Nordic Council of Ministers

Climate Investment Coalition

Recommendations on Nordic Pension Fund Investments in Emerging Markets and Developing Economies



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Introduction



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Investments required to finance climate solutions that keep temperature increases below 1.5°C and build resilience to unavoidable climate change are daunting. In the energy sector alone, the International Energy Agency (IEA) estimates that in order to put the world on track to reach net-zero emissions by 2050, investments in clean energy in emerging market and developing economies need to expand by more than seven times by the late 2020s, to above US$1 trillion per year[1]. This expansion must happen against a backdrop of challenging macroeconomic and geopolitical circumstances.

This Report, titled "Recommendations on Nordic Pension Fund Investments in Emerging Markets and Developing Economies", was prepared by the Climate Investment Coalition, a public-private partnership that works to mobilise commitments from asset owners for climate solution investments by 2030, to be reported on annually. At COP26 in Glasgow, the Climate Investment Coalition supported the mobilisation and announcement of a collective Nordic and UK pension fund commitment of US$130 billion. This notable announcement was made by 41 pension funds and announced by Nordic Heads of State and Government and CEOs of Nordic and UK pension funds. The commitments are to be invested in clean energy and climate solutions by 2030 and reported on annually.

The Nordic region countries are global frontrunners in climate and sustainable finance, as well as in public-private collaboration and its use to successfully accelerate the green transition. In continuation of the commitment made at COP26, and with support from the Nordic Council of Ministers in 2022, the Climate Investment Coalition has had a specific focus on mobilising investments in emerging markets and developing economies.

At COP27, 6-18 November 2022 in Sharm-el-Sheikh, Egypt, the Climate Investment Coalition presented Nordic pension fund progress for climate and clean energy solution investments, shared best practice cases, and provided an overview of key recommendations to policymakers, to support bridging the climate finance gap by

1. International Energy Agency, 2021

2030 in emerging markets and developing economies.

This Report contains recommendations developed based on the input from Nordic investors alongside successful case studies from Climate Investment Coalition pension fund members. This report highlights the challenges and solutions from experienced investors and funding platforms to help catalyse investments and private finance flows to emerging markets and developing economies. It aims to identify the most fundamental and cross-cutting factors to help enable private climate finance for these markets. Further, it aims to motivate the required collaboration between private finance, public finance, and policymakers to help manage associated risks, expand pipelines of sustainable investment opportunities and scale innovative financing methods.

Recommendations



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The Nordic asset owner members of the Climate Investment Coalition have outlined the following key recommendations to governments and their international development partners for focus areas where intensified action will help catalyse investment and private finance flows to emerging markets and developing economies.

These recommendations aim to act as a starting point for productive public-private sector dialogue on the tools to strengthen enabling environments for private climate finance.

Case studies have been collected from Climate Investment Coalition's Nordic asset owner members, to exemplify, where possible, successful cases and practical examples of the recommendations in practice.

Recommendation 1: Foster enabling environments for clean energy investments in emerging markets and developing economies through financial and energy sector policies and regulations that create predictable investment opportunities at scale.

Within the financial sector, sound macroeconomic financial policies will help drive broad-based growth, manage inflation, and interest rates to provide investors and financiers with assurance of lower policy-risk and financial stability of private investments. This can include policy and currency stability, active engagement from the receiving government through its policy support, and clear rules and regulations to uphold these policies.

An example of a financial risk consideration for investors is exchange rate risk. Investors will either look for a historically stable exchange rate, income indexation

to a hard currency, or a market that enables affordable hedging of foreign exchange risk. Therefore, the ability to designate project revenues in a hard currency is an important advantage, though partial conversion structures and hedging instruments can also help to develop the market.

In addition to the enabling policies and regulations for the financial sector, governments from developing countries can help scale clean energy investments through clean energy enabling policies, like improving the market for private clean energy offtake and enabling producers to charge cost-reflective energy tariffs. Stable, well-defined clean energy environments are critical to kicking off and then accelerating developing countries' energy transitions. For renewables, these can include policy mechanisms explicitly to accelerate renewables deployment such as auctions, feed-in tariffs, tax incentives, or national targets. These can create signals from the developing governments to investors that the conditions to invest include higher quality and lower risk.

Governments from developed economies can offer recommendations and capacity building on the green energy transition such as The Toolbox – A Framework for Accelerating Investments for Clean Energy Transition" in support of the UN Climate Action Summit, the Nationally Determined Contributions and Sustainable Development Goal 7 created by the Danish Government in 2019. This toolbox was created for developing governments that seek to increase the level of investments in clean energy within their country, for international organisations and civil society to provide relevant expertise and support for these governments, and for the investor community – public and private – to help identify and overcome barriers while demonstrating willingness to scale up their investments. The Government of Denmark offers government-to-government cooperation through its Centre for Global Cooperation, part of the Danish Energy Agency. One existing country cooperation is with the Indian Ministry of New and Renewable Energy (MNRE), where the Danish Energy Agency is supporting to prepare the framework that can kick-off offshore wind and support India's green transition[2].

Once these enabling environments are built, there are financial tools that are providing crucial support to the deployment of private capital towards clean energy investments in emerging markets. Power purchase agreements (PPAs) - which clearly define the output of the generating assets (such as a solar electric system) and the credit of its associated revenue streams, can be used by the PPA provider to raise non-recourse financing from a bank or other financing counterparty - is one tool that governments or public utilities use in countries that suffer from a negative risk perception, to support greater standardisation, help scale market development, and attract increasing investments over time. Other support may include partial or full guarantees, liquidity facilities, and laws that assure continued funding for the

2. Danish Energy Agency

electricity sector. Stronger PPAs make it more likely that investors and lenders will accept anything less than a full sovereign guarantee; previously understood as a "one size fits all" solution that most financial institutions asked for in the past to deal with country risks.

Other examples of enabling environments through policy, regulation and planning include renewable power targets and streamlined permitting procedures, which may provide clarity on the process for investors as well as shorter project development time. To achieve this before 2030, international and internal technical and institutional support and capacity building for private investors must be significantly scaled-up and become better aligned.

Recommendation 2: Increase the scale and predictability of pipelines of clean energy projects and investment opportunities.

To incentivise private capital, lower the costs of installation and make the most effective use of the available private equity and debt capital ready to be deployed, governments must seek to establish the necessary conditions to promote the creation of steady and sufficiently large pipelines of investable clean energy projects.

Public policies are at the centre of this process, by providing the necessary enabling conditions to safeguard the security of the investment and to create the conditions for more bankable projects. Governments in developing economies need to address existing roadblocks such as regulatory barriers, market fragmentation, information asymmetries, and lack of national capacity to deal with complex project financing models.

A focus from governments in emerging markets and developing economies on mitigating political and economic risks will allow investors to focus more prominently where their expertise is better versed; on minimising and managing risks to investments and financing. To exemplify this, the use of renewable energy auctions or making permitting procedures for renewable energy installation quicker, can be deployed. This has been used in the Thar Solar Project in India where a reverse auction backed by the federal agency Solar Energy Corporation of India (SECI) provided off-take certainty (See Investment Case Study).

Developing and developed countries can collaborate on prioritising the development of projects which stem from both public and private sources or a

combination thereof, through national financial and energy sector plans.

Clarity on the direction of travel and the commitment by governments of emerging markets and developing economies to the energy transition are key to enhancing investor confidence in the availability of a continued flow of investment opportunities. This could be facilitated by introducing reputable developer entities or companies to develop the green projects. If the emerging and developing markets do not have any private entity to support bankable projects, having an intermediary or a developer from the developed markets can increase the scale and predictability of the pipelines. When backed by transparent market design and contracting terms of a high standard, private investors stand ready to make investments happen.

For a successful outcome, private investors would have to focus on capacity building and training for targeted risk expertise.

Recommendation 3: Promote, facilitate, and scale innovative public-private financing approaches and instruments, backed by concessional and blended finance where relevant.

Innovative instruments and equity finance can help enhance risk-sharing through public-private partnerships and maximise the impact of scarce public funds. Investment vehicles that can channel finance at scale, relying both on capital markets and joint investment platforms between public financial institutions (FI's) and private investors are key to incentivising more private capital for emerging markets and developing economies.

Multilateral development banks and international financial institutions, including development financial institutions such as Denmark's IFU, Norway's NORFUND, and Swedish SIDA, can provide support through blended financing structures to alter the risk-return profile for the climate transition in emerging economies. This blended financing mechanism was particularly important behind the Lake Turkana project in Kenya (See Investment Case Study). Multilateral development banks such as the World Bank, African Development Bank, Asian Development Bank, or the Inter-American Development Bank can play a crucial role in bringing the local expertise and overview of the recipient country to the investors.

These partnerships can provide standardised risk mitigation instruments available at scale with low transaction costs that address key risks such as guarantees against offtake risk for clean energy projects or currency risk coverage. By agreeing

to be first to endure losses in green funding vehicles and securitisations, development banks can increase the expected risk-adjusted return for private investors.

In the cases when guarantees are missing, extensive collaboration between public and private bodies on blended finance mechanisms is required to deploy successful investment models that have better risk protection for the downside when the rate of return is close to zero, as well as the offside when the rate of return exceeds sustainable trajectories.

From private investors' perspective, this step requires their active and targeted collaboration with multilateral development banks and international financial institutions, both in the country of origin, as well as in the receiving country.

Areas of Improvement

While there are cases of successful investments (See examples of Investment Cases) in green projects in emerging markets and developing economies, there are remaining challenges and bottlenecks in increasing and scaling the deployment of private capital into these markets.

As stipulated in the above recommendations, the challenges remain threefold; The creation of enabling environments, scaling up and increase predictability of investments, and strengthening of the public-private cooperation.

In order to develop a new public-private partnership and multilateral climate finance models, greater collaboration across stakeholder networks is crucial. Private developers and companies, international organisations, development finance institutions (DFI's), multilateral development banks, private investors, and governments from both developed as well as emerging markets and developing economies can only accelerate climate investments in emerging markets together.

The creation of a supportive interaction platform to analyse and promote capacity building to bridge the climate finance and investment gap can be a solution to strengthen such cross-sector collaboration, overcome barriers and unlock increased investments in emerging markets and developing economies.

Investment Case Studies



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Investment Case Study: Thar Solar Project

Overview

KLP (Norwegian pension fund), together with the Norwegian Climate Investment Fund, managed by Norfund, entered into an agreement to take a 49% stake in a 420 MW solar power plant in India developed by Italian Enel. Norfund and KLP together take a 49% stake in the solar energy project Thar Surya 1 for approximately 2.8bn INR. The 420 MWp (300 MWAC) new solar power plant is being built in Rajasthan in India by Italian Enel Green Power. When the project is completed, it will deliver more than 750 GWh per year. Given India's current energy sources, with a considerable proportion coming from coal, the project will avoid more than 615,000 tonnes of CO2 emissions per year – equivalent to the yearly emissions from 316,000 petrol cars in Norway.

Finance Mechanisms

The project was awarded to Enel through a reverse auction backed by the federal agency Solar Energy Corporation of India (SECI), who provided off-take certainty. The contract provides for firm off-take of all power produced at a fixed price, effectively eliminating volume and price risk for the project, and providing the credit risk of federal support. This contractual structure is key to attracting institutional capital to the project.

As a result, the project could be financed on commercial terms from both equity and lenders, with no need for special concessionary or blended finance instruments.

Project's Key to Success

1. Federal backed off-take structure: The Government of India, in its commitments to renewables, has supported the provision of firm off-take arrangements through SECI. This structure brings the risk to a level that is acceptable to investors.

2. Role of the industrial partner: They are able to provide cost-effective solutions and manage the construction and operations of the project to high standards, whilst also being committed to the highest environmental and social standards.
3. Risk share between investors: Norfund and KLP act as financial investors in the project, effectively sharing the risk with Enel so that its risk exposure is at an acceptable level.

Remaining Challenges

The investment earns revenue in Indian Rupees and is also debt financed in Indian Rupees. The project is exposed to currency risk as all equity investors are foreign investors. In addition, it is difficult to fix interest rates on local currency loans for the full duration of the debt, so the project remains exposed to long-term interest rate risk. With power prices fixed in absolute terms, the inflationary effects on financing costs and operations represent a risk.

Investment Case Study: Lake Turkana Wind Power

Overview

Lake Turkana Wind Power (LTWP) was inaugurated in 2019, comprised of 365 wind turbines of 850KW each, and a high voltage substation. The project is, to date, the largest private equity transaction in Kenya and an example of innovative financing for energy projects, with an installed capacity of 310MW. The carbon credit potential of this project ranges between 565,920 and 1,264,320 CO2 tons equivalents (or carbon credits) per year. The project site has been selected due to its exceptionally favourable wind conditions: its expected capacity factor was at 55%; actual capacity factor has exceeded 60%. It provides approximately 17% of the country's installed capacity, to be bought at a fixed price by The Kenya Power and Lighting Company PLC (Kenya Power) over a 20-year period in accordance with the Power Purchase Agreement (PPA).

Finance Mechanisms

The investor group included three Nordic DFIs (IFU, Norfund and Finnfund) and investors that were comfortable with project timelines (PensionDenmark, PKA, Pædagogernes Pensionskasse and Dansk Vækstkapital (the latter as a semi-public entity). The African Development Fund applied its first Partial Risk Guarantee to the associated 428 km transmission line to mitigate delay risk (otherwise covered by delay payment obligations of the Kenyan Government to the project company and its lenders). The project has been delivered under a multi-contract

arrangement with 5 main suppliers of key project elements (wind turbines by Vestas Wind Systems, electrical balance of plant by Siemens, roads, and civil works by Civicon, grid stabilisation system by RXPC and compound/village by SECO).

Project's Key to Success

1. Project preparation support from wind turbine manufacturer: This support led to better construction and operational success, especially with regards to logistics and transport planning and through providing a long-term O&M contract with guaranteed capacity utilisation.
2. Transaction structure deal: A unique public-private aspect in terms of generation by a privately owned independent power producer.
3. Close cooperation: All stakeholders worked closely together to minimise project-on-project risk. The project's senior loan package was mobilised by a multiple lender group with Standard Bank of South Africa as facility agent and financing syndicated by African Development Bank and European Investment Bank, with guarantee structures from the Danish Export Credit Agency (political and commercial cover).

Remaining Challenges

LTWP is located in a remote area with lacking or underdeveloped infrastructure. Apart from the 428 km T-line, +200 km of offsite road upgrades will be commissioned, in addition to onsite road network and a compound village to house construction and operational staff. This presented an ambitious task in itself and seen in the perspective of 2000+ truck loads over a 500km distance from the nearest deep-sea harbour in Mombasa, made up an enormous logistic challenge. Yet, LTWP will mitigate greenhouse gas emissions equal to 740,000 metric tons of carbon dioxide equivalent (tCO2eq) annually, increase national electricity supply by 15–20% (relative to 2015 generating capacity), and create more than 2,000 local jobs including 150 permanent jobs.

Background



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Climate Investments in Emerging Markets and Developing Economies

Many developing countries will need a sustained increase in investments in the order of 5–6% of Gross Domestic Product (GDP) by the end of the decade to put their economies on a credible path to deliver on development and climate goals[3]. Beyond domestic savings, many will rely on the channelling of finance and investments from developed economies. The overarching urgency is for the global financial sector to cooperate in line with the goal of the Paris Agreement to make global finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development (art. 2.1c).

The pool of private investors with exposure to climate-based investments in emerging markets has increased substantially over the last decade[4]. This is a result of increased cross-border flows and surging activity in key sectors like clean and renewable energy.

However, developed economy investors remain often more hesitant towards investments in emerging markets and developing economies due to both real and perceived investment risks. According to Goldman Sachs[5], as developed countries start to withdraw monetary and fiscal stimulus and emerging economies start to pick up, the growth gap between these two markets is predicted to widen. To dramatically scale up investor appetite and finance flows, it will be crucial that both well-known and new measures and instruments are activated to ensure that perceptions are realistic, and the risk-return profile of investments are adequate. Valuations are attractive relative to history and to developed markets; profitability, free cash flow, and dividend yields have all moved higher; and earnings growth is expected to recover in 2023[6].

3. Grantham Research Institute on Climate Change and the Environment, 2021
4. Climate Finance Leadership Initiative, 2020
5. Goldman Sachs, 2021
6. Lazard Asset Management, 2022

Nordic Institutional Investor Experience

At the UNFCCC's COP15 in Copenhagen in December 2009, it was decided that the developed countries should raise US$100 billion capital for climate investments in developing countries. In 2014 The Danish Government, Denmark's development fund IFU, and a number of institutional investors established the Danish Climate Investment Fund (CIF), with the purpose of contributing to reducing global warming and promoting Danish climate technology through investments on commercial terms[7]. The fund operated under a blended finance model, bringing together the public system through IFU, private capital through PensionDanmark and pension funds – PKA and Pædagogernes Pensionskasse -, with Dansk Vækstkapital acting as a semi-public entity which invested on behalf of several other pension funds.[8]

Following the establishment and evolvement of the Danish CIF, the Danish SDG Fund was set up in 2018 and 2019. IFU and six Danish pension funds developed the SDG Fund to contribute to meeting the Sustainable Development Goals (SDG's) through commercial private sector investments in emerging markets and developing economies. The fund operated and supported downside risk protection through IFU funding to partly protect pension fund investments. If the investments went below 0% on the rate of return, or if the rate of return of some of the investments became too high, the Danish Government could step in and mitigate risk.

Denmark also has private funds that invest in emerging markets and developing economies such as Copenhagen Infrastructure Partners' CI NMF, a fund that focuses on energy infrastructure investments in fast-growing new economies primarily in Asia and Latin America, or the Maersk Growth, which focuses on decarbonising supply chains by backing new business models and technologies.

In Norway, public-private partnerships focus on green investments in emerging markets and developing economies with a focused impact. The Norwegian Climate Investment Fund was founded in 2022 with a focus on accelerating the global energy transition by investing in renewable energy in emerging markets and developing economies with large emissions from coal and other fossil power production. It is managed by Norway's Development Fund, NORFUND, and the pension fund KLP. The Climate Investment Fund will allocate NOK10 billion over the next five years, with NOK1 billion coming from NORFUND' s capital and NOK1 billion from the state budget each year. Since NORFUND can advance parts of the fund that originate from NORFUND' s own capital, the total amount in the fund could already reach NOK2.8 billion by the end of 2022.

The Norwegian Climate Investment Fund operates using a blended model, where

7. IFU, 2020
8. Primary sources from PKA.

NORFUND manages the fund on behalf of the Norwegian Ministry of Foreign Affairs, but the fund's investments and portfolio will be managed separately from NORFUND' s other activities.[9]

On a Pan-Nordic level, there are multiple strategies and initiatives which promote the investment flow from the region towards emerging markets and developing economies. Under the auspices of The Nordic Council of Ministers, these initiatives include, but are not limited to:

- Nordic Energy Solutions which seeks to share Nordic energy models and know-how in regional energy markets in different parts of the world and assist in the design of renewable energy systems and attractive markets.
- Nordic Climate Solutions which focuses on Fossil Fuel Subsidy Reform (FFSR) and Nordic Green to Scale on how progressive Nordic solutions in environmental economics, green technology and environmental policy can be deployed in the developing world.[10]

Commitments From the Climate Investment Coalition

The Climate Investment Coalition has supported the mobilisation and announcement of a total collective commitment of US$130 billion from pension funds at COP26 in Glasgow in November 2021. This notable announcement was presented by Nordic Heads of State and Government and CEOs of Nordic and UK pension funds, to be invested in clean energy and climate solutions by 2030. In addition, a pension fund from Greenland declared its support to the Coalition.

The commitment was made by asset owners in Sweden, Norway, Finland, Denmark, Iceland, the Faroe Islands, and the UK, who have also agreed to track and report their commitments annually as they reach investment targets by 2030 or earlier. This collective commitment aims to contribute to increasing climate finance ambitions and presenting how public-private collaboration can be used to successfully accelerate the green transition.

A vital part of the commitment made by the asset owners is the willingness to allocate a portion of investments to emerging and developing markets, given the right framework conditions. In line with the transparency and tracking principles of the Climate Investment Coalition, some asset owners provide details on investments in emerging and developing markets as a part of their annual reporting.

9. NORFUND, 2022.
10. NCM,2022.

Key Stakeholders



Photo: Unsplash

There are significant roles for developed economies, through public policy and government action, to foster investments and complementary roles for the private sector and international development finance community - including multilateral and regional development banks, bilateral agencies, and international organisations to support crucial partnerships and concessional finance of various forms, to strengthen enabling environments for private investment in climate investments across emerging markets.

Although markets differ, these recommendations can be applied to developing, emerging, and developed countries. Their scope will be made possible and accelerated through coordinated efforts and partnerships, which can be comprised of:

- Governments - including national and sub-national governments, regions including municipalities, cities and associated governing bodies, regulators, and organisations,
- Investors and Financiers - including public and private financial institutions, equity investors and institutional investors,
- Enabling Partners and Institutions - including global climate finance institutions, UN organisations multilateral development banks, international organisations, bilateral aid agencies and other public financial institutions, think tanks, philanthropy, the civil society, and collaborative platforms.

Having a closer look at the current challenges put forward at COP27, a successful way forward can be defined through joint action by all the relevant stakeholders in all three phases of the project development.

Pre-phase: For investors and the private sector, greater deployment of financing is required for project preparation and development, in order to scale their investments. This includes streamlining already existing facilities such as the Global Infrastructure

Facility[11], as well as the exploration of next project preparation tools and funds. For the domestic bank (including national development banks), the importance is in the active engagement with private investors from the early stages of the development to ensure the long-term invest-ability of the pipelines.

Construction phase: The requirement is in managing both perceived and actual risks in emerging markets and developing economies. This is especially challenging when collaborating with smaller-scale projects, where the local developers are lacking the balance sheet needed to absorb such risks, coupled with unknown regulatory regimes. To manage this risk, it is recommended to include a counterparty, offtakes, and currency/exchange rate risk to avoid impacting the credit risk of the entity seeking capital. Other effective solutions include blended finance solutions like development guarantees, insurance and hedging provided by donor agencies and development banks to improve the credit rating of the project.

Operation phase: Barriers to mobilise large pools of institutional capital must be eradicated. Traditionally, institutional investors have lesser appetite for risk and are often unfamiliar with emerging and developing markets. It is essential to include better data points, aggregation, standardisation and benchmarks, and a close cooperation with the multilateral developing banks.[12]

Indeed, multilateral development banks and finance institutions play a crucial role to attract larger sums of private capital through technical assistance, project development and the improvement of governments' institutional capacity. Green or climate-related funds can invest in the equity of climate projects, leading development banks and commercial lenders to be more willing to lend. These are examples of ways public money can, and is, providing incentives at the fund and project level, and how both can be blended with public and private finance to increase investments in emerging markets and developing economies.

With greater joint efforts and collaboration between developed and developing economies, the financing gap for green projects in emerging markets and developing economies can be decreased.

11. The Global Infrastructure Facility (GIF), a G20 initiative, is a global collaboration platform that integrates efforts to boost private investment in sustainable, quality infrastructure projects in developing countries and emerging markets.
12. Songwe V, Stern N, Bhattacharya A, 2022

Moving Forward



Photo: Unsplash

In line with the successful announcement made at COP26 of the collective commitment of US$130 billion to be deployed to green projects by 2030 and coupled with the positive signals from asset owners wishing to invest in emerging markets and developing economies, the following activities are being considered.

Firstly, the Climate Investment Coalition has the ambition to report on the investments that have been deployed in emerging markets and developing economies. A detailed breakdown of these investments is crucial to analyse the opportunities and challenges tied to such investments, while setting ground for the best way forward.

Secondly, these recommendations can serve as a backbone for the CIC members and network to exemplify the bottlenecks for reaching climate investments at scale in emerging markets and developing economies. On the road to COP28 in Dubai, Climate Investment Coalition would like to build on these recommendations to work with private developers and companies, international organisations, development finance institutions (DFI's), and governments to build and strengthen strategic public-private partnerships and multilateral climate finance models aiming to accelerate climate investments in emerging markets and developing economies.

This could be supported by a series of workshops between private and public stakeholders in the Nordics and stakeholders from emerging and developing economies to discuss and detail the recommendations and way forward. Building and strengthening public-private partnerships is crucial to create real economy impact in emerging markets and developing economies. The Climate Investment Coalition is well positioned to support this development and will aim to facilitate its members to actively engage in new public-private partnerships to deploy more capital to investments in climate and clean energy in emerging and developing markets.

On the way to COP28, the Climate Investment Coalition will explore the options to create interactive platforms for key stakeholders to analyse and promote capacity building, while seeking to mobilise new and increased financial commitments for

climate investments by 2030 from asset owners from developed economies. These commitments can support bridging the climate finance and investment gap by 2030. This would also connect to the Climate Investment Coalition's reporting of previous commitments made by its asset owner members, to be announced on an annual basis.

Methodology



Photo: Unsplash

The Climate Investment Coalition has 39 Nordic pension fund members at the writing of this report, with some actively engaged in investments streamlined to the emerging markets and developing economies.

The recommendations highlighted in this Report were gathered and analysed through workshops held throughout 2022, culminating at a key session on investments in emerging markets and developing economies held at the Nordic Pavilion, in the Blue Zone of COP27 on 9 November. Additionally, one-on-one interviews, as well as bilateral meetings with other concerned stakeholders such as DFI's, were conducted to gather the perspectives and needs across sectors. These convenings have been used to collect best practice cases, input from investors, including successful strategies and remaining challenges, and to support catalysing climate investments from the private sector to emerging markets and developing economies.

To address the complexity of the challenges and opportunities tied to the investments in emerging markets and developing economies, qualitative secondary sources were addressed, as well as primary datasets.

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Responsible Editor: Jens Nielsen
Contributors: Pauline Ledermann and Marie Lendelova

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The Nordic Council of Ministers
Nordens Hus
Ved Stranden 18
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