Nordic Council of Ministers

Paris Alignment of Export Credit Agencies:

FINLAND

Contents

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Disclaimer

Abbreviations

BOGA	Beyond Oil & Gas Alliance
CBI	Climate Bonds Initiative
CCS	Carbon capture and storage
CCSU	Climate Change Sector Understanding
CETP	Clean Energy Transition Partnership
COP	Conference of the Parties
CSRD	European Corporate Sustainability Reporting Directive
CWG	Climate Working Group
E3F	Export Finance for Future
ECA	Export credit agency
EIFO	Export and Investment Fund of Denmark *(Danmarks Eksport- og Investeringsfond)*
EKN	Swedish Export Credit Agency (*Exportkreditnämnden*)
Finnvera	*Finnvera Oyj*
G7	Group of 7
G20	Group of 20
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gas
GRI	Global Reporting Initiative
IEA	International Energy Agency

IMO	International Maritime Organisation
IWG	Infrastructure Working Group
LNG	Liquefied natural gas
MDB	Multilateral development bank
MEAE	Ministry of Economic Affairs and Employment *(työ- ja elinkeinoministeriö)*
NZECA	Net-Zero Export Credit Agencies Alliance
OCI	Oil Change International
OECD	Organisation for Economic Co-operation and Development
O&G	Oil and gas
PAWG	Paris Alignment Working Group
PCAF	Partnership for Carbon Accounting Financials
PFI	Public finance institution
RE	Renewable energy
SBTi	Science Based Targets initiative
SDA	Sectoral Decarbonisation Approach
SDG	Sustainable Development Goals
SEK	Swedish Export Credit Corporation *(AB Svenska Exportkredit)*
SME	Small and medium-sized enterprise
tCO_2e	Tonnes of carbon dioxide equivalents
TCFD	Task Force on Climate-Related Financial Disclosures
TNFD	Task Force on Nature-Related Financial Disclosures
UNFCCC	United Nations Framework Convention on Climate Change

Keskeiset viestit

- *Finnvera Oyj* (Finnvera) on Suomen virallinen vientitakuulaitos. Arvioimme Finnveran Pariisin sopimuksen mukaisuutta viidellä ulottuvuudella Perspectives Climate Researchin kehittämän menetelmän avulla. **Kaiken kaikkiaan Finnvera arvioitiin "Pariisin sopimuksen mukaiseksi"** (arviointipisteet 2,20/3,00).
- Erityisesti Finnvera on onnistuneesti lopettanut uuden rahoituksen energiasektorin fossiilisiin polttoaineisiin, joka on linjassa Suomen sitoumuksen kanssa **COP26:n puhtaan energian siirtymää koskevaan julkilausumaan (CETP)**. Julkilausuma on pantu täytäntöön **E3F-aloitteen (Export Finance for Future) alla tehdyn fossiilisten polttoaineiden käytöstä luopumista koskevan politiikan avulla**. Näin ollen vuodesta 2021 lähtien lähes 100 prosenttia kaikista energiaan liittyvistä liiketoimista on suuntautunut uusiutuvaan energiaan (RE), vaikka sen absoluuttinen määrä on kasvanut vain hitaasti.
- Tunnustamme myös Suomen keskeisen roolin globaalin vientiluottojärjestelmän "tasapuolisten toimintaedellytysten" luomisessa. Suomi muun muassa **toimi puheenjohtajana vuoden 2023 OECD -neuvotteluissa vientiluottosopimuksen uudistamiseksi,** joka laajensi menestyksekkäästi mahdollisuuksia käyttää rahoitusta vihreisiin ja ilmastomyönteisiin hankkeisiin (pohjoismaisen yhteistyön avulla). Finnvera on keskeinen toimija myös E3F:n sekä **Bernin liiton ilmastotyöryhmän** jäsenenä.
- Finnvera ei kuitenkaan ole saanut arvosanaa "transformatiivinen", **johtuen puutteista taloudellisten ja ei-taloudellisten tietojen raportoinnissa**, koska **Suomen viennin hiilidioksidipäästöjen vähentämiseen tähtäävää kansallista sitoutumista ei ole vielä hyödynnetty** ja koska, **hanketason kasvihuonekaasupäästöjä koskevia tietoja ei ole raportoitu yksityiskohtaisesti** eikä **ilmastorahoitusta ja sen korvamerkintöjä ole määritelty selkeästi.**

Arviointiulottuvuus	Paino	Kuvaus	Pisteet
1. Läpinäkyvyys	0.2	Taloudelliset ja ei-taloudellisen tiedon raportointi	1.25/3.00
2. Ilmastonmuutoksen hillintä I	0.4	Fossiilisten polttoaineiden käytön kieltämistä tai rajoittamista koskevien politiikkojen kunnianhimoiset tavoitteet	3.00/3.00
3. Ilmastonmuutoksen hillintä II	0.2	Kaikkien toimintojen ilmastovaikutukset ja päästövähennystavoitteet	1.67/3.00
4. Ilmastorahoitus	0.1	Myönteinen panos maailmanlaajuiseen ilmastosiirtymään	1.80/3.00
5. Sitoutuminen	0.1	Vientiluottolaitoksen ja sen hallituksen tavoittavuus ja aktiivisuus	2.33/3.00
Arvioinnin tulos:		**'Pariisin sopimuksen mukainen'**	**2.20/3.00**

Keskeiset suositukset Suomen hallitukselle

Suomen hallituksen ja Finnveran tulisi jatkaa työtä maailmanlaajuisen vienninrahoitusjärjestelmän muuttamiseksi tiiviissä yhteistyössä Pohjoismaiden ja muiden samanmielisten maiden kanssa. Keskeisiä suosituksia ovat mm:

i. **Rahoitettujen päästöjen (scope 3) avoimen seurannan ja julkistamisen jatkaminen** kansainvälisten parhaiden käytäntöjen, kuten Partnership for Carbon Accounting Financials (PCAF), pohjalta.
ii. Vastaavasti arvioitujen **päästötietojen julkaisu** tulevaisuuden portfoliosta sekä **uusista sitoumuksista hanketasolla**, mukaan lukien tiedot hankkeiden kasvihuonekaasupäästöistä niiden elinkaaren aikana.
iii. Alakohtaisten kasvihuonekaasupäästöjen vähentämistavoitteiden asettaminen lyhyellä ja keskipitkällä aikavälillä.
iv. Suomen nollapäästötavoitteen ulottaminen vuoteen 2035 mennessä kaikkiin Finnveran rahoittamiin Scope 3 -päästöihin.
v. **Yhteisen ilmastorahoituksen määritelmän hyvöksyminen** perustuen EU:n taksonomiaan, OECD:n ilmastonmuutosta koskevaan alakohtaiseen yhteisymmärrykseen (Climate Change Sector Understanding) ja uusimpaan ilmastotieteelliseen tietoon, sekä uusien vastuiden että laajemman kokonaisvastuun osalta sisältäen uusiutuvien energialähteiden ja niihin liittyvän infrastruktuurin rahoituksen, mutta myös muiden sektoreiden toimet sekä ilmastonmuutoksen hillitsemiseksi että siihen sopeutumiseksi.
vi. Johtavan aseman sekä pohjoismaisen yhteistyön hyödyntäminen kansainvälisillä foorumeilla **fossiilisten polttoaineiden julkista tukea koskevien sääntöjen uudistamiseksi maailmanlaajuisesti**.

Kunkin arviointiulottuvuuden yhteydessä annetaan yksityiskohtaisempia suosituksia Suomen hallitukselle ja Finnveralle. Yleiskatsaus kaikkiin suosituksiin on kohdassa 5.

Key messages

- *Finnvera Oyj* (Finnvera) is the official export credit agency (ECA) of Finland. We assessed Finnvera with regards to its alignment with the Paris Agreement across five dimensions using the methodology developed by Perspectives Climate Research. **Overall, Finnvera was rated 'Paris aligned'** (assessment score 2.20/3.00).
- Most notably, Finnvera has successfully ended new fossil fuel energy financing, in line with Finland's commitment to the **COP26 Statement on the Clean Energy Transition (CETP)**, implemented via a **fossil fuel phase out policy under the Export Finance for Future (E3F) initiative**. Thus, since 2021 virtually 100% of all energy-related transactions have been flowing to renewable energy (RE), though its absolute volume has been increasing only slowly.
- We also recognise Finland's key role to create a 'level-playing field' in the global export finance system, among others as **chair of the 2023 OECD Arrangement negotiations** which successfully broadened the possibilities of using financing for green and climate-positive projects (aided by Nordic cooperation), as a member of E3F as well as the **Berne Union's Climate Working Group**.
- However, Finnvera has not scored 'Transformational' due to **shortcomings regarding financial and non-financial disclosures**, the untapped **potential for more national engagement to decarbonise Finland's exports**, and the **absence of granular reporting on project-level greenhouse gas (GHG) emissions data** as well as of a **clear definition of climate finance and its earmarks**.

Assessment dimension	Weight	Description	Score
1. Transparency	0.2	Financial and non-financial disclosures	1.25/3.00
2. Mitigation I	0.4	Ambition of fossil fuel exclusion or restriction policies	3.00/3.00
3. Mitigation II	0.2	Climate impact of and emission reduction targets for all activities	1.67/3.00
4. Climate finance	0.1	Positive contribution to the global climate transition	1.80/3.00
5. Engagement	0.1	Outreach and 'pro-activeness' of the ECA and its government	2.33/3.00
Assessment outcome:		**'Paris aligned'**	**2.20/3.00**

Key recommendations for the Finnish government

The **Finnish government** and Finnvera should continue working on transforming the global export finance system in close collaboration with Nordic and other like-minded countries. Key recommendations include:

i. **Continuing transparent tracking and disclosure of financed emissions (scope 3)** based on international best practices such as the Partnership for Carbon Accounting Financials (PCAF).
ii. Similarly, **publishing estimated future emissions data for its portfolio and new commitments on project-level**, including information on assets' lifetime GHG emissions.
iii. **Setting sectoral GHG emission reduction targets for the short-to-medium-term.**
iv. **Extending Finland's net-zero target by 2035 to all scope 3 emissions financed by Finnvera.**
v. **Adopting a common climate finance definition** which builds on the EU Taxonomy, the OECD's Climate Change Sector Understanding and the latest climate science, both for new authorizations and total exposure as a broader category that includes finance for RE and related infrastructure but also cross-cutting activities for both mitigation and adaptation.
vi. Building on its climate leadership in international fora and leveraging Nordic cooperation to **reform rules governing public support for fossil fuels globally**.

More detailed recommendations for the Finnish government as well as for Finnvera are provided in each assessment dimension n. An overview of all recommendations is available in section 5.

1. Introduction

Limiting temperature increase to 1.5 °C above pre-industrial levels requires massively re-directing financial flows away from carbon-intensive and towards low-carbon activities. However, despite commitments made under Article 2.1(c) of the Paris Agreement – in which Parties agreed to making "finance flows consistent with a pathway towards low greenhouse gas emissions […]" (UNFCCC, 2015) – many countries still provide significant financial support to fossil fuel value chains, among others, through their export credit agencies (ECAs). This contributes to a global lock-in of carbon intensive infrastructures and hampers the ability of many developing countries to leap-frog the fossil fuel stage of development. According to the Public Finance for Energy Database developed by Oil Change International (OCI), ECAs provided an annual average of USD 32 billion between 2020-22 to fossil fuels, six-times more than for renewable energy (RE; OCI, 2024a, 2024b). Since 2019, of all public finance institutions (PFIs), G20 ECAs make up the single largest group of fossil fuel investment supporters, ahead of (bilateral) public development banks. ECAs are often decisive in whether a deal can take place, e.g., by de-risking a project or improving lending conditions of banks which finance export transactions. Several recent studies highlighted the lack of domestic and international climate policies to decarbonize ECAs, lacking transparency of ECAs' climate impacts, as well as potential litigation if no climate action is undertaken (Wenidoppler, 2017; Shishlov et al., 2020; Cook and Viñuales, 2021; DeAngelis and Tucker, 2021). At the same time, research suggests vast opportunities for ECAs if climate-related commitments are made, collaborations launched and convergence among a critical mass of like-minded countries is reached (Hale et al., 2021).

Text Box 1: What are Export Credit Agencies?

ECAs are either private companies that act on behalf of a government or public entities themselves (OECD, 2021). Their raison *d'être* is the promotion of the trade and national export businesses competing for riskier markets abroad (ibid., Shishlov et al., 2021). ECAs provide, for example, guarantees to hedge risks against an exporter or lender not being repaid, e.g., due to political instability, expropriation, or unexpected currency fluctuations. They can also act as direct lenders with short-, medium- or long-term loans and may provide earmarked project finance or even equity instruments. In return, they receive risk premiums or interest payments. In the case of repayment loss, ECAs compensate exporters or lenders directly whilst being in the position to draw up a debt settlement arrangement with the Paris Club.[1] Opting for a state-backed transaction can significantly de-risk deals for exporters and crowd in public or private co-finance, especially for large-scale, long-term or particularly risky infrastructure projects. Many ECAs require exporters or banks to demonstrate that private export credit insurance would not cover the deal. This situation is reflected in the fact that among Berne Union members – the largest association for the export credit and investment insurance industry worldwide – official ECAs predominantly provide long-term commitments and political risk insurance. This represents about one third of total commitments outstanding which were estimated in 2020 at USD 2.77 trillion (Berne Union, 2021). About two thirds are short-term commitments which are predominantly insured by private insurers (ibid.). The fact that ECAs typically support larger and riskier projects that would not have been otherwise insured underlines the rationale of examining with greater scrutiny the role of ECAs in the context of achieving the objectives of the Paris Agreement.

1. The Paris Club is 'an informal group of official creditors' which collects public debt owed by governments to creditor countries. Debt owed by private entities which is guarantees by the public sector (e.g., through ECAs) is comprised by the definition of public debt (Club de Paris, 2021).

Over the past few years, several noteworthy commitments targeting international public finance, including export finance, were made by governments and ECAs. Several milestones stand out:

- The **launch of the 'Export Finance for Future (E3F)' initiative**[2] **in April 2021.** A 'coalition of the willing' that consists of ten major European economies[3] with the aim of promoting and supporting a shift in investment patterns towards climate-neutral and climate-resilient export projects and the publication of joint energy finance transparency reports (E3F, 2022, 2023b). In 2023 and 2024, Denmark chairs the E3F's rotating presidency.
- The **agreement among participants in the OECD Arrangement to ban support for coal-fired power plants without carbon capture and storage (CCS)**[4] in October 2021. While the agreement marks historic progress in integrating climate change considerations into the OECD Arrangement, it still lacks significant additional components, including other parts of coal value chains, e.g., mining and transport, as well as entire oil and gas (O&G) value chains, for which there are currently no restrictions whatsoever.
- The **Statement on International Public Support for the Clean Energy Transition (CETP)**[5] **launched at COP26 in Glasgow** in November 2021. A UK-led initiative of now 40+ signatories (countries and financial institutions) which commits them to end new direct public support for the international 'unabated' fossil fuels, except in limited and clearly defined circumstances, by the end of 2022 (CETP, n.d.). Throughout the course of 2022 – against the backdrop of the Russian invasion of Ukraine – signatories reduced their fossil fuel financing but only by USD 6.5 billion, while supporting clean energy[6] with an additional USD 5.2 billion – less than 20% of USD 28 billion what would theoretically be possible (Jones and Mun, 2023).
- In 2022, the **Berne Union launched its Climate Working Group** (CWG) to advance "thought leadership and practices within export credit, trade finance and political risk insurance and contribute to global problem-solving around climate challenges [...]". Consisting of 15 different institutions – including Finnvera,[7] Sweden's EKN and Denmark's EIFO – the CWG is managed by the Berne Union Secretariat and currently focuses on three workstreams[8] (Berne Union, n.d.).

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2. See https://www.tresor.economie.gouv.fr/Articles/2021/04/14/seven-countries-launch-international-coalition-export-finance-for-future-e3f-to-align-export-finance-with-climate-objectives.
3. The ten member states are Belgium, Sweden, Finland, France, Germany, Italy, Netherlands, Spain, Sweden and the UK.
4. See https://www.oecd.org/newsroom/agreement-reached-at-oecd-to-end-export-credit-support-for-unabated-coal-fired-power-plants.htm.
5. See: https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/.
6. Understood as "both low carbon and [with] negligible impacts on the environment and human populations if implemented with appropriate safeguards. These types of energy include solar, wind, tidal, geothermal, and small-scale hydro. This classification also includes energy-efficiency projects where the energy source(s) involved are not primarily fossil fuels." (Jones and Mun, 2023, p. iii)
7. As clarified in an exchange between Finnvera and the authors.
8. Products, Incentives and Innovation; Best Practices in Low-Carbon Transition; Policy Coherence & Alignment (Berne Union, n.d.).

- At the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC), the first-ever **Global Stocktake** of international climate ambitions signalled the "'beginning of the end of the fossil fuel era" (UNFCCC, 2023). While the final cover decision did not include language on the phase-out of all fossil fuels, Parties unanimously called for "efforts towards the phase-down of unabated coal power, phasing out inefficient fossil fuel subsidies, and other measures that drive the transition away from fossil fuels in energy systems, in a just, orderly and equitable manner, with developed countries continuing to take the lead" (ibid.). Additionally, the stocktake called on Parties to take actions towards achieving a tripling of RE capacity and doubling energy efficiency improvements globally by 2030 (ibid.).
- Also, at COP28 in December 2023, the UN-convened[9] **Net-Zero Export Credit Agencies Alliance** (NZECA) was launched by five founding[10] and three affiliate members[11] with the goal of "[uniting] leading PFIs committed to delivering net-zero economies by 2050 [...]." NZECA is the first-of-its-kind net-zero finance alliance of global PFIs, contributing to the goals and activities of the Glasgow Financial Alliance for Net Zero (GFANZ), and have supported USD 120 billion in international trade in 2022.[12] Its members have committed to "[transition] all operational and attributable [GHG] emissions from business activities in alignment with the path to net zero by mid-century, or sooner [..]" and to "[publish] GHG emission data and evidence annually to showcase action in line with the commitments [..]." (NZECA, n.d.)[13]

These commitments represent important steps on the way to achieving a global climate transition and are the fruit of intensive efforts by advocates for reform, especially from civil society and pro-active governments. In the context of the global energy crisis following Russia's invasion of Ukraine, however, governments of the G7 factored out "publicly supported investment in the gas sector [that] can be appropriate as a temporary response [...]" from the previous COP26 commitment (G7 Germany, 2022, p. 5). This is a clear backslide given the long-lived nature of liquefied natural gas (LNG) infrastructure that may well spur new and additional production and use of fossil gas well beyond the current energy crisis, especially if 'temporary' remains a term for an undefined period. At the same time, this exception allowed Japan to endorse the G7 Leaders' Communiqué.

In addition to the commitments and initiatives mentioned above, it is necessary to consider the highly concentrated nature of public support for fossil fuels in a limited

9. In partnership with the University of Oxford, Future of Climate Cooperation and UNEP-FI.
10. Sweden's EKN and SEK, Denmark's EIFO, Export Development Canada and UK Export Finance.
11. The UAE's Etihad Credit Export Insurance, Spain's Cesce and KazakhExport.
12. The global export finance industry supports up to USD 28 trillion worth of financing annually (EKN, 2023b).
13. See further for NZECA's commitment documents https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/NZECA-Membership-Commitment-Text.pdf.

number of countries among the G20. According to OCI (2024b), between 2020 and 2022 ECAs provided an annual average of USD 32 billion[14] in fossil fuel finance of which 74% came from Canada, Korea, and Japan alone.[15] For some countries, like Canada, most of this support is granted at the domestic level and is therefore unaffected by the COP26 Statement (Censkowsky et al., 2022a). Other G20 countries including Russia, India and Saudi Arabia either use other public or private channels to support fossil fuel energy investments, or vastly under-report on their energy sector finance.

This data snapshot demonstrates the insufficiency of commitments emerging from the current coalition and club landscape, especially in the case of Canada (high share of domestic fossil fuel support), China (outside of all commitments, no Participant to the OECD Arrangement) and South Korea (no G7 member, no COP26 Statement signatory). It is hence an urgent priority of working towards enlarging existing clubs and coalitions while not backsliding on their ambition. Indeed, the IEA has repeatedly called for ending all new fossil fuel supply developments on the path to Net Zero, including fossil gas, by the end of 2021 (IEA, 2021, 2022, 2023). Meanwhile, Tienhaara et al. (2022) report more than 55,000 new upstream O&G projects in 159 countries for which a final investment decision is expected between 2022 and 2050 that would need to be cancelled in line with the IEA Net Zero pathway. Many of these projects benefit from public support, including export finance for necessary equipment and risk insurance, or multilateral investment treaties that play a major role in protecting investments in the fossil fuel industry against all kinds of risk, including transitional climate risks (OECD, 2022a).

In the past, ECAs "have done little to steer their portfolios in one direction or another [...] [and] the respective portfolios to date mostly reflect the composition of the national export industry (E3F, 2022, p. 2). This noteworthy observation was the baseline and key motivation for Perspectives Climate Research to develop a dedicated methodology to assess the alignment of ECAs with the Paris Agreement (Shishlov et al., 2021a). Based on these assessments, we seek to inform ongoing reform processes through targeted policy recommendations for governments and ECAs to drive climate action in the global export finance system. In short, the methodology consists of five assessment dimensions, 18 key questions and 72 concise benchmarks against which an ECA portfolio and strategy as well as relevant government policy are assessed. Several case studies have already been conducted, including Canada, France, Germany, Italy, Japan, the Netherlands, South Korea, Sweden, the United Kingdom and the United States.[16]

14. 74% of all ECA finance
See further for NZECA's commitment documentshttps://www.unepfi.org/wordpress/wp-content/uploads/2023/11/NZECA-Membership-Commitment-Text.pdf.
15. With an annual average of USD 10.9 billion, USD 7.4 billion, and USD 5.4 billion respectively.
https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/NZECA-Membership-Commitment-Text.pdf.
16. Find all case studies under: https://perspectives.cc/initiative/eca/.

2. Officially supported export finance in Finland

Since 1999, *Finnvera Oyj* ('Finnvera') has been Finland's official ECA, founded as a merger of the Finnish Guarantee Board and Kera Plc. Finnvera's mission is rather broad, but not unlike those of other ECAs, to "[promote] the internationalisation and exports of companies, complementing financial services and contributing to positive regional development." (Finnvera, 2024, p. 9) Similar to 'Team France' and 'Team Sweden', Finland's ECA is one of the core members of the 'Team Finland' network of public organisations, agencies and companies that promote Finnish exports and investments in Finland (Team Finland, n.d.).[17][18] The Finnish state owns the entire share of Finnvera and tasks are defined by a legal act: Finnvera's Supervisory Board supervises the administration, its Board of Directors is responsible for key policies, principles and guidelines, and the CEO is responsible for operational administration (Klasen, 2023). Thus, Finnvera makes its financing decisions independent from the Finnish government and has to be economically self-sustaining.[19] However, if Finnvera's reserves are insufficient to cover losses, Finland's State Guarantee Fund steps in which is supplemented by appropriations from the state budget, when necessary (ibid.).

The Finnish Ministry of Economic Affairs and Employment (*työ- ja elinkeinoministeri*; 'MEAE') sets midterm goals for Finnvera while not intervening in its everyday business such as financing decisions (e.g., Klasen, 2023). Finnvera's strategy defines export promotion, growth and internationalisation as the ECA's key mandates (Finnvera, n.d.b). When it comes to socially or environmentally risky or sensitive projects, Finnvera follows a set of elaborate political guidelines, especially regarding reporting and due diligence requirements (Finnvera, 2023a). Investment decisions need to follow sustainable investment principles (Finnvera, 2024g) which also determine excluded investments due to environmental, ethical and financial reasons, as set out in government guidelines.

As illustrated in Table 1, Finnvera's main sectors of support are highly concentrated.

17. Other members include Finland's Climate Fund and Finnfund, which provides long-term financing for private-sector projects in developing countries and has its own 'Climate Statement' (Finnfund, 2022, n.d.), as well as four different ministries.
18. As a consolidated public agency, Finnvera – to a lesser extent – is also a domestic financier for small and medium-sized enterprises (SMEs) (see further Finnvera, 2024a).
19. Thus receiving credit ratings by agencies such as Fitch or Moody's (Finnvera, n.d.).

Table 1: Overview of Finnvera

Key facts Finnvera	
Type of ECA	Multi-purpose ECA, 100% State-owned
Main sectors*	Cruise shipping (50%), telecommunications (17%), pulp and paper (15%), energy (4%), mining and metals (3%), Others (2.1%)[20] Other industries (2%)
Geographic activity concentration*	North America (39%), EU countries (27%), South and Central America (14%), Asia (13%), Other Europe (6%), Middle East and North Africa (1%), Sub-Saharan Africa (0%)
Commitments outstanding[21],*	EUR 23.2 billion[22]
New commitments[23]*	EUR 5.4 billion (of which EUR 0.5 billio for export credits)
Main instruments of financial support	Export credit insurance, investment insurance, bonds and guarantees, financing of export credits and interest equalisation services via Finnish Export Credit Ltd (FEC), export loans for 'small tickets' and Commercial Interest Reference Rates (CIRR) solutions
Category A, B and C projects[24],*	Category A: 11% (35) Category B: 10% (32) Category C: 13% (41) Retrospective evaluation: 65% (209) Old classification: 1% (3)

Note: (*) = Data for 2023.
Source: authors (Finnvera, 2023, 2024b; Klasen, 2023)

20. Including other risks such as state and bank risks and reinsurance risk transfer (Finnvera, 2024e).
21. Commitments outstanding is a 'stock parameter' of the total amounts under cover or for which liability is assumed at a given cut-off date (compare Berne Union, 2021).
22. Compared to 2022, Finnvera's outstanding commitments decreased in various world regions, as did the number of countries it had exposures in (from 90 down to 85): North America (from EUR 10 billion to EUR 8.9 billion), EU countries (from EUR 6.6 billion to EUR 6.3 billion), Middle East and North Africa (from EUR 0.4 billion to EUR 0.2 billion) (Finnvera, 2023c, 2024e).
23. New commitments is a 'flow parameter' which refers to the total volume of new insurances, guarantees, loans or other instruments at a given cut-off date (compare Berne Union, 2021).
24. Category A projects are widely understood as those likely to have significant adverse environmental and social effects that are sensitive, diverse, or unprecedented beyond the project sites and may be irreversible, and Category B projects as those with site-specific environmental and social effects (with only few if any irreversible effects) which in most cases can be mitigated. Category C projects are such with minimal or no adverse environmental or social risks and/or impacts (IFC, n.d.)

3. Climate-related policies in officially supported Finnish export finance

Finnvera as a public institution must follow government policies, including broader Finnish climate commitments. Most significantly, with the "world's most ambitious climate target in law" (Lo, 2022), Finland aims to be the first developed country to reach net zero in 2035, and be net-negative by 2040, absorbing and storing more CO_2 than it emits (State Treasury, 2024). Finland's 2022 landmark Climate Change Act (see Text Box 2) is based on four key policy plans,[25] all of which have been co-prepared by the Finnish Climate Change Panel of experts and the Sámi Climate Change Council[26] (Ministry of the Environment, 2022c).[27]

'Greening' Finnish export finance further and faster could have significant positive climate impacts: For example, the first-ever analysis of climate benefits from Swedish exports found significant emissions reduction higher potential (up to 70%) compared to goods that were not made in Sweden (Material Economics, 2024). Considering Finland's overwhelmingly clean electricity mix (Statista, 2024), for example, a similarly high potential would not be unsurprising.[28] Text Box 2 provides an overview in reverse chronological order of the most recent climate-related policies of the Finnish government for Finnvera as well as notable internal commitments and practices.

25. The Medium-term Climate Change Policy Plan; the National Climate Change Adaptation Plan; the Long-term Climate Change Policy Plan and the Climate Change Plan for the Land Use Sector.
26. Of Finland's indigenous Sámi people, who are particularly vulnerable to climate change.
27. While Finland's Medium-term Climate Change Policy Plan has been in place since 2022 (Ministry of the Environment, 2022b), the first long-term climate plan will be adopted by 2025 at the latest, according to the Climate Act (Ministry of the Environment, n.d.).
28. See further https://web-assets.bcg.com/00/b9/f29b47d3483ab495047411f25680/bcg-finland-moonshots-for-green-growth-feb-2023.pdf.

Text Box 2: Selected climate-related commitments and practices by/for Finnvera

- Since 2022, 'greening' Finland's export sector is mentioned coherently throughout key government documents related to Finland's landmark **Climate Change Act** (Ministry of the Environment, 2022a),[29] e.g. in the **National Climate and Energy Strategy** or the **Programme on Clean Energy** of Prime Minister Petteri Orpo[30] (Ministry of the Environment, 2022c; Finnish Government, 2023).[31]
- In 2011, Finland passed the '**Act on State guarantees and export guarantees granted to industry for investments promoting environmental protection** (609/1973)' offering incentives for environmental and climate-beneficial investments. Finnvera manages these state guarantees targeting the energy, transport, and industry sector (Finnvera, n.d.f).
- As early as 2001, the Finnish Parliament mandated Finnvera to **proactively invest in environmentally and climate beneficial businesses**, thus taking responsibility for special purpose guarantees.[32]

Sources: Finnvera, 2023d; E3F, 2024

The following section provides for an in-depth assessment of all 'Paris alignment' dimensions and substantiates recommendations drawn from scientific literature and best practices in the global export finance system. This assessment is designed to guide Finnvera as well as responsible authorities to safely achieve net zero by 2035 or before.

29. Whether Finland will meets its climate target(s) will, however, largely depend on its forests, which cover three-quarters of Finland's land area (Lo, 2022). This explains the rather large share of export finance support provided to Finland's pulp and paper industry (see section 2).
30. Explicitly stating that "[as] Finnish businesses export solutions for sustainable energy systems to the rest of the world, Finland can increase its climate handprint" (Lo, 2022)
31. So far, however, export finance is not referred to in Finland's Annual Climate Report monitors trends regarding the achievement of Finland's climate targets and detailed plans (Ministry of the Environment, 2023).
32. E.g. State Ship Guarantees (573/1972), State Guarantees and Export Guarantees for Investments Promoting Environmental Protection (609/1973) or the Act on State Guarantees to Secure the Supply of Basic Raw Materials (651/1985).

4. Assessment of Finnvera's alignment with the Paris Agreement

We assess the 'Paris alignment' of Finnvera based on a methodology specifically developed to evaluate the alignment of ECAs with the Paris Agreement (Shishlov et al., 2021b). This methodology conceptually and practically builds on existing approaches to 'Paris alignment' developed for other financial institutions, such as multilateral development banks (MDBs). Most notably, this includes the structure and rationale of the Public Development Banks' Climate Tracker Matrix by the environmental think tank E3G, which, in turn, is based on the six building blocks of the Paris Alignment Working Group (PAWG) by major MDBs. The assessment of ECAs like Finnvera differs notably from these two approaches since it transparently underpins each assessment dimension (hereafter referred to as 'dimensions') with specific key questions (3-5 questions per dimension, in total 18 questions) as well as specific benchmarks (four benchmarks per question, in total 72 benchmarks). The four benchmarks correspond to four labels of Paris alignment (Figure 1).

Unaligned	0.00 - 0.50
Some progress	0.51 - 1.50
Paris aligned	1.51 - 2.50
Transformational	2.51 - 3.00

Figure 1: Labels of Paris alignment and corresponding score ranges.

This methodology also notably differs from other approaches to assess the 'Paris alignment' of financial institutions since it applies a weighting approach to the assessment dimensions. This permits the emphasis of some dimensions over others as some dimensions are more imminently important to reaching the Paris climate goals (e.g., mitigation is more important than disclosure). The selection of weights reflects a careful consideration of priorities and is based on the expertise of experts from research and civil society organizations (Shishlov et al., 2021b). The final scoring for each question is carried out by evidence-based expert judgement.

Finnvera received an overall assessment score of 2.20/3.00 and therefore received the label 'Paris aligned'. The following presents a justification for the scoring of each question per assessment dimension.

4.1 Dimension 1: Financial and non-financial disclosure and transparency

The first dimension is underpinned by four key questions regarding the transparency of financial and non-financial disclosures of ECAs. This dimension is a crucial prerequisite to evaluate the Paris alignment of ECAs in subsequent dimensions and to hold governments accountable for supporting businesses abroad against their commitments under international treaties, such as the Paris Agreement. Furthermore, it is especially important since ECAs were found to particularly lack transparency in the past (Shishlov et al., 2020). The methodology weighs this dimension
with a total of 20%, recognizing that transparency, while important, is only a precondition for decarbonization itself.

In this assessment dimension, Finnvera was rated with 'Some progress' with an assessment dimension sub-score of 1.25/3.00.

Q Nr.	Dimension 1 – key questions	Rating
1.1	To what extent can the GHG intensity of all activities supported by the ECA be assessed based on publicly available data? (Non-financial disclosure)	**Paris aligned**
1.2	In how far can the share of fossil fuel finance over total portfolio be assessed? (Financial disclosure)	**Some progress**
1.3	In how far can the share of climate finance over total portfolio be assessed? (Financial disclosure)	**Some progress**
1.4	To what extent does the institution adhere to the Recommendations and Supporting Recommended Disclosures of the Task Force on Climate-related Disclosure (TCFD)?	**Some progress**

Q1.1: To what extent can the GHG intensity of all activities supported by the ECA be assessed based on publicly available data? (Non-financial disclosure)

The assessment question was rated with 'Paris aligned'. For the year 2022, Finnvera reported for the first time the total CO_2 emission-equivalents (CO_2e) of its outstanding commitments, based among others on the recommendations of the Partnership for Carbon Accounting Financials (PCAF; Finnvera, 2024b). Finnvera calculates and reports its produced (scope 1, 2) as well as financed emissions (scope 3) both domestically and internationally as well as by sector (see further Q3.1) which indicates that Finnvera's emissions from financing operations decreased by 35% compared to 2021 (see Figure 2),[33] as the baseline year after the COVID-19 pandemic in 2020 (Finnvera, 2024e). No higher score could be given as data for 2023 data is not (yet) available and since Finnvera does not additionally report GHG intensity on project level (see further Perspectives Climate Research, n.d.). Besides, Finnvera does not (yet) report information on lifetime GHG emissions of assets.

Finnvera's carbon footprint 2021-2022, t CO_2e	2022	2021	Change %
Scope 1, Fuels	42	80	-47%
Scope 2, Electricity, district heating and cooling*	104	359	-71%
Scope 3	5,832,915	9,042,275	-35%
Category 1: Purchased Goods and Services	35	83	-58%
Category 2: Capital Goods	23	0	100%
Category 3: Fuel production and energy transmission losses	53	22	139%
Category 5: Waste management	6	47	-86%
Category 6: Business Travel	275	25	1,019%
Category 7: Employee Commuting	11	21	-48%
Category 15: Financed emissions	5,832,512	9,042,077	-35%
Carbon footprint in total*	**5,833,061**	**9,042,714**	**-35%**

* The market-based electricity and district heating coefficient used in the calculation.
Table corrected 16 February 2024

Figure 2: Finnvera's own and financed emissions in 2021 and 2022, Source: Finnvera, 2024c, p. 24

33. Despite a ten-fold increase of emissions related to business travel (ibid.).

We **recommend** Finnvera to start reporting transparently on project level from the Annual Report 2024 on, to be aligned with this best-practice used by other ECAs such as US-EXIM, together with information on lifetime GHG emissions of assets. We **further recommend** publishing Finnvera's GHG calculation methodology and new commitments in English on its website (Finnvera, 2024c).

Q1.2: In how far can the share of fossil fuel finance over total portfolio be assessed? (Financial disclosure)

This assessment question was rated with 'Some progress'. Data on the share of fossil fuel finance is available as per the E3F joint transparency reporting (E3F, 2023b). However, the lack of more granularity of the publicly available data does not allow for a higher score. The information on the total amount of resources earmarked by Finnvera is available while disaggregated information at project level is not. In its Annual Reports, Finnvera still lumps together fossil fuels and clean sources as the 'Energy' sector, stating only relative but not disaggregated absolute figures per year (Finnvera, 2022b, 2023c, 2024e).

Overall, we **recommend** more clearly distinguishing between support to fossil fuels, clean and other energy in Finnvera's Annual Reports. Similar to Sweden's ECA SEK (Schmidt et al., 2024), Finnvera should publish an annual overview of sectors exposed to transition risks and other assets. We **further recommend** disclosing granular project-level information on transactions that continue to be within the extensive value chains of fossil fuel-related and -dependent infrastructure, particularly cruise shipping, and reflecting the E3F reporting modalities in all of Finnvera's Annual Reports. This would allow to make evidence-based decisions for aligning the ECA with the Paris Agreement and ensure greater public accountability. Ideally, reporting should also be made publicly available with an option to download as EXCEL tables to facilitate public data accessibility and processing.

Q1.3: In how far can the share of climate finance over total portfolio be assessed? (Financial disclosure)

This assessment question was rated as 'Some progress', for the same reasons stated in Q1.2 regarding the E3F joint transparency reporting. However, while data is provided on the supported RE activities to the E3F, this alone is not sufficient to assess the share of broader climate finance. Similar to Q1.2, the lack of more granularity of the publicly available data and of a clear definition of 'climate finance' does not allow for a higher rating, even considering Finnvera's climate criteria for export financing (see further Table 2 in Q4.4).

We **recommend** reporting climate finance both for new authorizations and total exposure as a broader category that includes finance for RE and related infrastructure but also cross-cutting activities for both mitigation and adaptation.

Climate finance encompasses cross-cutting activities including both mitigation and adaptation activities (Shishlov and Censkowsky, 2022). Such an approach should be based on sound definitions of all subsectors on exhaustive or near-to exhaustive lists of activities. For instance, an established practice for MDBs and the OECD provides guidance when support may be deemed eligible under international climate finance commitments (MIGA et al., 2022; OECD, 2022a).

Q1.4: To what extent does the institution adhere to the Recommendations and Supporting Recommended Disclosures of the Task Force on Climate-related Financial Disclosure (TCFD)?

This assessment question was rated as 'Some progress'. Finnvera has been adhering to the TCFD, but only since 2023 when the ECA launched climate risk assessments as part of its new environmental and social risk management process. Therefore, the ECA has not yet provided comprehensive TCFD-aligned reporting in its Annual Report for 2024, but aims to do so by 2026, relying on the full three year-period to align with TCFD reporting modalities (Finnvera, 2024e) and according to the European Corporate Sustainability Reporting Directive (CSRD). Against this background, however, Finnvera – which is also behind other Nordic countries[34] – cannot be scored higher.

We **recommend** that already from the Annual Report 2024 on, Finnvera comprehensively reports on all the TCFD recommendations and the newly developed IFRS S1 and S2 reporting standards of the International Financial Reporting Standards Foundation that integrates all the TCFD recommendations (IFRS, n.d.),[35] thus increasing the degree of detail of the reported information.[36] We **further recommend** that Finnvera starts adhering to the Task Force on Nature-related Financial Disclosures (TNFD) whose recommendations promise a more holistic approach to disclosures on environmental risks and opportunities.

4.2 Dimension 2: Ambition of fossil fuel exclusion or restriction policies

The second assessment dimension is underpinned by three key questions covering the ambition of fossil fuel exclusions and/or restriction policies by type of fossil fuel. Today, the most notable policies emerged from the signatories of the Statement on International Public Support for the Clean Energy Transition and members of the

34. Denmark's ECA EIFO, for instance, began its comprehensive climate risk disclosure in its 2022 Annual Report and Sweden's EKN published its TCFD Pilot Report in 2021 already (EKN, 2021; EIFO, 2023).
35. In early 2024, the work of the TCFD has been completed and companies' progress on the TCFD recommendations is now tracked under the International Financial Reporting Standards Foundation's IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (IFRS, n.d.).
36. Going beyond the European Sustainability Reporting Standards which are the standard used to fulfill obligations of the CSRD and which were aligned with the TCFD previously. See further https://www.efrag.org/Assets/Download?assetUrl=%2Fsites%2Fwebpublishing%2FSiteAssets%2FED_ESRS_AP4.pdf.

E3F coalition. However, the majority of G20 governments only vaguely committed to climate- and or sustainability-related targets, that have substantive interpretative leeway. Due to the pre-eminent importance of rapid phase out of public support for fossil fuel value chains, the methodology weighs this assessment dimension with 40%.

In this assessment dimension, Finnvera was rated as 'Transformational' with an assessment dimension sub-score of 3.00/3.00.

Q Nr.	Dimension 3 – key questions	Rating
2.1	**Coal**: How ambitious is the ECA regarding exclusions or restrictions for support of coal and related value chains?	Transformational
2.2	**Oil**: How ambitious is the ECA regarding exclusions or restrictions for support of oil and related value chains?	Transformational
2.3	**Natural gas**: How ambitious is the ECA regarding exclusions or restrictions for support of gas and related value chains?	Transformational

Q2.1: How ambitious is the ECA regarding exclusions or restrictions for support of coal and related value chains?

This assessment question was rated as 'Transformational'. As a member of the E3F, Finland together with Sweden and Denmark communicated in November 2022 its National Approaches on the implementation of the COP26 Statement on the Clean Energy Transition Partnership (CETP; E3F, 2022).[37] In Finnvera's case, the 2021 CETP commitment has been implemented via sectoral policies agreed on in September 2022 which end all new public export finance for fossil fuels across their value chains, with only very limited exceptions (Finnvera, 2022a).[38] These sectoral policies, in turn, followed Finnvera's 2021 policy to no longer provide export credits for new coal-fired power plants, as was previously agreed on at OECD level (Finnvera, 2021). As is shown in greater detail in section 4.3, Finnvera has not approved a single fossil fuel transaction since 2021 (E3F, 2023b).

37. Norway, however, does not have existing policies aligned or nearly aligned with the CETP (OCI, 2024b).
38. See in detail https://www.finnvera.fi/eng/finnvera/newsroom/news/export-financing-for-fossil-fuels-will-be-reduced-by-international-agreements-finnvera-restricts#:~:text=In%202021%2C%20Finland%20joined%20the,with%20certain%20clearly%20specified%20exceptions.

Q2.2: How ambitious is the ECA regarding exclusions or restrictions for support of oil and related value chains?

This assessment question is rated as 'Transformational'. The above justification applies (see Q2.1). Finnvera's O&G exclusion policy has been in force since January 2023 (Finnvera, n.d.b), explaining why the ECA still has a pending approval of the O&G-powered CCI Parque Industrial Power Plant in Mexico filed in 2021 (Finnvera, 2023b; OCI, 2024a). As soon as the case has been closed, Finnvera should publish all documentation related to this application, including the financial support applied for as well as expected lifecycle emissions. For this decision as well as updates of Finnvera's O&G sectoral policies (Finnvera, 2024e), the ECA should be guided by the best-available climate science as well as its climate and reporting obligations under the E3F and CETP.

Q2.3: How ambitious is the ECA regarding exclusions or restrictions for support of gas and related value chains?

This assessment question is rated as 'Transformational'. The above justification (see Q2.1) applies.

4.3 Dimension 3: Climate impact of and emission reduction targets for all activities

The third assessment dimension is underpinned by three key questions regarding the climate impact and GHG emissions reduction targets for all ECA activities. To achieve the objectives of the Paris Agreement, not only is rapid fossil fuel phase out required, but other sectors need to also drastically reduce absolute emissions levels (IEA, 2021). In the absence of comprehensive GHG accounting, the assessment of this dimension is difficult – however, where possible, we look at second-best indicators to proxy the emission intensity of an ECA portfolio (e.g., fossil fuel-related energy sector finance). The dimension is assigned an overall weight of 20%.

In this assessment dimension, Finnvera scored 'Paris aligned' with an assessment dimension sub-score of 1.67/3.00.

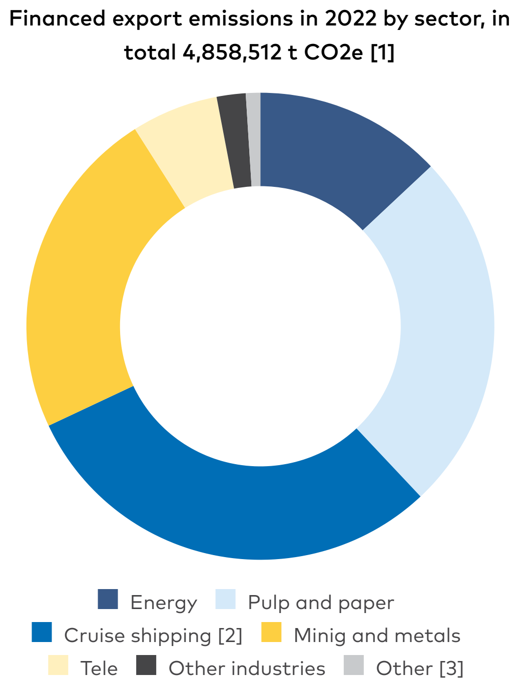
Q Nr.	Dimension 3 – key questions	Rating
3.1	Can a declining trend in GHG intensity of the total portfolio be observed? (tCO_2e/EUR, Scope 1-3 emissions)	**Some progress**
3.2	How significant is the fossil fuel financing relative to total energy-related portfolio? (average of new commitments from the last three years where data is available)	**Paris aligned**
3.3	To what extent do all emission-relevant sectors have targeted GHG reduction targets and in how far are GHG reduction targets in line with benchmarks of acceptable 1.5°C pathways?	**Paris aligned**

Q3.1: Can a declining trend in GHG intensity of the total portfolio be observed? (tCO_2e/EUR, scope 1-3 emissions)

This assessment question is rated as 'Some progress'. In its Annual Report 2022, Finnvera (2023c) reported its financed (scope 3) emissions of all outstanding commitments for the first time. Figure 2 showed a big overall drop (35%) in emissions in 2022 compared to 2021,[39] but no higher score can be given since the ECA has provided data on tCO_2e/EUR only for 2022 so far (see Figure 3). The drop in emissions is for two reasons: (1) More accurate emissions data was gathered in 2022 via questionnaires sent to the largest projects that Finnvera supports; (2) higher inflation following the COVID-19 pandemic and the Russian invasion of Ukraine impacted average monetary based emission factors, which also led to a sharp decline of 10% in energy sector financing in 2022.[40]

Further, Finnvera does not explicitly state the amount and value of drawn guarantees, which are necessary for making fully transparent the calculation of GHG intensity in tCO_2e/EUR. Besides, Finnvera's financed export emissions of 4.86 Mt in 2022 are still the equivalent of 11% of Finland's total emissions in 2022 (45.8 Mt CO_2e; European Commission, 2023), and therefore no higher score can be given.

39. From 7.7 megatons (Mt) CO_2e (Finnvera, 2024c).
40. As clarified in an exchange between Finnvera and the authors.



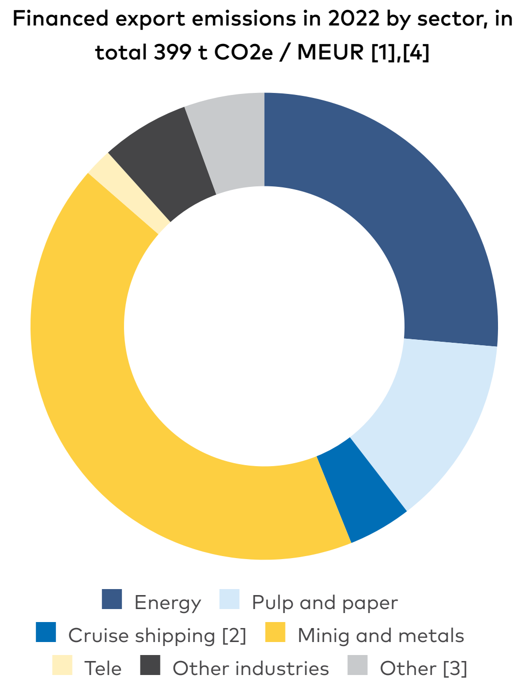


Figure 3: Finnvera's financed export emissions by sector, in 2022

[1] The emission calculation is based on 2022 data.
[2] Emissions calculated by ship (in other sectors mainly as company emissions).
[3] Includin emissions related to state and bank exposure.
[4] The figure has been calculated by dividing the total emissions by the total number of drawn guarantees on 31 December 2022.

Source: Finnvera, 2024c, p. 24

We **recommend** that Finnvera continues improving the transparency of its GHG (intensity) reporting (see Q1.1). Finnvera highlights that for 2023, more data have already been collected on individual projects (Finnvera, 2024e), but only full disclosure of GHG emissions on project level would be aligned with the best-practise of other ECAs (see further Perspectives Climate Research, n.d.). Therefore, progress on Finnvera's ambition to measure, from 2024 on, outstanding commitments in domestic and export financing using tCO_2e/EUR as indicator, should be made transparent. Full disclosure on and monitoring of Finnvera's portfolio GHG intensity is crucial to ensure greater public accountability, considering that the ECA aims to develop its long-term emission pathways based on these emission intensity calculations (see further Q3.3; Finnvera, n.d.d).[41] We **further recommend** that Finnvera's newly published 'Environmental and social risk management policy for Finnvera's financing operations' are amended by explicit references to GHG emissions (Finnvera, 2024g) and reducing GHG intensity in line

41. As clarified in an exchange between Finnvera and the authors.

with the Paris Agreement. We also **recommend** that the Finnish government extends its net-zero target by 2035 to all scope 3 emissions financed by Finnvera, as voluntarily committed to by Sweden's ECA SEK, for example (see further Schmidt et al., 2024).[42]

Q3.2: How significant is the fossil fuel financing relative to total energy-related portfolio? (average of new commitments from the last three years where data is available)

This assessment question is rated as 'Paris aligned'. As Figure 4 shows, no new support has been provided to fossil fuels in 2021 and 2022, as well as in 2023 so that all measures related to fossil fuels have been falling over the last three years (see also Figure 2 and Figure 3; Finnvera, 2024c). However, of the EUR 1.3 billion energy portfolio (2022: EUR 1 billion), fossil fuels made up a slightly higher share in 2023 (57%) than in 2022 (56%)[43] due to a time lag of granted support.[44] Though the stock value of fossil fuel finance is not zero yet, Finland's policies to phase out fossil fuel support (see section 4.2) are ambitious enough to justify the score.[45]

	Total	**Gas**		**Oil**		**Coal**		**Oil & Gas (undefined)**	
Value Chain	Credit Value	Credit Value	N* of transa.	Credit Value	N* of transa.	Credit Value	N* of transa.	Credit Value	N* of transa.
Upstream	371	0	0	0	0	0	0	371	4
Midstream	0	0	0	0	0	0	0	0	0
Downstream	0	0	0	0	0	0	0	0	0
Power generation	581	518	11	64	2	0	0	0	0
Total	952	518	11	64	2	0	0	371	4

42. As clarified in an exchange between Finnvera and the authors, by mid-2024 it was still not clear whether Finland's net-zero goal was including projects/transactions abroad or not.
43. The remainder is allocated to peat (2023: 3%; 2022: 5%) and uncategorised guarantees (2023: 2%; 2022: 3%) (Finnvera 2024).
44. As clarified in an exchange between Finnvera and the authors.
45. Even though Finland has until recently been a supporter of fossil export finance (EUR 1 billion since 2015) – almost twice as much as Sweden (EUR 0.6 billion) and ten-times as much as Denmark (EUR 0.1 billion) –, but only 3% of all E3F member's fossil fuel support (E3F, 2023b).

Supported transactions by targeted sectors on an annual basis (MEUR)								
	Gas	Oil	Coal	O&G	**Total**	Electric Infra.	Ren. Energy	**Total**
2022	0	0	0	0	**0**	0	89	**89**
2021	0	2	0	0	**0**	0	0	**0**
2020	112	0	0	0	**112**	0	0	**0**
2019	128	0	0	0	**128**	0	0	**0**
2018	0	0	0	0	**0**	0	24	**24**
2017	257	0	0	0	**257**	0	0	**0**
2016	20	0	0	0	**20**	4	117	**121**
2015	0	64	0	371	**435**	0	0	**0**

Figure 4: Fossil fuel transactions, 2015-2022

Source: E3F, 2023, p. 7

Finnvera has not been receiving many applications by the fossil fuel sector since its fossil fuel exclusion policy entered into force and has explored all options available under the OECD Arrangement on Officially Supported Export Credits and within its mandate (see further Q4.4),[46] so that **no additional recommendations** can be made: Only a further and faster decreasing share of fossil fuel finance down to zero in the stock of the ECA will eventually increase its score to 'Transformational'.

Q3.3: To what extent do all emission-relevant sectors have targeted GHG reduction targets and in how far are GHG reduction targets in line with benchmarks of acceptable 1.5 °C pathways?

This assessment question is rated as 'Paris aligned. As highlighted in section 4.2, since 2021 (coal) and 2022 (O&G) Finnvera has strong fossil fuel exclusion policies in place. In April 2021, as one of the first ECAs after Bpifrance and Norway's Eksfin, Finnvera became a signatory to the Poseidon Principles, an initiative aimed at decarbonising the shipping sector.[47] As a signatory,

46. As clarified in an exchange between Finnvera and the authors which includes national content requirements, minimum premium rates and fee waivers for green projects, among others.
47. Among others, the signatories commit to measure and publish the annual carbon impact of their civil ship portfolio with respect to the GHG reduction pathway for global shipping set by the IMO, using a shared methodology (Poseidon Principles, 2024a).

financed shipping emissions is the only sectoral target (net-zero by 2050) already in place as of the time of publication (Finnvera, 2023d). Cruise shipping, however, accounts for 50% of Finnvera's outstanding commitments (see Table 1) – making Finnvera the most concentrated ECA of all those assessed so far (Perspectives Climate Research, n.d.).

Crucially, the principles are designed to track climate targets set by the International Maritime Organisation (IMO) but since the IMO's intermediate targets themselves are not yet Paris-aligned (e.g., Mash, 2024),[48] neither is Finnvera's shipping target. We do acknowledge, however, that Finnvera has calculated the sector's emissions for the third time already, in line with the Poseidon Principles and highlights itself the current lack of speed to bring down its own financed shipping emissions to zero by 2050.[49] This is not least since vessels powered by LNG account for two thirds of Finnvera's outstanding shipping commitments (Finnvera, 2023d).

Further, in 2023 – for the first time – Finnvera set a target for reducing the climate impacts of its operations. In its climate strategy, the measures are grouped into six areas: encouraging, measuring, managing risks, limiting, advocacy and competence. From 2024 on, Finnvera measures the impact of its measures with regard to outstanding commitments in domestic and export financing using a CO_2/EUR indicator and accounts for the carbon footprint of own operations (scope 1 and 2 emissions) and financing portfolio (scope 3).

Lastly, the ECA aims to publish its long-term emission pathways in the course of 2024, based on credible and internationally recognised decarbonisation scenarios (see below).[50] Finnvera uses a 'Sectoral Decarbonisation Approach' (SDA) in defining Finnvera's emission pathway, allowing Finnvera to set intensity-based sector-specific targets and monitoring if necessary:

- Finnvera uses the emission pathways of the Science Based Targets initiative (SBTi) for those sectors for which an emission pathway has been defined.
- For the energy sector, Finnvera uses SBTi's 1.5-degree emission reduction pathway, and for the forest sector and mining sector the IEA's 'well below 2 degree Celsius' emission reduction pathways.
- For the telecom sector, a scenario published by the Telecommunication Standardization Sector (ITU-T) on the ICT industry's 51% emission reduction by 2030 has been used.
- For ship financing, a new scenario published by the International Maritime Organisation (IMO) in 2023 has been used (IMO revised strategy minimum).

48. The chair of the Poseidon Principles, Michael Parker, expects the IMO targets and thus the Poseidon Principles to be fully in line with the Paris Agreement's targets by 2028 (ibid.).
49. Minus 13% in 2023 compared to 2022, but +57% in 2022 compared to 2021 (Finnvera, 2023d).
50. As this is work in progress, there could still be come some changes to plans/scenarios after stakeholder conversations, as clarified in an exchange between Finnvera and the authors.

- Domestically, Finland's climate strategy has been used, from which the impact of carbon sinks has been deducted.

No higher score could be given since the long-term emission pathways still have to published and cover all scope 1, 2 and 3 emissions. They will be essential to realise Finnvera's organisation-wide long-term climate commitment (Finnvera, 2024d),[51] and can – to some extent[52] – build on Finnvera's 'climate criteria' for its largest export sectors, including shipping (see Q4.4; Finnvera, n.d.a).

We **recommend** that for developing its long-term emission pathways in 2024, Finnvera should continue to be guided by the best-available climate science and ensure the Paris alignment of all its financed sectors. These sectoral targets – both for 2050 and previous decades – should be made publicly available, start with the highest emitting sectors such as shipping, mining and metals and be reiterated in Annual Reports as well as key policy documents amended to reflect these targets.

4.4 Dimension 4: Climate finance: Positive contribution to the global climate transition

The fourth assessment dimension is underpinned by five key questions regarding ECAs contribution to a just climate transition and sustainable development. Rapidly ramping up and improving climate finance is crucial to achieve the objectives of the Paris Agreement and contribute to a green and just post-COVID recovery (Averchenkova et al., 2020). This dimension is weighted with 10%.

In this assessment dimension, Finnvera was rated 'Some progress' with an assessment dimension sub-score of 1.80/3.00.

51. To "measures that will promote the goal of the Paris Agreement of limiting global warming to 1.5 degrees." (ibid.)
52. Excluding support to "[e]nergy production with fossil gaseous fuels" (Finnvera, n.d.b) – fossil gas – that is formally in line with the EU Taxonomy but contradicts other climate commitments.

Q Nr.	Dimension 4 – key questions	Rating
4.1	What is the reported share of climate finance over total portfolio?	**Unaligned**
4.2	How can the quality/appropriateness of climate finance earmarks be assessed?	**Unaligned**
4.3	What is the share of clean energy financing over total energy-related financing? (average of new commitments from the last three years where data is available)	**Transformational**
4.4	To what extent does the pricing structure take into account climate impacts of activities?	**Transformational**
4.5	In how far does the institution ensure positive sustainable development contributions of its activities?	**Transformational**

Q4.1: What is the reported share of climate finance over total portfolio?

This assessment question is scored with 'Unaligned' since climate finance makes up less than of 5% of Finnvera's total portfolio. We do acknowledge the (relative) upward trend in RE finance, which we use as a proxy in the absence of a clear definition of 'climate finance' and absent granular reporting of it (see also Q1.3 and Q4.3). Of all Finnvera's new commitments in 2023 (EUR 5.1 billion), 5% went to the energy sector (EUR 264 million). Energy as a sector, however, only accounts for EUR 0.8 billon (4%) of Finnvera's total portfolio exposure of which 38% are made up of RE (thus roughly EUR 0.3 billion; see further Q4.3). The share of outstanding energy sector commitments of Finnvera's total exposure remained constant at 2-4% since 2021, i.e. increasing RE support compensated for decreasing shares of fossil fuel exposure in its total portfolio (Finnvera, 2022b, 2023c, 2024e).

We also acknowledge the circumstance that the structure of Finnish exports does not facilitate scaling up climate finance, together with Nordic integration and cooperation (more than Nordic competition) across different sectors such as RE (see further Schmidt et al., 2024).[53] Considering country and regional circumstances, however, is outside the scope of the assessment methodology that has been developed to be applicable to all ECAs within the OECD. Besides, no higher score could be given since no clear in-house definition of climate finance is in place (yet) that adheres to international standards (see further (Shishlov and Censkowsky, 2022).

53. As clarified in an exchange between Finnvera and the authors.

We **recommend** that Finnvera strengthens its monitoring and reporting modalities so that researchers and the general public can duly evaluate its progress on ramping up RE and broader climate finance (see Q1.3). We **further recommend** that the ECA seizes the vast opportunities that greening export finance offers (e.g., Klasen et al., 2021; see section 3). Ultimately, aligning Finnvera with the Paris Agreement means allocating far more resources to climate-related activities, all of which can also boost domestic jobs under the right enabling environment.

Q4.2: How can the quality/appropriateness of climate finance earmarks be assessed?

This assessment question is scored with 'Unaligned'. Finnvera does not define climate finance in a sufficient way, e.g., with activity-specific components (see also Q1.3).[54] The ECA refers to the EU Taxonomy in relation to assessing a project's sustainability with climate criteria (Finnvera, n.d.a), but does not publish the results of assessments of the activities it supports to verify their consistency with the EU Taxonomy. This reporting gap prevents a higher score since the EU Taxonomy must be considered a best practice approach as it is far more granular and adaptable than the Rio markers or the MDB Joint Approach (MIGA et al., 2022; OECD, 2022a; Shishlov and Censkowsky, 2022). The taxonomy excludes investments in retrofits of existing fossil fuel power plants that could extent their lifetime, but it allows to classify investments in gas[55] as 'sustainable' (European Commission, n.d.), which, however, is not relevant for Finnvera given that it ceased gas support.

We **recommend** clearly defining climate finance in the export finance system and providing granular, project-level reporting (see more recommendations in Q1.3). We **further recommend** the Finnish government to contribute to streamlining efforts towards a common definition of climate finance in the global export finance system.

Q4.3: What is the share of renewable energy financing over total energy-related financing? (average of new commitments from the last three years where data is available)

This assessment question is rated as 'Transformational' since 100% of all energy-related transactions in 2021, 2022 and 2023 have been for RE and related infrastructure (E3F, 2023b; Finnvera, 2024e). However, the relative upward trend of RE, can be mostly attributed to Finnvera's fossil fuel exclusion policy (see Figure 5), not a drastic increase in absolute spending on RE, as shown in Q4.1. Compared to other E3F members, Finland has provided only 1% of all support for RE by E3F members since 2015 (Denmark 41%, Sweden 7%) (E3F, 2023b).

54. It does, however, define 'sustainable finance' and climate criteria for both export and domestic financing (Finnvera, n.d.d).
55. And nuclear.

Value Chain	Credit value	Number of transactions
Electric infrastructure	4	1
RE	230	3
Total	**234**	**4**

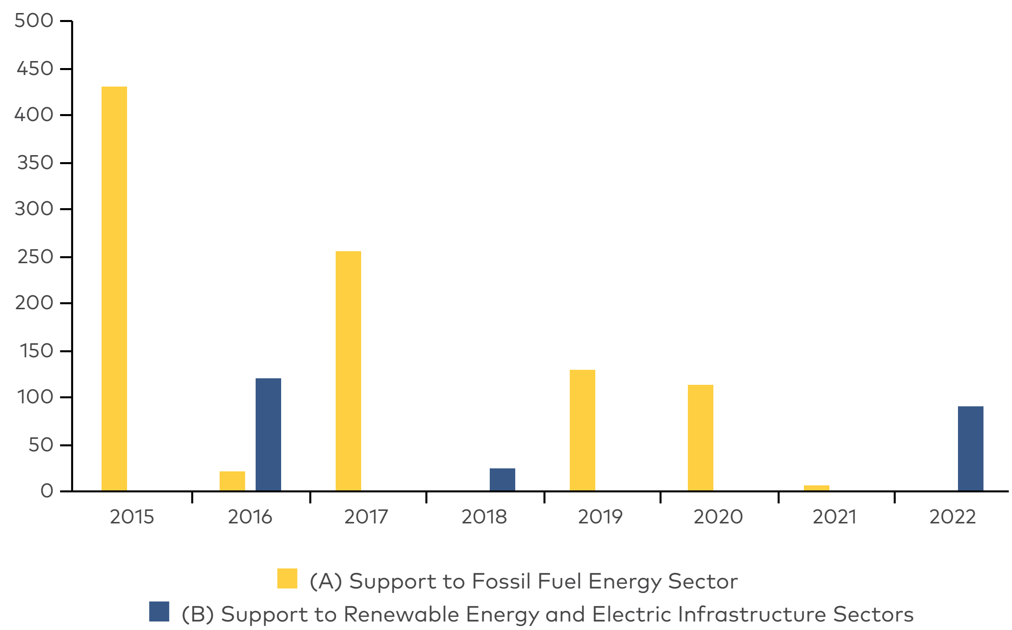


Figure 5: Finnvera's RE and related infrastructure financing in EUR million, 2015-2022

Source: E3F, 2023, p. 7

Q4.4: To what extent does the pricing structure take into account climate impacts of activities?

This assessment question is rated as 'Transformational'. In 2023, Finnvera developed climate criteria to identify export projects that have climate-positive features and defined incentives for projects meeting these climate criteria (Finnvera, 2024e). For projects that meet Finnvera's sector-specific climate criteria, the maximum export credit amount can be up to EUR 40 million (instead of Finnvera's usual limit of EUR 20 million) if other export credit preconditions are met (Finnvera, n.d. c). A project is considered to include climate-positive features and is thus eligible for 'green' export credits following climate criteria that are guided by international frameworks (see Table 2). Those sectors that are subject to the EU Taxonomy (shipping, energy) have to be compliant to it; for energy, projects are also eligible that include "[energy] production with fossil gaseous fuels" (i.e., fossil gas; Finnvera, n.d.b), though this is strongly restricted (see section 4.2).[56] Finnvera further highlights longer repayment periods for green credits (Finnvera, n.d.b; see further Q5.1;), but as this has been an OECD-wide agreement, it is not a pricing structure exclusive to Finnvera.

Table 2: Finnvera's sector-specific climate criteria

Sector	Climate criteria	International framework
Cruise shipping	• A vessel uses 100% zero-emission fuel OR • Its emissions reduction target is in line with the Paris Agreement or the revised IMO GHG emissions reduction strategy	• IMO strategy on the reduction of GHG emissions from ships • EU Taxonomy's criteria for marine protection and measures to mitigate climate change in passenger water transport • SBTi guidelines for the maritime transport sector • Climate Bonds Initiative's (CBI) criteria for shipping companies • Poseidon Principles' framework for responsible ship financing
Pulp and paper	• All forest-based virgin raw materials are FSC and/or PEFC certified • At least 50% of the energy used in the production is produced from RE • Meet the climate change mitigation criteria set for bioenergy in the EU Taxonomy	• CBI forestry criteria • EU Taxonomy's criteria for the mitigation of climate change in energy production

56. Besides project that include RE production, such as wind, solar, and ocean energy, energy storage and energy production with biofuels.

Tele-communications	• Does the telecommunications network operate on RE or other low-carbon energy? • Has the project estimated the carbon footprint of its telecommunications network or calculated the carbon intensity coefficient of the electricity it uses? • Does the project have a positive climate handprint? • Has the project estimated its positive effects with the quantity of reduced CO_2 emissions? • Will the project introduce new technologies to replace older, more energy-intensive technologies?	Currently, the telecommunications sector is not covered by any international frameworks
Mining and metals	• Comply with the international frameworks adopted	• OECD Export Credit Agreement's Climate Change Sector Understanding (CCSU) on clean energy minerals and ores standard • EU Taxonomy's criteria for mitigating climate change in energy production (mine power plants)
Energy	• Comply with the international frameworks adopted	• EU Taxonomy's criteria for mitigating climate change in energy production

Source: Finnvera, n.d.b

We **recommend** Finnvera to continue exploring if they have explored all options they have under the OECD Arrangement on Officially Supported Export Credits and within their mandates to incentivise 'green' exports, including on national content requirements, minimum premium rates, fee waivers for green projects (see further Q3.2).

Q4.5: In how far does the institution ensure sustainable development contributions from its activities?

This assessment question is rated as 'Transformational'. First, Finnvera adheres to the requirements of the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (OECD, 2022b). As part of the OECD's requirements, Finnvera reports on all transactions where a credit period of more than two years has been agreed and the contract value amounts to at least EUR 10 million, as well as on pending applications and approved Category A and Category B transactions (ibid.; see section 2 and see further Finnvera, n.d.a).

Besides the Common Approaches, Finnvera also follows other international guidelines, including: the World Bank Group's Environmental, Health, and Safety Guidelines, the International Finance Corporation's IFC Environmental and Social Performance Standards, the UN Guiding Principles on Business and Human Rights and the Global Reporting Initiative's GRI Standards for its sustainability reporting (e.g., Finnvera, 2024d).[57] Consequently, Finnvera reports transparenly and extensively not only on environmental but also social sustainability issues, including human rights. Additionally, Finnvera has been one of the few (ship-supporting) ECAs to ratify the Poseidon Principles,[58] which not only has emission reduction targets (see Q3.3) but also encourages players in the cruise industry to promote the greenest technologies for future ships (Poseidon Principles, 2024b).

In contrast to many other ECAs (e.g., Klasen, 2023), since 2021 Finnvera has been going beyond these international standards and additionally screened all applications for its export financing for environmental and social risks, recently summarised in its 'Environmental and social risk management policy for Finnvera's financing operations' (Finnvera, 2024g), as discussed in section 3 and Q3.1. In 2023, Finnvera started to use ESG reports as part of its company assessments (Finnvera, 2024a; see Figure 6) that include climate risks (transition and physical), conduct comprehensive emission measurement, reporting, and setting future goals (Finnvera, 2023e).[59] The ECA has also transparently defined key corporate responsibility themes,[60] will integrate climate risk stress test as part of an internal

57. Finnvera's increasing focus on sustainable development is also reflected in the change of title of its annual reports – from 'Annual Review and Corporate Responsibility' to now 'Annual Review and Sustainability Report' (Finnvera, 2022b, 2023c, 2024e).
58. Besides France, Germany, Italy and Norway.
59. Finnvera also introduced an ESG traffic light model and report (Finnvera, n.d.g).
60. Climate change, biodiversity and ecosystems, pollution and water consumption, Finnvera's employees, conduct of business, workers in the value chain, affected communities (ibid.).

capital adequacy assessment process in 2024 (Finnvera, n.d.g) and has a project ongoing for reporting according to the European Union's new Corporate Sustainability Reporting Directive.[61]

For domestic projects, Finnvera introduced a 'Climate and Environmental Loan'[62] in cooperation with the European Investment Fund in June 2023.[63] For this type of loan, the InvestEU guarantee facility was tapped, for which no collateral is required from companies. Finnvera has not publicly reported the total value of these loans granted by the end of 2023 but will do so in the next Annual Report.[64] Additionally, since the 1990s Finnvera has been offering a Raw Material Guarantee for imports to Finland – including of rare earth minerals that are particularly important for clean energy industries – which can be granted as collateral for a loan provided to a foreign company in connection with a long-term raw material supply agreement.[65]

Screening

- Screening is based on the information procided in the application.

→

ES risk classification

- Risk category (A/B/C) is based on the information provided in the application and other related sources.

→

Assessment

- An external ESDD consultant in large projects.
- Finnvera's assessment in small projects.

→

Financing decision & terms and conditions

- ES risk assessment as part of the financing decision.
- The agreement may include ES conditions and an action plan.

→

Monitoring

- An external monitoring consultant in large projects.
- Finnvera's monitoring in small projects if necessary.

Figure 6: Finnvera's environmental and social risk management process
Source: Finnvera, 2024e, p. 31

61. As clarified in an exchange between Finnvera and the authors
62. EUR 36 million in total together with Finnvera's new Digitalisation and Innovation Loans (Finnvera, 2024e).
63. Finnvera also introduced a 'Digitalisation and Innovation Loan' (ibid.) as well as, domestically, loans and guarantees for early-stage investments (Finnvera, n.d. d).
64. As clarified in an exchange between Finnvera and the authors.
65. As clarified in an exchange between Finnvera and the authors.

Overall, the level to which Finnvera is committed to sustainable development and its degree of transparency – including via its dedicated webpage – must be considered best-practice among all ECAs assessed so far (Finnvera, n.d.g). We do, however, **recommend** that Finnvera reports more transparently on the alignment of all its operations with the United Nations' Sustainable Development Goals (SDGs) for 2030, placing concerns regarding a just climate transition at the heart of its institutional identity.

4.5 Dimension 5: Engagement – Outreach and 'pro-activeness' of ECAs and their governments

The fifth assessment dimension is underpinned by three key questions aimed at capturing the engagement and ambition of climate and sustainability policies of the government and its ECA in international fora as well as with national exporters and banks. This dimension is weighted with 10%.

In this assessment dimension, Finnvera is rated as 'Some progress' with an assessment dimension sub-score of 2.33/3.00.

Q Nr.	Dimension 5 – key questions	Rating
5.1	To what extent does the institution itself or its government actively engage in relevant international fora (e.g., E3F, OECD, the Berne Union, WTO or the World Economic Forum) to liaise with like-minded for ambitious climate policies in the export finance system?	**Transformational**
5.2	To what extent does the institution itself or its government actively engage in relevant national fora with view to implementing ambitious climate policies in the (national) export finance system?	**Paris aligned**
5.3	To what extent does the institution or its government actively engage with national companies to transform fossil fuel-related value chains and incentivise low GHG exports?	**Paris aligned**

Q5.1: To what extent does the institution itself or its government actively engage in relevant international fora (e.g., E3F, OECD, the Berne Union, WTO or the World Economic Forum) to liaise with like-minded for ambitious climate policies in the export finance system?

This assessment question was scored with 'Transformational'. Finnvera sees active engagement to improve international climate rules as one of its core climate policies (Finnvera, 2023a). Most importantly, Finnvera chaired the 2023 OECD Arrangement negotiations which successfully broadened the possibilities of using financing for green and climate-positive projects (Finnvera, 2024e).[66] Finland is a member of the E3F coalition and a signatory of the CETP. Finnvera is a member of the the Berne Union Climate Working Group[67] and plans to join NZECA soon,[68] thus leading by example regarding the phase-out of export finance for fossil fuels (see section 4.2). Recently, Finnvera also signed a co-financing agreement with the Export-Import Bank of the United States – its biggest import market (see Table 1) – to strengthen the competitiveness of both agencies and create a one-stop shop facility that will provide joint support for their exports, particularly in the support for climate-friendly technologies (US EXIM, 2023).

Compared to other Nordic ECAs, it was only in 2023 that Finnvera participated in a COP for the first time while for example Denmark's and Sweden's ECAs have been doing so for years (e.g. Both ENDS, 2021; Finnvera, 2024e; Business Sweden, 2021; EKN, 2022a, 2023a, 2024b; SEK, 2023b). However, in the Nordic region, ECAs closely collaborate by engaging in discussion and sharing information regularly, both at an Annual Meeting and rather technical sub-group discussions (e.g. EKN, n.d.).

We **recommend** that Finland expands taking more diplomatic action on a global scale to establish restrictions of public support for fossil fuels. Only then can scenarios be avoided in which Finnish or European-only ECA support for fossil fuels ends, whilst those from other (generally less climate-concerned) countries continue their business-as-usual. This includes:

1. Strategising with like-minded OECD Arrangement participants about how to achieve a transformative climate-related policy reform of the Arrangement, e.g., through adopting full exclusions/restrictions for oil and gas export finance;
2. Further deepening and publicly reporting on negotiations at the OECD and its international Infrastructure Working Group (IWG), especially with China, Japan and the US;

66. This includes an extended maximum repayment period for climate and environmental loans from 18 to 22 years (but also for most other projects, from 8.5 and 10 years to 15 years); the minimum guarantee payments will be reduced in the lower risk categories and more flexible repayment terms will also be introduced (Finnvera, 2024e).
67. As clarified in an exchange between Finnvera and the authors since Finnvera was not listed as a member as of mid-2024 (Berne Union, n.d.).
68. Subject to decision by Finnvera's Board of Directors, as clarified in an exchange between Finnvera and the authors.

3. Deliberating with like-minded countries about forming a new 'level playing field' outside the OECD Arrangement and E3F to accelerate progress and typify the design of a Paris-aligned and sustainable international export finance regulation;
4. Enhancing and publicly reporting on the Finnish position in international climate-related negotiations involving policies in the export finance system;
5. Enhancing and publicly reporting on progress on climate- and environmental diplomacy between the OECD and non-OECD members of the export finance system, through the IWG with China, the G7 and G12 Heads of ECA meetings as well as through the Berne Union;
6. Joining NZECA as a member and encouraging Norway to do so as well;
7. Elevating Finland's commitment to the Beyond Oil & Gas Alliance (BOGA) co-launched by Denmark (BOGA, n.d.), from being only a 'Friend' of it[69] to becoming an Associate if not Core Member.
8. Encouraging Norway to join the Berne Union's Climate Working Group, become a full member of the E3F as well as of BOGA.

Q5.2: To what extent does the institution itself or its government actively engage in relevant national fora with view to implementing ambitious climate policies in the export finance system?

This assessment question was scored with 'Paris aligned'. The Government of Finland did successfully implement (almost) exclusive restrictions of all support to fossil fuels, in line with the CETP (see further section 4.2). For that reason, there is less of a need for engaging with national fora, on the one hand. On the other, there is limited evidence of engagement in national fora to implement ambitious climate policies in the export finance system.[70] In fact, as comprehensively compiled by Klasen (2023), the Finnish Ministry of Economic Affairs and Employment (MEAE) – responsible for ownership, industrial policy steering and setting medium-term goals for Finnvera –, has been found to be more conservative than peer agencies with regards to impacting the ECA's activities, despite the ecosystem approach of 'Team Finland'.[71]

This 'one-stop shop' for exporters does promote Finland's climate ambitions on its English website, though not as much as it could compared to the 'Team Sweden', for instance (e.g., Ministry for Foreign Affairs, n.d.; Business Sweden, n.d.; Team Finland, n.d.a). However, since 2023 Team Finland has organised some exchanges about 'green' export opportunities and offerings and recently set up a Sustainability Group to share information about latest sustainability issues and best practices.[72]

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69. 'Friends' of BOGA "[support] a socially just and equitable global transition to align oil and gas production with the objectives of the Paris Agreement [...]", but are less committed than Associate Members that have to take at least one of five concrete steps to reduce O&G production (BOGA, n.d.).
70. Beyond Finnvera's second role as a domestic financer (e.g., Finnvera, 2024f).
71. In contrast, "[for] Denmark and Sweden, the ECAs play a key role for the just transition to net-zero though innovation-driven exports." (Klasen, 2023, p. 3)
72. As clarified in an exchange between Finnvera and the authors.

However, no higher score can be given due to the lack of demonstrated achievements by the Finnish government in transforming domestic export sectors, and since Finland still does not have a dedicated climate policy action plan for export finance in place as, e.g., France or Sweden have (Schmidt et al., 2023; Schmidt et al., 2024).

We **recommend** that Finnvera and the Finnish government closely collaborate with other relevant national actors within (and beyond) Team Finland to align their approaches and work on a common set of climate targets. Finnvera should also promote mainstreaming the inclusion of export aspects across all of Finland's key climate policy documents and continue to encourage the Finnish government to uphold climate targets. We **further recommend** Finnvera to set Paris-aligned climate targets for all its sectors and the MEAE, together with other relevant ministries, to follow the lead of the E3F-founder France to develop and publish a climate policy action plan for export finance.

Q5.3: To what extent does the institution or its government actively engage with national companies to transform fossil fuel-related value chains and incentivize low GHG exports?

This assessment question was scored with 'Paris aligned. As mentioned above (see sections 2 and 4.2), the Finnish government has made several announcements over the last years to restrict fossil fuel exports. Energy support,[73] however, only made up 3% (2021), 2% (2022) and 4% (2023) of Finnvera's total exposure in previous years. Considering its large dependence on supporting cruise shipping (see section 4.3), Finnvera is thus still in the early phase of truly transforming fossil fuel-related value chains and incentivising low GHG exports (Finnvera, n.d.a). In fact, as demonstrated in Q4.3, Finnvera has not yet reported a continued increase in export finance for RE. However, many early-stage green transition projects in Finland with export potential have recently been supported by Finnvera in the field of battery production, green steel and alternative fuels, among others.[74] Nevertheless, no higher score can be given since a clear proactive role specifically of Finnvera with regards to Finland's 2035 net-zero target is still missing for enabling innovation and the marketisation of goods and services in low GHG sectors in export markets.

We **recommend** Finnvera to work even more closely with those (new) exporters that specialise in low-carbon technologies and climate-friendly exports, including low-carbon shipping. We **further recommend** Finnvera to actively engage with national companies with a view of phasing out all forms of 'brown' export finance as soon as possible.

73. Including both fossil fuels and RE.
74. As clarified in an exchange between Finnvera and the authors.

5. Conclusions and recommendations

In this study we applied a multidimensional methodology to assess the 'Paris alignment' of Finnvera, the official ECA of Finland. The study finds that Finnvera is '**Paris aligned**' with the objectives commonly agreed under the Paris Agreement. This aggregate assessment outcome is based on evidence we found across 18 questions in five dimensions, including Finnvera's transparency, fossil fuel exclusion and restriction policies, greenhouse gas (GHG) emissions and targets for its portfolio, contribution to climate finance as well as climate-related engagement. Each assessment dimension is underpinned by precise benchmarks of 'Paris alignment' that are informed by best practices in the global export finance system, peer-reviewed literature as well as experts that contributed to the methodology development (Shishlov et al., 2021).

Crucially, in 2021 Finland became a signatory to the COP26 Statement on the Clean Energy Transition (CETP, n.d.) that aimed to phase out all international support to fossil fuels by 2022 and which was implemented via an ambitious, best-in-class fossil fuel phase out policy (E3F, 2023a). This has already contributed to a significant shift from 2019 onwards whereby no more support was provided by Finnvera to fossil fuel projects (E3F, 2023b).

Overall, with a score of **2.20/3.00** – similar to Sweden's ECAs (**2.22/3.00** and **2.30/3.00** respectively; Schmidt et al., 2024) –, Finnvera should be considered an ECA leading to create a 'level-playing field' in the global export finance system, particularly in the OECD but also within the E3F and the Berne Union's Climate Working Group, for instance. Finnvera has not scored 'Transformational' due to shortcomings regarding financial and non-financial disclosures, the absence of granular reporting on project-level GHG emissions data, a lacking clear definition of climate finance and its earmarks, and potential for more national engagement to decarbonise Finland's exports. All recommendations for the Finnish government and Finnvera to improve the scores further are summarised per assessment dimension in Table 3 below.

Table 3: Summary of key recommendations per assessment dimension

Key recommendations for aligning Finnvera with the Paris Agreement	
Financial and non-financial disclosure and transparency (***Dimension 1***)	• Transparently report all scope 1-3 emissions in line with international standards and set sectoral reduction targets in line with the best-available climate science, together with information on lifetime GHG emissions of assets. • Publish the GHG calculation methodology and new commitments in English on the website. • Differentiate between support to fossil fuels, clean and other energy as part of the reporting. • Publish an annual overview of sectors exposed to fossil-related transition risks and other assets. • Disclose granular project-level information of transactions within the value chains of fossil fuel-related/-dependent sectors. • Define and report climate finance using unambiguous lists of activities following international best practices. • Report on the newly developed IFRS S1 and S2 reporting standards that integrate all the TCFD recommendations and consider adhering to the TNFD as well.
Ambition of fossil fuel exclusion or restriction policies (***Dimension 2***)	• No recommendations.
Climate impact of and emission reduction targets for all activities (***Dimension 3***)	• Improve the transparency of GHG (intensity) reporting in accordance with the best practices of ECAs. • Amend the 'Environmental and social risk management policy for Finnvera's financing operations' with references to GHG emissions, the urgency and target of Paris alignment and reducing GHG intensity. • The Finnish government should extend its net-zero target by 2035 to all scope 3 emissions financed by Finnvera. • Follow the best-available climate science and ensure the Paris alignment of all financed sectors. • Set and reflect sectoral targets in Annual Reports and other key policy documents.
Positive contribution to the global climate transition (***Dimension 4***)	• Strengthen monitoring and reporting modalities, while allocating far more resources to climate-related activities to green export finance further and faster. • Enhance the granularity of climate-related reporting. • Contribute to streamlining efforts towards a common definition of climate finance in the global export finance system. • Transparently align all operations closer to the UN SDGs for 2030 and the Paris Agreement's 1.5 °C temperature limit.

Outreach and ‘pro-activeness’ of the ECA and its governments (***Dimension 5***)	• Take ambitious diplomatic action on a global scale to establish stricter rules governing public support for fossil fuels. • Collaborate more with relevant national actors to align on approaches and climate targets and promote the inclusion and mainstreaming of export aspects across Finland’s key climate policy documents. • Set Paris-aligned climate targets for all of Finnvera's supported sectors and, MEAE together with other relevant ministries, publish a climate policy action plan for export finance. • Work more closely with Finnish exporters and engage proactively with those that have the potential for low-carbon and climate-friendly export activities. • Engage more (pro-)actively with national companies to phase out all forms of ‘brown’ export finance.

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