to demonstrate their viability. The goal is to create a pipeline of promising business concepts that can be presented to potential financiers, leveraging further funding.

Calls for proposals will be issued annually under climate-related themes to be defined on the basis of NDF's latest strategic focal areas. NCF's rounds 7–9 will build on the many positive experiences and lessons learned from previous calls.

It is hoped that the three coming rounds will facilitate a total of 35–45 novel climate change mitigation and adaptation projects to be realised in Africa, Asia and Latin America by 2022.



NCF microfinance project in Ethiopia receives award

An ongoing NCF project using microfinance to promote clean energy in Ethiopia was the joint winner of the Best Climate Practices Award, presented by the International Center for Climate Governance (ICCG) in November 2016.

The ICCG praised the project for expanding climate financing by pioneering an innovative and replicable microcredit mechanism to enable the acquisition of clean energy technologies by households and small enterprises who would otherwise struggle to afford the necessary initial investments.

The project has devised a new business concept for three established Ethiopian microfinance institutions with a total of more than 130,000 current clients. The project's Nordic partner Gaia Consulting is effectively connecting the local microfinanciers to the providers of viable clean energy solutions such as small-scale solar energy systems useful for individual homes, businesses or farms.

Residents of slum districts in the Bangladeshi capital Dhaka must cope with problems including flooding and waterlogging, but an ongoing NCF project is piloting community-based adaptation solutions designed to upgrade streets, improve housing, enhance waste management, and address water quality issues.
Photo: Simon Sticker, Plan International



Institutional issues

Board of Directors

The Chair of the Board for the period 1 January to 30 April 2016 was Niels Hedegaard Jørgensen (Denmark), with Riikka Laatu (Finland) as Deputy Chair. As of 1 May, Riikka Laatu took over the chair with Egill Heiðar Gíslason (Iceland) as Deputy Chair.

In addition, the following changes took place in the board membership in 2016. As of 26 September 2016, Hans Olav Ibrekk was appointed as Norway's member, succeeding Ingrid Hordvei Dana. As of 3 November 2016, Max von Bonsdorff was appointed as Finland's alternate member, succeeding Laura Torvinen.

A list of NDF Board members and their alternates can be found on page 18.

Control Committee

The Control Committee ensures that NDF's operations are conducted in accordance with its Statutes, and is responsible for annual audits of NDF carried out by professional auditors appointed by the Control Committee. The Committee presented its annual auditor's report to the Nordic Council of Ministers in March 2016, and the report was approved in autumn 2016. The Control Committee met twice in 2016. A list of the members of the Committee can be found on page 18.

Administration

As of 31 December 2016, thirteen people were employed by NDF. The staff consists of seven (54%) male and six female (46%) members, representing four different nationalities. A list of the employees can be found on page 18.

The NDF office has, along with the NIB headquarters, been certified as a Green Office by WWF Finland since 2009. NDF's carbon footprint in 2016 amounted to 144 tons of CO₂. The biggest share of the carbon footprint comes from air travel, which in 2016 amounted to 119 tons of CO₂ equivalent.

In 2016, NDF decided to offset emissions from its travel and office operations by using remaining funds from the travel budget at the end of the fiscal year.

NDF mitigation projects approved during 2016 will directly generate greenhouse gas emission reductions amounting to an estimated 302,039 tons of CO₂ equivalent per year.

Financial issues

During 2016, total disbursements to climate projects amounted to EUR 34.1 million (2015: EUR 37.0 million), out of which EUR 22 million were to joint co-financing projects, EUR 6 million as equity and EUR 6.1 million to parallel co-financing projects. The total sum also includes disbursements to sub-projects under NCF. At the end of the year, accumulated disbursements on grants since 2009 amounted to EUR 184.7 million (2015: EUR 150.6 million).

A total of EUR 1.4 million was disbursed to old credit projects during 2016 (2015: EUR 2.3 million).

The net result for the year before adjustments for currency exchange fluctuations and after disbursements of grant aid totalled EUR -18.8 million in comparison with EUR -30.1 million the previous year. The end net result is EUR -18.6 million for 2016, compared to EUR -14.4 million in 2015.

No new development took place in the question of strengthening NDF's future financial resources, as recommended annually since 2012 by the Nordic Council.

Credits

NDF entered into 188 credit agreements between 1989 and 2006, the total value of which, including additional financing and adjusted for cancellations and calculating the EUR/SDR currency exchange rate as of 31 December 2016, amounted to EUR 932.8 million (2015: EUR 934.1 million). Of these agreements, 160 were credits to public sector projects (EUR 891.3 million), 25 were loans with equity features or equity investments (EUR 29.3 million) and three were other loans (EUR 12.1 million).

As of 31 December 2016, disbursements under credit agreements amounted to EUR 847.3 million; approximately 38.9% of the outstand-

NDF mitigation projects approved during 2016 are expected to reduce greenhouse gas emissions by

302,039 tons
of CO₂ equivalent per year

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ing credits are denominated in SDR. As a result of the strengthening of the SDR against the EUR, the value of the outstanding SDR credits increased by EUR 0.6 million. After hedging measures, the increase in value is EUR 0.2 million.

Capital and accounting currency

NDF changed its capital and accounting currency from SDR to EUR on 1 January 2001. Fluctuations in the SDR/EUR exchange rate lead to variations in financial results, positive or negative, from one year to another. Therefore, since 2012, hedging measures have been taken to decrease the effect from the exchange rate fluctuations. About 50% of the credits denominated in SDR are hedged against these effects.

NDF's financial result for 2016 shows a foreign exchange difference of EUR 0.6 million before hedging and EUR 0.2 million after hedging (2015: EUR 20.2 million before hedging and EUR 15.8 after hedging). This difference is to a large extent due to the fact that the US dollar, which represents 41.7% of the SDR currency basket, strengthened during 2016 against NDF's capital and accounting currency, the euro.

Liquidity and capital

The liquid assets of NDF were managed by commercial banks on behalf of NDF. The average interest rate has been approximately 0.2% (2015: 0.2%). NDF's deposits are placed on 1-12 month intervals. In 2016, a commercial bank's moderate yield fund was also used for placing funds. The liquidity as per 31 December 2016 was EUR 116.2 million (2015: EUR 121.0 million).

The last capital payment from the member countries was made in 2015. Therefore, future operations will build on the existing liquidity and the reflows coming from the outstanding credits. NDF's grant operations will decrease its capital/assets over time and they will eventually be exhausted unless there are future replenishments. On the other hand, the new non-grant operations are expected to produce new reflows to the organisation, and will thereby contribute, though marginally, to strengthening of the NDF's financial base.

During 2016, NDF received repayments under disbursed credits amounting to EUR 21.1 million.

Financial results and allocation

NDF's total assets as of 31 December 2016 amounted to EUR 860,034,312 (2015: EUR 878,551,650). This amount includes outstanding credits to public sector projects, other loans with equity features and equity investments to the amount of EUR 735,166,690 (2015: EUR 750,491,398) and placements with credit institutions to the amount of EUR 116,173,049 (2015: EUR 120,966,007). The total net loan losses, write-down on loans and reversals during 2016 totalled EUR 0 (2015: EUR -55,677).

Commitments under credits, signed but not yet disbursed, were distributed as follows:

EUR million	2016	2015
Credits	0.2	3.7

As of 31 December 2016, NDF's capital consisted of SDR 515 million and EUR 330 million in paid-in fund capital and EUR -161,948,614 (2015: EUR -143,320,960) in accumulated net income after adjustments for currency exchange fluctuations.

NDF's income during 2016, amounting to EUR 6,254,185 (2015: EUR 9,328,379), consisted of income from credits to the public sector to the amount of EUR 5,450,477 (2015: EUR 5,637,225), interest on placements with credit institutions of EUR 186,687 (2015: EUR 305,163) and EUR 617,020 (2015: EUR 3,385,991) as remuneration on equity loans and other loans. Zimbabwe continues to be in arrears to NDF. All of its accrued, outstanding obligations towards NDF have therefore been placed in non-accrual status.

Administrative expenses were EUR 2,751,243 (2015: EUR 2,913,506). The largest single item of expenditure consists of salaries and ancillary expenses of EUR 2,008,823 (2015: EUR 2,144,247).

The net income for the year, which after adjustments for currency exchange fluctuations and hedging measures of EUR 182,450 (2015: EUR 15,754,500), amounts to EUR -18,627,654 (2015: EUR -14,370,370), is carried forward to the new account.

NDF's Income Statement, Balance Sheet, changes in equity, Cash Flow Statement and related notes can be found on pages 20-36.

New climate project funding
commitments made by
NDF in 2016 totalled

EUR
54.3 million

Report of the Board of Directors 2016

BOARD OF DIRECTORS *

DENMARK

Niels Hedegaard Jørgensen, Chief Advisor, Ministry of Foreign Affairs

Alternate: Flemming Winther Olsen, Senior Adviser, Ministry of Foreign Affairs

FINLAND

Riikka Laatu, Deputy Director General, Ministry for Foreign Affairs, Chair of the Board

Alternate: Max von Bonsdorff, Director, Ministry for Foreign Affairs

ICELAND

Egill Heidar Gislason, Advisor, Deputy Chair of the Board

Alternate: Sigfús Ólafsson, Manager Marketing, VP Aircraft Marketing, Castlelake

NORWAY

Hans Olav Ibrenk, Policy Director, Ministry of Foreign Affairs

Alternate: pending nomination

SWEDEN

Lars Roth, Senior Advisor, Ministry for Foreign Affairs

Alternate: Linda Nilsson, Desk Officer, Ministry for Foreign Affairs

Observer:

Johan Ljungberg, Chief Environmental Analyst, Nordie Investment Bank

CONTROL COMMITTEE *

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DENMARK Sjúður Skaale, Member of Parliament

FINLAND Arto Pirttilahti, Member of Parliament

ICELAND Höskuldur Þórhallsson, Member of Parliament

NORWAY Michael Tetzschner, Member of Parliament

SWEDEN Penilla Gunther, Member of Parliament

AUDITORS APPOINTED BY THE CONTROL COMMITTEE

Marcus Tötterman, Authorised Public Accountant, KPMG, Finland

Anders Tagde, Authorised Public Accountant KPMG, Sweden

Secretary of the Control Committee:

Marcus Tötterman, KPMG, Finland

MANAGEMENT AND STAFF *

Pasi Hellman, Managing Director

Leena Klossner, Vice President, Deputy Managing Director

Hannu Eerola, Country Program Manager

Martina Jägerhorn, Country Program Manager

Aage Jørgensen, Country Program Manager

Per Lagerstedt, Country Program Manager

Emeli Möller, NCF Manager

Charles Wetherill, Country Program Manager

Erik Holmqvist, Procurement Specialist

Ann-Christin Lundin, Assistant

Mats Slotte, Manager, Financial Administration

Jessica Suominen, Financial Administrator

Maria Talari, Administration and Communications Officer

* As of 31 December 2016

Helsinki, 8 March 2017



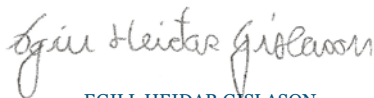
LARS ROTH



RIIKKA LAATU
Chair of the Board



NIELS HEDEGAARD JØRGENSEN



EGILL HEIÐAR GISLASON



PASI HELLMAN
Managing Director



HANS OLAV IBREKK



NDF's Board of Directors and administration. Photo: Joakim Östling/NIB

Income Statement (Amounts in EUR)

Income	Note	1 January to 31 December 2016	1 January to 31 December 2015
Service charges from credits		5,437,681.07	5,611,087.48
Income from loans with equity features		617,020.08	3,385,990.66
Fee and commission income		12,796.32	26,137.18
Interest income from placements with credit institutions		186,687.25	305,163.31
Total income		6,254,184.72	9,328,378.63
Expenses			
Grant financing for climate projects	(9)	28,070,406.85	36,998,620.76
Refund of grant financing		-5,825,083.80	-419,511.52
Fee and commission expenses		549.57	801.19
Commission expenses, derivative instruments		25,211.08	27,776.24
General administrative expenses	(10)	2,751,242.69	2,913,505.61
Depreciation/amortisation on tangible and intangible assets	(7)	16,440.14	6,753.94
Changes in provision for credit losses, write-down of loans and reversals	(6)	-	-55,676.90
Total expenses		25,038,766.53	39,472,269.32
Net result for the year before foreign exchange differences and unrealised/realised gains or losses on derivatives		-18,784,581.81	-30,143,890.69
Foreign exchange differences		601,082.84	20,192,173.62
Unrealised gains/losses on fair value of derivative instruments	(2)	-534,793.00	-4,286,574.00
Realised gains/losses on derivative instruments		116,160.00	-151,100.00
Foreign exchange differences, net		182,449.84	15,754,499.62
Unrealised gains/losses on fair value of forward contracts		-25,521.98	19,021.10
Unrealised/realised gains/losses on forward contracts		-25,521.98	19,021.10
Net result for the year		-18,627,653.95	-14,370,369.97

Balance Sheet (Amounts in EUR)

Assets	Note	31 December 2016	31 December 2015
Cash and cash equivalents	(1)	7,323,582.55	9,839,457.64
Other long-term financial placements	(1)	108,849,466.73	111,126,549.20
		116,173,049.28	120,966,006.84
Other assets		5,985,348.66	5,264,159.26
Forward contracts	(2)	-	58,770.35
Derivative instruments		-	385,917.00
Accrued income	(3)	1,164,890.80	1,324,625.21
Credits with government guarantee outstanding	(4)	723,851,607.92	744,903,024.72
Other loans outstanding	(5)	4,919,241.60	5,192,532.80
Loans with equity features and equity investments outstanding		6,395,840.40	395,840.40
Other financial placements		1,500,000.00	-
Tangible assets	(7)	44,333.51	60,773.65
Total assets		860,034,312.17	878,551,650.23
Liabilities And Equity			
Liabilities		425,710.28	467,129.91
Other liabilities		2,859.52	-
Forward contracts		148,876.00	-
Derivative instruments	(2)		
Equity	(8)		
Fund capital SDR 515,000,000			
Fund capital EUR 330,000,000			
Paid-in fund capital		1,021,405,480.71	1,021,405,480.71
Accumulated net result		-161,948,614.33	-143,320,960.38
Total equity		859,456,866.38	878,084,520.33
Total liabilities and equity		860,034,312.17	878,551,650.23

Changes in equity (Amounts in EUR 1,000)

	Paid-in fund capital	Accumulated net result	Result for the year	Total
Equity as of 1 January 2015	1,001,836	-129,372	0	872,465
Result for the year			-14,370	-14,370
Paid-in fund capital	19,569			19,569
HIPC refund		421		421
Transfers between equity items		-14,370	14,370	0
Equity as of 31 December 2015	1,021,405	-143,321	0	878,085
Result for the year			-18,628	-18,628
Paid-in fund capital	0			0
Transfers between equity items		-18,628	18,628	0
Equity as of 31 December 2016	1,021,405	-161,949	0	859,457

Cash Flow Statement (Amounts in EUR 1,000)

Cash flow from operating activities:	31 December 2016	31 December 2015
Net result for the year	-18,628	-14,370
Depreciation/amortisation on tangible and intangible assets	16	7
Foreign exchange differences	-601	-20,193
Fair value of derivative instruments	560	4,268
Changes in accrued income	160	-20
Changes in provision for credit losses and write-down of loans	0	-56
Cash flow from operating activities	-18,492	-30,365
Cash flow from investing activities:		
Credits disbursed	-1,417	-2,328
Repayments of credits	22,914	23,868
Disbursed equity loans and equity investments	-6,000	0
Repayments of equity loans and equity investments	0	3,135
Repayments of other loans	273	273
HIPC refund	0	421
Changes in placements with a maturity longer than 6 months	2,277	-60,619
Changes in other assets and liabilities	-763	53
Changes in other financial placements	-1,500	0
Changes in derivative instruments	36	-70
Changes in tangible and intangible assets	0	-47
Net cash flow from investing activities	15,822	-35,314
Cash flow from financing activities:		
Paid-in fund capital	0	19,569
Foreign exchange differences	155	1,515
<i>Changes in cash and cash equivalents</i>	<i>-2,516</i>	<i>-44,595</i>
Cash and cash equivalents consist of:	Dec. 31, 2016	Dec. 31, 2015
Cash and balances with banks	7,324	9,839
Total cash and cash equivalents	7,324	9,839
<i>Changes in cash and cash equivalents</i>	-2,516	

This Cash Flow Statement has been prepared using the indirect method, and cash flow items cannot be directly concluded from the Balance Sheet and Income Statement.



In the highlands of Bolivia an NDF-backed project is helping rural communities to cope with a reduced water supply by improving water management practices and agricultural productivity. Photo: Juan Murguía, IADB in La Paz

Notes to the financial statements

General operating policies

The purpose of the Nordic Development Fund (“NDF” or “The Fund”) is to promote economic and social development in developing countries through participation in financing, on concessional terms, of projects of interest to the Nordic countries.

NDF was established by an agreement between the five Nordic countries, namely Denmark, Finland, Iceland, Norway and Sweden, signed on 3 November 1988. The Fund’s operations commenced on 1 February 1989. A new Agreement on the Nordic Development Fund was signed on 9 November 1998, replacing the agreement of 1988. The Fund has the legal status of an international legal person, with full legal capacity, and is vested with some privileges and immunities typical for an intergovernmental organisation.

The headquarters of the Fund are in Helsinki, Finland, at the premises of the Nordic Investment Bank.

A Host Country Agreement between NDF and the Government of Finland was signed on 15 October 2013 and entered into force on 11 May 2014. This agreement replaced the Headquarters Agreement as of 14 October 1998.

The capital base of the Fund, which has been subscribed and paid-in by the Nordic countries, is equivalent to EUR 1,021,405,481.

Pursuant to the recommendation of the NDF Board of Directors to the Nordic Council of Ministers, the Nordic Cooperation Ministers approved the amendments to NDF’s Statutes on 5 May 2009, making it possible for NDF to provide financing also in the form of grants, in addition to interest-free loans, subordinated loans and equity capital. NDF’s financing focuses on climate change and development related interventions in low-income and lower-middle-income countries.

Summary of significant accounting policies

Basis of preparation of financial statements

The financial statements have been prepared in accordance with methods of valuation and recognition of income and expenses as described below. With the exceptions noted below, they are based on historical cost. As from 1 January 2001, the Fund’s financial statements are presented in EUR in accordance with the decision of the Nordic Council of Ministers of 24 August 2000 to replace SDR with EUR as accounting currency. All of NDF’s paid-in capital has been converted into EUR.

Assessments in preparation of financial statements

The preparation of financial statements requires management to make assessments and estimates that affect the result, financial position and additional disclosures. Such assessments and estimates are based on available information. Actual results may differ materially from the assessments made.

Foreign currency conversion

Monetary assets and liabilities denominated in currencies other than EUR are converted into EUR at the rate quoted by the European Central Bank (see Note 12). Any gain or loss arising from the valuation appears in the income statement as “Foreign exchange differences” and are mainly related to the SDR rate. As NDF will for many years to come have outstanding credits denominated in SDR, changes in the SDR-EUR rate may lead to the income statement showing substantial foreign exchange differences since these currency positions are not 100% hedged against changes in foreign exchange rates. However, measures have been taken to reduce the effects from the foreign exchange differences by hedging approximately 50% of the credits denominated in SDR.

Non-monetary assets are recorded in EUR at the EUR rate prevailing on the date of their acquisition.

Cash and cash equivalents

“Cash and cash equivalents” consist of monetary assets and placements with an original maturity of up to 6 months.

Notes to the financial statements

Derivative instruments

Approximately 50% of the SDR loan portfolio is protected against exchange rate effects through currency options.

The derivative instruments are valued at fair value at the end of the year and the change in fair value is recognised in the income statement.

NDF utilises both forward and deposition contracts for liquidity management purposes. NDF has forward and deposition contracts with a commercial bank.

Placements with credit institutions

NDF has during 2016 invested monetary assets with commercial banks at current market interest rates. The placements are initially recognised at cost (normally nominal value) at settlement date. Placements are also recorded at cost in the annual report. Accrued interest on placements is recorded within “Accrued Income” in the balance sheet.

Placements with credit institutions for longer than 6 months are shown as investments in the “Cash Flow Statement”. The amount is included in the balance sheet as “Other long-term financial placements”.

Credits with government guarantee outstanding

The recipient countries for NDF credits are low-income developing countries. The credit period for credits with government guarantee is 40 years, including a 10-year grace period. The loans are interest-free.

The credits are initially recognised at cost at settlement date. For payments which are more than 180 days overdue, the Fund places all credits to the borrower in question in non-accrual status, whereupon the Fund stops recording accrued service charges and fee and commission revenue as income on the income statement. All accrued but unpaid income in respect of the borrower in question that had been recorded as income is then deducted from the income statement. As of 31 December 2016, Zimbabwe was more than 180 days overdue with payments.

There is considerable concessionality in the credits from NDF as they are interest-free and have very long maturities.

Provision for loan losses

NDF's lending conditions allow for a long-term view to be taken of the repayment capacity of recipient countries. In the event of debt consolidation, it is assumed that credits from NDF will be treated in the same manner as loans from other multilateral financing institutions (*preferred creditor status*).

Credits outstanding are recognised in the balance sheet at their recoverable amount. Loans with government guarantee outstanding are recorded net of provisions for possible loan losses and actual loan losses. Provision for possible loan losses is established based on the assessment of the nature and maturity structure of the credit portfolio.

Other loans outstanding

Other loans outstanding consist of loans with financial liability features to the private sector. The loans are initially recognised at cost at settlement day. In the balance sheet, other loans outstanding are recorded net of provisions for actual and possible loan losses. A provision for possible loan losses is established based on the assessment of the nature and maturity structure of the loan portfolio.

Loans with equity features and equity investments

The Statutes of NDF enable the Fund, as an integrated and permanent part of its operations, to provide financing to private sector activities in developing countries without government guarantee.

Loans with equity features and equity investments are recognised in the balance sheet at cost after write-down. The value of outstanding loans with equity features and equity investments are continuously revalued by the Fund. If the book value exceeds the valuation made, a corresponding write-down is made. Write-downs are presented separately in the income statement.

Intangible assets

Intangible assets mainly consist of investments in software and software licenses for ICT-systems. The investments are carried at historical cost and are amortised over the assessed useful life of the assets, which is estimated to be between 3 and 5 years. The amortisations are made on a straight-line basis.



The management of Mozambique's coastal fisheries is being enhanced through a project funded by NDF, the World Bank, and the international NGO Rare. The project aims to reduce poverty in fishing communities and make them more resilient to climate change. Photo: Rare

Notes to the financial statements

Tangible assets

Tangible assets are recognised at historical cost, less any accumulated depreciation based on their assessed useful life. The depreciation period for tangible assets is determined by assessing the individual item, usually 3 to 5 years.

Write-downs and impairment of intangible and tangible assets

The Fund's assets are reviewed annually for impairment. If there is any objective evidence of impairment, the impairment loss is determined based on the recoverable amount of the assets.

Equity

In August 2000, the Nordic Council of Ministers passed a resolution to increase the capital of NDF by EUR 330 million. After this replenishment, the capital of NDF amounted to SDR 515 million and EUR 330 million. As of 31 December 2016, SDR 515 million - the equivalent of EUR 691.4 million- and EUR 330.0 million, totalling EUR 1.021 billion has been paid in by the member countries. Future operations will build on the existing liquidity and the reflows coming from mainly the 188 outstanding credits which NDF granted during the years 1989-2005. The last repayment for these credits is due in 2045. As NDF's operations are predominantly grant based, the capital will decrease over time and will eventually be exhausted unless there are future replenishments or changes in the operations towards a more financially sustainable approach.

Income from service and commitment charges, loans with equity features and equity investments

The Fund's long-term lending with government guarantee is interest-free, but a service charge of 0.75% per annum is collected on outstanding amounts. A commitment charge of 0.5% per annum is collected on any undisbursed balance one year after the loan agreement has been signed. Income from other loans is presented within Service charges from credits in the income statement. Income from loans with equity features is normally related to the return received by the shareholders of the company.

Income from service charges on lending and income from loans with equity features and equity investments are presented as separate items

in the income statement. Commitment charges are presented within Fee and commission income.

Project financing

Disbursements to climate projects in the form of grants are recorded as a cost under "Grant financing for climate projects" in the income statement. Disbursements in the form of equity are accounted for in the balance sheet under "Loans with equity features and equity investments outstanding". Upon completion of a project or cancellation of a grant, any refund is written back as a reduction of the total costs for the year under "Refund of grant financing".

General administrative expenses

NDF receives a host country reimbursement from the Finnish government equal to the tax levied on the salaries of the Fund's employees. The host country reimbursement, which the Fund received in 2016, amounted to EUR 618,753 (2015: EUR 571,203). The payment reduces the Fund's administrative expenses as shown in Note 10.

Employees' pensions and insurance

The Fund is responsible for arranging pension security for its employees. In accordance with the Host Country Agreement between the Fund and the Finnish Government, and as part of the Fund's pension arrangements, the Fund has decided to apply the Finnish state pension system. Contributions to this pension system, which are paid to the Finnish State Pension Fund, are calculated as a percentage of the salaries. The Finnish Ministry of Finance determines the basis for the contributions and establishes the actual amount of the contributions according to a proposal from the local government pensions institution Keva.

NDF also provides its permanent employees with a supplementary pension insurance scheme arranged by a private pension insurance company. The Fund's pension liability is completely covered.

In addition to the applicable local social security systems, NDF has taken out for example comprehensive, accident, life, medical and disability insurance policies for its employees in the form of group insurances.

Notes to the financial statements

Notes to the Income Statement and the Balance Sheet

(Note 1) Cash and cash equivalents and other long-term financial placements

(EUR 1,000)	31 Dec. 2016	31 Dec. 2015
Cash and cash equivalents		
Cash and balances with banks	7,324	9,840
Placements with credit institution	-	-
Total, cash and cash equivalents	7,324	9,840
 Other long-term financial placements		
Other long-term financial placements	108,849	111,127
Total, other long-term financial placements	108,849	111,127
 Total, cash and cash equivalents and other long-term financial placements	116,173	120,966

The remaining maturity of placements, counted from the balance sheet date to maturity, is as follows:

(EUR 1,000)	31 Dec. 2016	31 Dec. 2015
Up to and including 3 months	32,000	44,486
More than 3 months and up to and including 6 months	43,006	45,966
More than 6 months and up to and including 12 months	33,502	20,493
Total	108,508	110,945

(Note 2) Derivative instruments

(EUR 1,000)	31 Dec. 2016	31 Dec. 2015
Fair value of option contracts at beginning of year	386	4,672
Fair value of option contracts at end of year	-149	386
Change in fair value	-535	-4,287

NDF has received adequate collateral that covers the derivative instruments' market value.

Notes to the financial statements

(Note 3) Credits with government guarantee outstanding

Credits according to lending currency:

(Face value in EUR 1,000)	31 Dec. 2016	31 Dec. 2015
EUR-credits	440,554	453,013
SDR-credits	283,297	291,890
Total, outstanding credits	723,852	744,903

Credits outstanding:

(EUR 1,000):	31 Dec. 2016	31 Dec. 2015
Bangladesh	32,699	33,271
Benin	18,153	18,539
Bolivia	28,932	29,902
Botswana	3,826	4,085
Burkina Faso	9,898	10,102
Cambodia	8,707	8,892
Cape Verde	1,882	1,982
China	3,790	4,012
Colombia	1,156	1,198
Dominican Republic	7,138	7,452
Ethiopia	25,788	26,353
Ghana	49,014	49,428
Honduras	30,356	31,003
Indonesia	10,189	10,814
Jamaica	5,341	5,577
Kenya	24,930	25,449
Kyrgyz Republic	4,093	4,194
Lao PDR	47,901	49,514
Malawi	21,178	21,867
Maldives	7,967	8,316
Mauritius	2,112	2,274
Mongolia	23,822	24,600
Mozambique	56,655	58,224
Namibia	1,420	1,499
Nepal	19,084	19,921
Nicaragua	43,302	44,663

(EUR 1,000):	31 Dec. 2016	31 Dec. 2015
Pakistan	8,179	8,694
Philippines	10,971	11,202
Rwanda	12,099	12,349
Senegal	47,676	48,953
Sri Lanka	19,750	20,304
Tanzania	21,750	22,523
Tunisia	4,473	4,683
Uganda	51,178	52,836
Vietnam	24,567	25,189
Zambia	22,171	22,659
Zimbabwe	17,514	17,480
Credits outstanding	729,660	750,001
Credits in default (Zimbabwe)	5,808	5,098
Total, credits outstanding	723,852	744,903

In addition, agreements have been signed on a further EUR 0.2 million (2015: EUR 3.7 million) in credits not yet disbursed.

Amortisations on credits outstanding as at 31 December 2016 show the following maturity profile:

(EUR 1,000)	31 Dec. 2016	31 Dec. 2015
2016		23,041
2017-2020	102,856	102,319
2021-2025	158,297	157,370
2026-2030	175,074	174,055
2031-2035	151,007	150,002
2036-2040	100,551	99,605
2041-2045	36,066	38,510
Total, credits outstanding	723,852	744,903

Notes to the financial statements

(Note 4) Other loans outstanding

Other loans outstanding are distributed as follows:

(EUR 1,000)	31 Dec. 2016	31 Dec. 2015
East African Development Bank	4,919	5,193
Total, other loans outstanding	4,919	5,193

Amortisations on other loans outstanding as at 31 December 2016 show the following maturity profile:

(EUR 1,000)	31 Dec. 2016	31 Dec. 2015
2016		273
2017-2020	1,093	1,093
2021-2025	1,366	1,366
2026-2030	1,366	1,366
2031-2035	1,093	1,093
Total, other loans outstanding	4,919	5,193

(Note 5) Loans with equity features and equity investments outstanding

Loans with equity features and equity investments are distributed as follows:

(EUR 1,000)	31 Dec. 2016	31 Dec. 2015
African Guarantee Fund	6,000	0
Mekong Enterprise Fund	528	528
Total, loans with equity features and equity investments outstanding	6,528	528
Write-down	-132	-132
Total, loans with equity features and equity investments outstanding after write-down	6,396	396

As at 31 December 2016, the write-down for impairment totalled EUR 131,947 (2015: EUR 131,947) based on assessment of the risk of losses which exists or may exist.

(Note 6) Loan losses, write-down of loans and reversals

The total net loan losses, write-down on loans and reversals during 2016 totalled EUR 0 (2015: EUR -55,677). No realised loan losses occurred during 2016 (2015: EUR 0).

Notes to the financial statements

(Note 7) Intangible and tangible assets

(Amounts in EUR)

	31 Dec. 2016	31 Dec. 2015
<i>Intangible assets</i>	Computer software	Computer software
Acquisition value at beginning of year	5,797	5,797
Acquisitions during the year	0	0
<i>Acquisition value at end of year</i>	5,797	5,797
Accumulated amortisation at beginning of year	5,797	5,755
Amortisation according to plan for the year	0	42
<i>Accumulated amortisation at end of year</i>	5,797	5,797
Net book value	0	0
<i>Tangible assets</i>	Office equipment	Office equipment
Acquisition value at beginning of year	106,972	60,166
Acquisitions during the year	0	46,806
<i>Acquisition value at end of year</i>	106,972	106,972
Accumulated depreciation at beginning of year	46,198	39,461
Depreciation according to plan for the year	16,440	6,737
<i>Accumulated depreciation at end of year</i>	62,639	46,198
Net book value	44,334	60,774
Intangible and tangible assets total	44,334	60,774

Notes to the financial statements

(Note 8) Equity

The member countries have subscribed and paid in the total Fund capital:

Subscribed fund capital as at 31 December 2016

(EUR/SDR 1,000)	SDR	%	EUR	%
Denmark	115,067	22	82,500	25
Finland	96,726	19	58,740	18
Iceland	5,453	1	3,300	1
Norway	101,591	20	74,250	23
Sweden	196,163	38	111,210	34
Subscribed fund capital	515,000	100%	330,000	100%

The member countries have paid in the subscribed fund capital:

Paid-in Fund capital	Fund capital 31 Dec. 2016		Fund capital 31 Dec. 2016	Fund capital 31 Dec. 2016	
(EUR/SDR 1,000)	in SDR	Converted into EUR	in EUR	Total	%
Denmark	115,067	153,858	82,500	236,358	23
Finland	96,726	130,592	58,740	189,332	19
Iceland	5,453	7,303	3,300	10,603	1
Norway	101,591	136,354	74,250	210,604	21
Sweden	196,163	263,299	111,210	374,509	37
Paid-in fund capital	515,000	691,405	330,000	1,021,405	100%

Notes to the financial statements

(Note 9) Financing for climate projects

Disbursements for financing for climate change projects amounted to EUR 28.1 million in 2016 (2015: EUR 37.0 million) and EUR 6 million in equity contribution (2015: EUR 0) totalling EUR 34.1 million in disbursements in 2016.

The geographic distribution is as follows:

Grant financing: (EUR 1,000)	31 Dec. 2016	31 Dec. 2015
Africa	6,486	15,241
Asia	10,216	6,556
Latin America	10,535	11,191
Multiple regions	833	4,011
Total	28,070	36,999

Equity financing: (EUR 1,000)	31 Dec. 2016	31 Dec. 2015
Africa	6,000	-
Asia	-	-
Latin America	-	-
Multiple regions	-	-
Total	6,000	-

In addition, projects have been approved involving further financing amounting to EUR 105.4 million (2015: EUR 85.1 million), but these funds have not yet been disbursed.

Notes to the financial statements

(Note 10) General administrative expenses including compensation for the Board of Directors, the Control Committee and the Managing Director

General administrative expenses (EUR 1,000)	2016	2015
Personnel costs	1,656	1,749
Pension premiums in accordance with the Finnish state pension system	359	404
Other pension premiums	84	91
Office premises costs	185	91
Other general administrative expenses	783	839
Cost coverage, NIB	303	311
Total	3,370	3,485
Host country reimbursement according to agreement with the Finnish Government	-619	-571
Net	2,751	2,914

Compensation for the Board of Directors and the Control Committee is set by the Nordic Council of Ministers. Compensation for the Fund's Managing Director is set by the Board of Directors and is paid in the form of a fixed annual salary and usual salary-based benefits.

As for other permanently employed Fund staff, the pension benefits for the Managing Director are based on the Finnish State pension system and a supplementary group pension insurance policy.

Professional staff (including the Managing Director) who move to Finland for the sole purpose of taking up employment in the Fund, are entitled to certain expatriate benefits, such as an expatriate allowance and a spouse/family allowance. In addition, NDF assists the expatriate e.g. in finding accommodation, usually by renting a house or a flat in its own name. The staff reimburses the Fund part of the rent, which is equal

to at least the taxable value of the accommodation benefit established annually by the Finnish National Board of Taxes.

Staff loans can be granted to permanently employed staff members (including the Managing Director) who have been employed by the Fund for a period of at least one year. The staff loans are granted by a commercial bank, subject to a recommendation from the employer.

At present, the maximum loan amount is EUR 200,000. The employee pays interest on the loan in accordance with the official base rate established by the Ministry of Finance in Finland. The same interest rates, terms and conditions are applicable to all the employees of the Fund, including the Managing Director.

Compensation for the Chairman of the Board of Directors, the Board, the Control Committee and the Managing Director appears in the table below:

(amounts in EUR)	2016 Compensation/ taxable income	2015 Compensation/ taxable income
Chairman of the Board of Directors	5,144	5,149
Other members of the Board	18,049	18,491
Managing Director	295,342	294,618
Control Committee	1,500	1,500

During 2016, NDF paid a total of EUR 83,848 (2015: EUR 90,948) in pension premiums for the Managing Director.

Notes to the financial statements

(Note 11) Related party disclosures

According to the constituent documents of NDF, the Fund's principal office shall be located at the principal office of Nordic Investment Bank (NIB). Furthermore, the Statutes of NDF set out that the Fund's Control Committee members appointed by the Nordic Council shall be the same persons as appointed by the Council to the Control Committee of NIB. In addition, NDF's Statutes stipulate that the powers vested in the Board of Directors may to the extent appropriate be delegated to the Fund's Managing Director and /or to NIB.

NDF acquires services at self-cost price from NIB and enters into transactions with NIB. The outstanding balance of claims and debts between NDF and NIB as well as interest charged during the year are presented in the table below. The interest charged corresponds to the normal market rate.

(EUR 1,000):	Interest income	NDF's outstanding debt to NIB	NDF's outstanding claim on NIB	Rental expenses
2016	0	4	25	146
2015	0	2	3	52

(Note 12) Currency exchange rates

		EUR rate on 31 Dec. 2016	EUR rate on 31 Dec. 2015
DKK	Danish krone	7.4344	7.4626
ISK	Icelandic króna *	118.8	141.15
NOK	Norwegian krone	9.0863	9.603
SEK	Swedish krona	9.5525	9.1895
USD	US dollar	1.0541	1.0887
SDR	Special Drawing Rights **	0.78411	0.78565

* Reuters closing.

** IMF (International Monetary Fund) closing per 31 December 2016 and per 31 December 2015.

Prospects for exploiting geothermal energy in East Africa are being explored through an extensive NDF project. These surveyors are examining surface geological conditions in rural Kenya to get an idea of the underground potential. Photo: ICEIDA



Independent Auditor's Report

To the Control Committee of the Nordic Development Fund

Independent Auditor's report on the financial statements

Opinion

In our capacity as auditors appointed by the Control Committee of the Nordic Development Fund we have audited the accompanying financial statements of the Fund for the year ended 31 December, 2016. The financial statements comprise the balance sheet as at 31 December 2016, the income statement, statement of changes in equity and statement of cash flows, a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the Fund's financial performance and financial position in accordance with the accounting principles described in the notes to the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the Fund in accordance with International Standards on Auditing, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the accounting principles described in the notes to the financial statements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the Fund or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.

Independent Auditor's Report

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the information included in the report of the Board of Directors and, in doing so, consider whether the information included in the report of the Board of Directors is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements.

If, based on the work we have performed, we conclude that there is a material misstatement in the information included in the report of the Board of Directors, we are required to report this fact. We have nothing to report in this regard.

Report on the other requirements

In accordance with the Terms of Engagement our audit also included a review whether the Board of Directors' and the Managing Director's administration have complied with the Statutes of the Fund. It is our opinion that the administration of the Board of Directors and the Managing Director complied with the Statutes of the Fund.

Helsinki 9 March, 2017

Marcus Tötterman

Authorised Public Accountant
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Finland

Anders Tagde

Authorised Public Accountant
KPMG AB
Vasagatan 16
111 20 Stockholm
Sweden

Statement by the Control Committee

Statement by the Control Committee of the Nordic Development Fund on the audit of the administration and accounts of the Fund

To the Nordic Council of Ministers

In accordance with section 9 of the statutes of the Nordic Development Fund, we have been appointed to ensure that the operations of the Fund are conducted in accordance with the Statutes and to bear responsibility for the audit of the Fund. Having completed our assignment for the year 2016, we hereby submit the following report.

The Control Committee met during the financial year as well as after the Fund's financial statements had been prepared, whereupon the necessary control and examination measures were performed. The Fund's Annual Report was examined at a meeting in Helsinki on 9 March 2017, at which time we also received the Auditor's Report submitted on 9 March 2017 by the authorised public accountants appointed by the Control Committee.

Following the audit performed, we note that:

- the Fund's operations during the financial year have been conducted in accordance with the Statutes, and that
- the financial statements, which comprise the balance sheet as at 31 December 2016, and the income statement, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, are prepared in all material respects in accordance with the accounting principles described in the notes to the financial statements. The financial statements show a loss of EUR 18,627,653.95 which will be carried forward to new account.

We recommend to the Nordic Council of Ministers that:

- the income statement and the balance sheet be adopted, and
- the Board of Directors and Managing Director be discharged from liability for the administration of the Fund's operations during the accounting period examined by us.

Helsinki 9 March, 2017

Sjúrður Skaale

Bill Fransson

Penilla Gunther

Arto Pirttilahti

Michael Tetzschner

Höskuldur Þórhallsson

Project portfolio

Project portfolio / Africa

Projects by country/region	Partner agency	NDF investment EUR million	Agreement signed
Benin			
Increased Access to Modern Energy Project - Modernizing Biomass Energy Services	WB	1.5	2010
Kenya			
Electricity Expansion Off-Grid Project	WB	4.0	2012
Training in Geothermal Drilling	WB	1.5	2015
Mozambique			
Coastal Cities and Climate Change	WB	3.8	2012
Transforming Hydro-Meteorological Services	WB	4.5	2013
Fisheries and Climate Change Project FISHCC	WB	4.0	2013
Developing Capacity for a Climate Resilient Road Sector	AfDB	3.8	2014
Aquaculture and Climate Change	WB	5.0	2015
Rwanda			
Investment Subsidies for Solar Water Heaters	WB	4.0	2011
Climate-Resilient Road Transport Infrastructure	WB	4.4	2016
Improving Charcoal Value Chain	WB	3.7	2017*
Senegal			
Water and Sanitation Millennium Project - Cambérène Climate Change	WB	4.0	2011
Sustainable and Participatory Energy Management Project (PROGEDE II) – Biomass	WB	3.0	2011
Flood Risk Management	WB	7.0	2013
Tanzania			
Impacts of Climate Change in Coastal Areas	WB	0.8	2012
Hydropower Sustainability Assessment	WB	0.5	2013
Climate Smart Solutions for Small-scale Water and Energy Supply	WB	0.5	2015
Institutional Strengthening for Urban Climate Adaptation and Mitigation	WB	5.0	2015
Uganda			
Increasing Access to Modern Energy Packages in Rural Areas	WB	3.0	2010
Farm Income Enhancement and Forest Conservation Project 2 (FIEFOC 2)	AfDB	5.3	2016

Project portfolio

Project portfolio / Africa

Projects by country/region	Partner agency	NDF investment EUR million	Agreement signed
Zambia			
Developing Climate Resilient Infrastructure and Capacity	WB	4.0	2014
Climate Resilient Procedures and Standards in Rural Water Supply and Sanitation	AfDB	2.3	2015
Regional			
Addressing the Vulnerability of Africa's Infrastructure	WB	0.6	2012
Insurance Instruments for Africa Climate Adaptation	WB	0.5	2012
Sub-Saharan Drylands - Towards Enhanced Resilience	WB	0.5	2012
Geothermal Exploration Project in East Africa	Iceida	5.0	2012
Climdev Special Fund	AfDB	5.0	2014
African Water Facility - Call for Proposals for Preparations of Water and Climate Change Investment Programs and Projects	AfDB	6.0	2014
Climate Financing Readiness in Africa	WB	0.5	2015
Climate Change and Health	WB	0.5	2015
West Africa Coastal Area Erosion and Adaptation	WB	0.5	2015
Lake Victoria Basin Resource Efficiency and Cleaner Production	WB	4.0	2017*
African Guarantee Fund (AGF) Green Guarantee Facility (GGF)	AfDB	7.6	2016

Project portfolio / Asia

Projects by country/region	Partner agency	NDF investment EUR million	Agreement signed
Bangladesh			
NAMA Proposal for the Railway Sector	ADB	0.3	2014
Cambodia			
Adaptation Approaches for the Transport Sector	ADB	4.2	2011
Water Resources Management	ADB	2.0	2011
Rural Roads Improvement Project II	ADB	4.0	2014
Integrating Gender Considerations in Climate Change Adaptation	ADB	0.5	2016
Monitoring, Reporting and Evaluation of Adaptation Investments	ADB	0.5	2016

Project portfolio

Project portfolio / Asia (continued)

Projects by country/region	Partner agency	NDF investment EUR million	Agreement signed
Lao PDR			
Pakse Urban Environmental Improvement Project	ADB	0.3	2009
Capacity Enhancement for Coping with Climate Change	ADB	2.0	2010
Lao PDR Road Sector Project	WB	11.0	2017*
Nepal			
Pilot Project to Test the Climate Change Benefits of Biochar	ADB	0.5	2013
Building Climate Resilience of Watersheds in Mountain Eco-Regions	ADB	3.6	2014
Vietnam			
Support for the National Target Program on Climate Change	ADB	1.9	2011
Integrating Climate Change Adaptation to Transport	ADB	0.4	2012
Pilot Programme for Mitigation Action in the Cement Sector	NOAK/NEFCO	1.4	2013
Innovative and Climate Resilient Housing in the Mekong Delta	ADB	0.5	2015
Regional			
Energy and Environment Partnership (EEP)	Finland (MFA)	3.0	2010
Climate-Friendly Bioenergy	ADB	2.3	2011
Gender and Climate Change	ADB	2.4	2011
Resilient Cities in the GMS: Adapting Cities to Climate Change	ADB	0.4	2012
Climate Resilience and Low Carbon Strategies in the GMS	ADB	4.0	2013
Improving Nitrogen Use Efficiency for Climate Change Mitigation and Adaptation	ADB	3.7	2013
Transport NAMA Facility	ADB	0.5	2015
Strengthening Resilience to Climate Change in the Health Sector in GMS	ADB	4.0	2015
Enhancing Readiness of ADB DMCs for Scaled Up Finance	ADB	0.5	2016
Readiness Improvement for Sustainable Cities (RISP)	ADB	7.0	2016

Project portfolio

Project portfolio / Latin America

Projects by country/region	Partner agency	NDF investment EUR million	Agreement signed
Bolivia			
Rural Electrification with Renewable Energy	IDB	4.0	2015
Pilot Adaptation Plan of Action for High Inter-Valley Communities	IDB	4.0	2014
Honduras			
Indigenous Peoples and Climate Change	IDB	3.5	2012
Asset Adaptation to Climate Change in Poor Neighbourhoods of Tegucigalpa	IDB	0.2	2013
Renewable Energy Development in the Bay Islands	IDB	0.5	2014
MIPESCA – Resilience of the Blue Economy and the Coastal Ecosystem in Northern Honduras	IDB	3.1	2016
Nicaragua			
Sustainable Electrification and Renewable Energy Program	IDB	4.5	2011
Programme for Disaster Management and Climate Change	IDB	2.5	2011
Biogas Market Facilitation Program	IDB/MIF	1.5	2011
Adaptation to Climate Change in Road Transport Sector	IDB	4.4	2012
Promoting Energy Savings Insurance	IDB	0.5	2016
Regional			
GreenPYME: Energy Efficiency for Small and Medium-sized Enterprises	IIC	2.2	2010
Climate Proofing and Review of Infrastructure Investments	IDB	1.5	2011
Adaptation to Climate Change in Honduras and Nicaragua	IDB	0.5	2011
Microfinance and Climate Change Programme	IDB/MIF	1.5	2011
Geothermal Training Programme	IDB	1.5	2012
Economics of Climate Change	IDB	0.5	2012
GreenPYME II	IIC	3.0	2012
Climate Change and Sustainable Cities	IDB	2.1	2012
Energy Efficiency Technical Assistance and Guarantee Fund	IDB	8.0	2013
Building Climate Resilience in MSMEs	IDB	3.5	2013
IDEAS Energy Innovation Contest	IDB	0.2	2013
Emerging and Sustainable Cities Initiative (ESCI) II	IDB	4.0	2014
EcoMicro 2	IDB	4.1	2015
Green Climate Fund Readiness Support for Central America and Bolivia	IDB	0.5	2015
Climate-Smart Agriculture Fund for Latin America and the Caribbean	IDB	5.0	2016

Project portfolio

Project portfolio / Multiple Regions

Project	Partner agency	NDF investment EUR million	Agreement signed
Nordic Climate Facility 1	n/a	6.0	2010
Nordic Climate Facility 2	n/a	6.0	2011
Nordic Climate Facility 3	n/a	6.0	2011
Nordic Climate Facility 4	n/a	4.0	2013
Nordic Climate Facility 5	NDF	4.0	2015
Nordic Climate Facility 6	NDF	6.0	2016
Nordic Climate Facility 7-9	NDF	20.0	2017-2019*
Social Analysis and Adaptation to Climate Change	None	0.2	2012
Market for Climate Resilience in Latin America and the Caribbean, Africa and Asia	IDB	0.5	2016

* tentative

NCF projects

NCF1				
Project country	Project name	Nordic partner / country	NCF financing	Agreement signed
Benin	Scaling the Solar Market Garden	NAPS Systems, Finland	415,000	2010
Bolivia	Adapting to Climate Change in Bolivian Andean Communities	Diakonia, Sweden	496,951	2010
East Africa	Fuel Efficient Stoves in East Africa: Reducing Emissions and Improving Livelihoods	CARE Danmark / Uganda Carbon Bureau, Denmark	343,842	2010
Ethiopia	GHG Mitigation and Sustainable Development through the Promotion of Energy Efficient Cooking in Social Institutions	Gaia Consulting Oy, Finland	212,000	2010
Ethiopia	Demand Side Management for Climate Change Adaptation for the Ethiopian Power Sector	Hifab Oy, Finland	407,300	2010
Ghana	Climate-Proofed Water Conservation Strategies in Northern Ghana	DHI, Denmark	44,005	2010
Ghana	Energy Efficient Recycling of Electric and Electronic Scrap and Electronic Scrap	Raw Materials Group, Sweden	480,033	2010
Kenya	Community Based Adaptation to Climate Change through Environmentally Sustainable Water Resources Management in Isiolo District	Danish Red Cross, Denmark	391,447	2010
Kenya	Providing Assistance for Design and Management of Appropriate Water Harvesting Technologies in Arid Lands of Kenya	Niras (Ramboll) Natura AB, Sweden	500,000	2010
Kenya	Building Adaptive Capacity to Climate Change	Orgut AB, Sweden	496,750	2010
Kenya	Enhancing Capacity for Adaptation to, and Mitigation of, Climate Change in Kibera, Nairobi	Solvatten, Sweden	301,290	2010
Kenya	Mount Elgon Integrated Watershed Management Project	Vi Skogen, Sweden	227,751	2010
Nicaragua	Strengthening National Capacities on Energy Efficiency	Motiva Services, Finland	381,046	2010
Uganda	The Bukaleba Charcoal Project	Green Resources, Norway	220,000	2010
Total			4,917,414	

NCF projects

NCF2 Project country	Project name	Nordic partner / country	NCF financing	Agreement signed
Bolivia	Financing Sustainable Energy through Remittances Flows	Gaia Consulting Oy, Finland	476,246	2011
Bolivia	Urban and Industrial Waste to Energy - Promoting Sustainable Development in Bolivia	KTH, Sweden	440,627	2011
Ethiopia	Demonstrating the Feasibility of Locally Produced Ethanol for Household Cooking	Stockholm Environment Institute, Sweden	346,059	2011
Malawi	Strengthening the Resilience of People Living in High-risk Urban and Semi-urban Areas to Weather-related Disasters	Finnish Red Cross, Finland	499,500	2011
Mozambique	GIS Tool for Urban Adaptation to Climate Change and Flood Risk	COWI, Denmark	499,236	2011
Nepal	Promoting Renewable Energy Technologies for Enhanced Rural Livelihoods	Finnish Consulting Group, Finland	341,506	2011
Rwanda	Karisimbi Geothermal Prospect	Reykjavik Geothermal, Iceland	449,584	2011
Rwanda & Uganda	Enhancing Sustainable Energy Supply for Tea Factories in Rwanda and Uganda	Pöyry Management Consulting Oy, Finland	280,000	2011
Sri Lanka	Climate Resilient Action Plans for Coastal Urban Areas	Norwegian Institute for Water Research, Norway	378,308	2011
Uganda	Sustainable renewable energy businesses in Uganda	Norges Vel, Norway	500,000	2011
Vietnam	Adapting Urban Construction Plans to Climate Change in Vietnam by the use of Strategic Environmental Assessment	Aalborg University, Denmark	468,131	2011
Vietnam	Building Technology in Urban Flood & Inundation Forecasting to be Applied for Operational Early Warning System in the Ha Noi City	DHI Water and Environment, Denmark	324,950	2011
Total			5,004,147	

NCF projects

NCF3				
Project country	Project name	Nordic partner / country	NCF financing	Agreement signed
Bangladesh	NAMA and Innovative Energy Optimisation in the steel sector in Bangladesh	Viegand Maagøe, Denmark	299,340	2013
Bolivia	Promoting Cañahua in the Andean Highland	University of Copenhagen, Denmark	269,952	2013
Burkina Faso	Ecological Food Processing Unit	Danish Technological Institute, Denmark	381,436	2013
Cambodia	Building Carbon-trading Business Capacity for Organized Smallholder farmers in Cambodia	NORDECO, Denmark	383,386	2013
Cambodia & Lao PDR	Scaling up Low Carbon Household Water Purification Technologies in the Mekong Sub-region	Finland Futures Research Centre, Finland	439,095	2013
Ghana	Biomass Green Briquette Fuel (GBF) Production under Kitchen Efficiency Programme	C.F. Nielsen, Denmark	494,790	2013
Ghana	Pilot Project: Efficiency Enhancement and Entrepreneurship Development in Sustainable Biomass Charcoaling in Ghana	Pöyry Management Consulting Oy, Finland	499,999	2013
Ghana	Rain Water Harversting (RWH) for Resilience to Climate Change Impact on Water Availability in Ghana	SINTEF, Norway	330,199	2012
Kenya	Business Development Closing the Rural-Urban Nutrient and Carbon Dioxide Cycles	Niras Natura AB, Sweden	199,396	2013
Kenya, Rwanda, Tanzania and Uganda	ADAPTea: Climate Change Adaptation for FAIRTRADE Tea Producers in East Africa	Vi-Skogen, Sweden	444,936	2013
Malawi	Mainstreaming Climate-smart Agriculture in Solar Irrigation Schemes for Sustainable Local Business Development in Malawi	DanChurchAid, Denmark	279,316	2013
Nepal	Developing Low-cost Community Based Innovative Solutions to Mitigate and Adapt to Climate Change while Creating Viable Local Business Solutions	Danish Forestry Extension, Denmark	360,565	2013
Tanzania	Sustainable Charcoal Business Development in Tanzania	Gaia Consulting Oy, Finland	259,250	2013
Tanzania	From Waste to Local Business Development and Vigorous Soil	Norges Vel, Norway	500,000	2013
Total			5,141,660	

NCF projects

NCF4				
Project country	Project name	Nordic partner / country	NCF financing	Agreement signed
Ethiopia	Clean Energy Promotion through Microfinance in Ethiopia	Gaia Consulting Oy, Finland	325,900	2014
Honduras & Nicaragua	Roadmap to Nationally Appropriate Mitigation Actions in the Livestock Sector	UNEP DTU Partnership, Denmark	282,650	2015
Kenya	Improved Water Economics within Sub Catchments of Kenya (IWESK)	Orgut Consulting, Sweden	497,000	2015
Kenya	Climate Smart Agriculture for Improved Rural Livelihoods	Vi-Skogen, Sweden	300,000	2015
Kenya	Leveraging Markets for Climate Friendly Sustainable Development in Laikipia	NEPCon, Denmark	489,919	2014
Kenya	Creating Green Local Economy through Commercial Production of Biomass Briquettes from Agro-Industrial Residues in Kenya	Norges Vel, Norway	500,000	2015
Mozambique	Waste Recycling in Mozambique through the Establishment of Waste Transfer and Recycling Centres: Testing Concept and Formulation of Bottom-up NAMA	Niras A/S, Denmark	500,000	2015
Senegal	Piloting REDD+ Monitoring and Non-Wood Forest Product Value Chains to Mitigate Greenhouse Gas Emissions in the Rural Communities of Bandafassi	Arbonaut Ltd, Finland	450,000	2015
Tanzania	Reduction of Greenhouse Gases and Deforestation Related to Food Processing in Sub-Saharan Africa	Matis Plc., Iceland	488,903	2014
Uganda	Sustainable Consumption and Production of Biofuel in Uganda	Aalborg University, Denmark	277,565	2015
Uganda	3Ws Innovative Water Solutions	Aqua Unique Norge, Norway	359,355	2015
Total			4,471,292	

NCF projects

NCF5				
Project country	Project name	Nordic partner / Country	NCF financing	Agreement signed
Bangladesh	Community Driven Climate Adaptation - Making Sustainable Climate Adaptation Solutions Accessible to the Urban Poor	Plan Denmark	399,260	2016
Bolivia	Technology, Adaptation and Mitigation: Greening the Economy of Urban Agriculture at Kanata Metropolitan Area, Bolivia	Diakonia, Sweden	499,996	2016
Kenya	Climate Resilient Low-cost Buildings in Marsabit County, Kenya	HAMK, Finland	497,660	2016
Nepal	Building Resilience and Climate Adaptive Planning in Urban Centres of Nepal	Arbonaut Ltd, Finland	460,299	2016
Pakistan	Introducing Renewable Energy Solutions to Enhance Energy Security and Build Climate Resilience in Karachi, Sindh, Pakistan	WWF, Sweden	492,636	2016
Vietnam	Exploiting the Synergies between Sustainable Urban Drainage Systems (SUDS) and Urban Farming in Vinh Yen City, Vietnam	Niras A/S, Denmark	480,000	2016
Vietnam	Implementing Incentives for Climate Resilient Housing Among the Urban Poor in Vietnam	Vista Analyse AS, Norway	498,450	2016
Total			3,328,301	

NCF6				
Project country	Project name	Nordic partner / Country	NCF financing	Agreement signed
Uganda	Improving Climate Resilience for Small-scale Coffee Farming Systems in Uganda	Niras A/S, Denmark	499,886	2016

* Negotiations were under way at the end of 2016 for 13 further NCF 6 projects, with agreements expected to be signed during 2017.

Several NCF projects in Africa promote the wider use of solar energy technologies to reduce greenhouse gas emissions. Photo: Joerg Boethling, Alamy





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To help combat coastal erosion in several West African countries NDF and the World Bank are funding a climate change adaptation project that aims to enhance coastal resource management and land use planning.

Photo: Erick Kaglan, Togo

