

# Organisation strategy for the Nordic Development Fund – draft for the Programme Committee meeting on June 10, 2021

## Strategic Questions for the Programme Committee

This document constitutes a first draft version of the organization strategy for the Nordic Development Fund (NDF). The Nordic countries came to agreement last year to recapitalize the NDF over a 10-year period. Please note that the new Theory of Change and Results Framework is only in draft format and is subject for discussion at the next Board meeting in June and has therefore not been included.

Guidance is sought from the Programme Committee on the following issues:

1. As NDF supports wide range of climate-related activities, it is planned to establish a contact group in the final process of completing organization strategy

**Question:** Advise from the Programme Committee on who should participate in the contact group and what key areas this reference should be focused on in its TOR.

2. As a key deliverable of NDF's new strategy is to strengthen its Nordic profile and collaboration.

**Question:** How does the Programme Committee view possibilities for NDF to increase its Nordic profile, opportunities to develop new Nordic partnerships and support Nordic climate priorities through its international partnerships, e.g. with the MDB's and larger climate funds?

3. NDF has identified its niche in the international climate financing architecture by providing early-stage and catalytic financing (small and medium sized). It is already partnering with MDB's and private sector facilities but it also need to build close collaboration with think-tanks, civil society and more policy-oriented institutions in developing cutting-edge ideas and approaches

**Question:** How does the Programme Committee see the possibilities for NDF to maximize its opportunity of becoming a broker and convener between different climate organisations and funds supported by Denmark?

**Danish Organisation Strategy**  
**for**  
**The Nordic Development Fund (NDF)**  
**2021-2025**

*Proposal for the Programme Committee 10 June, 2021*

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## Objective of the Organisation Strategy

This Organisation Strategy provides strategic considerations, guidance and objectives for Denmark's continued engagement with the Nordic Development Fund (NDF). It outlines the background rationale for the Danish contributions to NDF's capital increase agreed on in 2020 and contains the key Danish strategic priorities for the Danish engagement with NDF. It presents the Danish expectations and priorities for turning NDF into a high-performing Nordic climate fund providing catalytic and early-stage climate financing in developing countries.

NDF is a jointed Nordic international finance institution (IFI) focusing on the nexus between climate change and development in lower-income countries and countries in fragile situations, and with the majority of its funding flowing to sub-Saharan Africa. Since the introduction of its dedicated climate mandate in 2009, NDF has built a track-record of adding value by financing climate mitigation and adaptation projects in close interaction with its extensive network of strategic partners.

In 2020, the Nordic countries reached the agreement to recapitalize the NDF for first time in 20 years. It was decided to recapitalize NDF with EUR 350 million from 2021-2031 which allow the Fund to continue and expand its engagement and partnerships with relevant countries and stakeholders. The total Danish contribution will make up 21.8% of the total recapitalization and the first installment will be made in 2021 (core contribution). The decision of the recapitalization was made after more than two years of thorough review and strategic discussion of added value and future role of NDF with the scope of turning NDF into a high-impact Nordic climate fund providing flexible, early-stage and catalytic climate financing based on Nordic priorities in the international climate financing landscape.

The long-term Danish core support through the capital increase to the NDF is also demonstrating a strategic decision to establish a closer Nordic collaboration related to the development assistance. Therefore, the recapitalization of NDF was also based on an interest of strengthening more concrete Nordic cooperation and NDF was identified as an important implementing vehicle for the Build Back Better and Greener approach promoted by the Nordic ministers for development cooperation in October 2020.

## 2. The organisation

### 2.1. Background for capital increase

NDF was set up as a joint international development financing institution in 1988 by the governments of Denmark, Finland, Iceland, Norway and Sweden to strengthen the development cooperation between the Nordic countries. From its inception in 1988 and until 2004, NDF extended loans on highly concessional terms in co-financing arrangements with its partners, mainly with the Multilateral Development Banks (MDB's). Following the decision of the member countries in 2005 not to increase the capital of NDF, a consensus was reached in 2008 that NDF should focus on providing financing for climate change and development in developing countries based on the existing financial resources.

Since the introduction of the climate mandate in 2009, NDF has built a track-record of adding value by financing climate mitigation and adaptation projects in close interaction with its extensive network of strategic partners. NDF provides financing on concessionary terms in the form of grants, loans, and equity

under the climate mandate. NDF engages in both the public and the private sector, and uses financial instruments flexibly, alone or in various combinations, to match the needs of the project.

It was against this background that the Board of Directors of NDF (the Board) in their meeting in June 2018 decided to agree on a road map for considering the future direction and scenarios for NDF. As first step in this process, the Board decided to carry out an external evaluation of NDF by engaging the independent Nordic Evaluation Offices. The evaluation was conducted during 2018-2019 by the consultancy firm Particip GmbH with twofold purpose of evaluating the performance of NDF in accordance with its mandate and to assess NDF's potential and future role as a joint Nordic financing instrument.

Overall, the evaluation found that NDF has delivered on its mandate, that NDF has developed a valuable niche in the international climate finance architecture and there is good case for strengthening NDF as an ambitious high-impact Nordic climate institution. The evaluation also pointed to areas of development such as improving the Nordic profile of the organisation and improving results monitoring.

Based on thorough discussion of the recommendations provided by the evaluation, the Board agreed on a timeline for a strategy review and a possible launch of the Capital Increase. In April 2020, the NDF 2025 Strategy was approved. Shortly after, the process to negotiate a capital increase was launched under Danish Chairmanship which was successfully completed and approved by the Nordic Council of Ministers the 27 October 2020. The total recapitalization agreed on was EUR 350 million over a 10-year period (2021-2031)

## 2.2. NDF's mandate, purpose and strategy

Prior to the Board decision of recapitalizing NDF, the new Strategy 2025 was approved by the Board. The Strategy outlines the roadmap that will take NDF from its Mandate to the fulfilment of its Purpose. The Strategy is composed by four overall components: Mandate, Principles, Pathways and Purpose which collectively form the Strategy (see also figure 1)

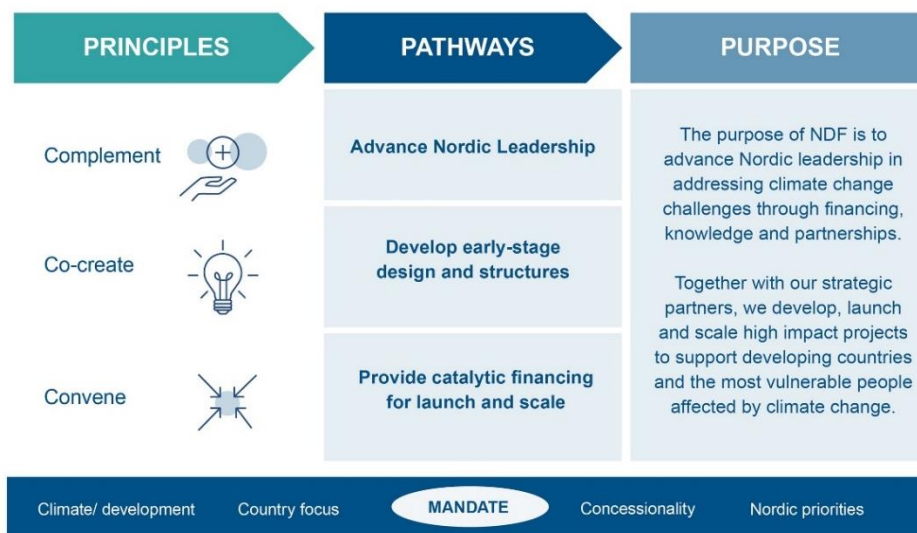
The *purpose* of NDF was defined as advancing Nordic leadership in addressing climate change and development challenges through financing, knowledge and partnerships. This will be done with strategic partners, with whom NDF will develop, launch and scale high-impact projects to support developing countries and the most vulnerable people affected by climate change.

The Board updated the mandate of NDF in the Strategy 2025 which reflects agreed priorities of the member countries and is divided on four overall priorities:

- *Nexus between climate and development* : NDF's operations target the nexus between climate and development. This core foundation recognises that climate change and poverty reduction are closely interlinked and NDF is well-placed to support this agenda as Nordic finance institution. At least 50% of funding will be targeted climate change adaptation.
- *Focus on lower-income countries and countries in fragile situations*: NDF's country focus is on lower-income countries and countries in fragile situations, including possibilities of supporting climate vulnerable countries such as Small Island Developing States (SIDS). At least 60% of new commitments during the Strategy Period should be targeted Sub-Saharan Africa.

- **Concessionary financing:** NDF's statutory Mandate allows the use of grants, loans and equity. These instruments can be used stand-alone or blended as relevant depending on specific intervention. NDF strives to keep a high grant element and at least 50% of the funding should be through grants.
- **Nordic priorities and values:** With respect to NDF's Mandate, Nordic priorities are most importantly understood as advancing Nordic policy priorities in the sphere of climate and development including human rights, gender equality, non-discrimination and inclusiveness. It also includes building synergies to Nordic solutions to tackle climate change, including technologies, innovations and support joined Nordic policy priorities for development cooperation.

Figure 1: NDF's Strategy 2025



NDF has defined three strategic pathways underpinning and supporting achievement of its Purpose. The pathways are intended to be integrated and mutually re-enforcing, and together, they capture NDF's value proposition in the global climate and development finance landscape.

The first pathway will *advance Nordic leadership*. As a climate-focused joint Nordic institution, NDF can further drive and support the objectives and actions of the Nordic countries' development and climate policy agendas, and to provide assistance in closing identified financing deficits in priority focus areas, or cross-cutting areas.

The second pathway is to *develop and support early-stage interventions*. The lack of climate financing to developing countries is often hindered by the perceived risks related to early-stage financing. Effective risk mitigation will help unlocking such financing into a larger scale. NDF will engage with strategic partners in the design, preparation and delivery of emerging early-stage projects, investments and climate solutions.

The third pathway underpins the relevance of *providing catalytic financing for launch and scale climate projects and investments*. NDF will support development of innovative financing mechanisms, which addresses the existing climate financing gaps in developing countries. These mechanisms need to constructively address financing deficits and needs for both public and private partners. NDF will co-finance projects in the public sector through grants and concessionary loans and support early-stage and higher-risk positions with the private sector to catalyze financing and act as a first-mover to help raise further financing.

Considering NDF's limited size compared to other actors in the climate financing architecture, its support need be catalytic, early-stage and promote innovative approach to demonstrate impact. Further, partnership with different stakeholder, which is emphasized by three guiding principles to Complement, Co-create and Convene. These principles emphasize NDF's role as co-financier with strategic partners. Its relatively small commitment size – but often flexible financing instruments with high grant elements - enables NDF to provide highly additional financing which makes NDF a trusted and highly relevant partner for many stakeholders.

### 2.3. Structure and management

The structure of NDF's governing bodies reflects NDF's status as an international financial institution owned by the five Nordic countries.

The main governing body of NDF is the Board of Directors (the Board), which makes policy decisions concerning the operations of NDF and approves the financing of projects proposed by NDF's Managing Director. The Board also approves the annual budget and is responsible for NDF's financial statements. Each member country appoints one member and the Board elects a Chairman for a one-year term, which rotate among the member countries. The Nordic Investment Bank (NIB) has an appointed Observer without the right to vote in the Board.

The Control Committee is NDF's supervisory body. It ensures that NDF's operations are conducted in accordance with the Statutes of NDF. The Control Committee is responsible for the audit of NDF and submits its annual audit report to the Nordic Council of Ministers. The Nordic Council appoints five Nordic parliamentarians to the Committee. The Chairman of the Committee is appointed by the Nordic Council of Ministers. The Control Committee appoints two professional external auditors for the purpose of assisting the Committee in carrying out its work and responsibilities. One of the appointed professional auditors is from NDF's host country (Finland) and one from another member country.

The Nordic Council of Ministers (i.e. the five Ministers of Nordic Cooperation) is the body responsible for, among other things, amendments to NDF's Statutes and capital. The Nordic Council of Ministers also approves the annual report of the Board of Directors and the audited financial statements of NDF.

The NDF Secretariat has 25 staff (15 females and 10 males) by August 2021. It is headed by a Managing Director, who is appointed by and accountable to the Board (see NDF organogram in Annex 1). The Headquarter of NDF is located in Helsinki, Finland together with the Nordic Investment Bank (NIB) and the Nordic Environment Facility (NEFCO). Some procedures, policies and administration resources are shared with NIB. In addition, NDF is also managing two associated trust funds, the Nordic Climate Facility and the EEP Africa.

## 3. Key strategic challenges and opportunities

### 3.1. Status of NDF

At the end of 2020, the accumulated climate project portfolio consisted of 122 on-going or completed projects with total NDF financing of EUR 427.95 million. The portfolio includes 74% public sector and 26% private sector projects. 69% of the activities are in partnership with the multilateral development banks and 31% with other partners. 17% of the portfolio focus on mitigation, 21% on adaptation and 62% includes a combination of both mitigation and adaptation. Africa accounts for 53% of the accumulated portfolio.

NDF's capital is based on EUR 330 million in paid-in capital under previous capital increases and EUR 350 million to be paid in 2021-2031 under the fifth capital increase. NDF's total assets amounted to approximately EUR 752 million by the end of 2020, which includes outstanding credits to public sector projects, climate loans, other loans with equity features, equity investments and investments with credit institutions. Annual commitments and disbursements have been approximately EUR 40-50 million annually. With the capital increase the commitment level is expected to increase by up to 50%.

### 3.2. Review of NDF

In 2018, the Board made the decision to initiate an extensive evaluation of NDF as available capital and income from historical loans would begin to decrease from 2022. Therefore, the evaluation team explicitly asked for a view on whether further financing could be justified and would provide a key basis for owner countries' decision on whether to replenish NDF or not.

The evaluation found that NDF has a strong and influential record of partnership with the Multilateral Development Banks (MDBs) and it has developed a valuable niche in the provision of flexible financing to support innovation and new business models, particularly with respect to climate adaptation. NDF's ability to move quickly, and deploy climate finance with different levels of concessionality (e.g. grants, loans and equity) tailored to particular projects is unusual and makes it an attractive strategic partner that can work with many different stakeholders.

NDF has also demonstrated an ability to support risky, early-stage climate financing approaches and attract commercial investors through lower returns expectations and first-loss capital. It has also shown that it can support early design of climate projects with high catalytic impact together with the MDB's. Project preparation or pilot projects that at a later stage have been scaled up with funding from the MDB's, the Green Climate Fund and the Global Environment Facility. In this way, NDF has demonstrated an ability of influencing and supporting up-coming activities, projects and ways of operation for long-standing MDB partners, and more recently also in promoting innovative private sector partnerships and business models.

The evaluation also found areas where NDF needed to strengthen its operations. It is emphasized that NDF needs to develop a stronger strategic focus and a clear theory of change to support. Further, NDF needs to build a closer collaboration with partners in the Nordic countries and it should also improve its monitoring and evaluation framework.

In conclusion, the evaluation found that NDF has found a unique niche in the international climate financing landscape and there is a good case for strengthening NDF as an ambitious pan-Nordic institution on climate



change and development. NDF is a highly valued organisation that successfully ‘punches above its weight’, contributes to climate change and development goals, and enhances the reputation of Nordic countries. If the recommendations by the evaluation team is adopted, it considered that NDF has the potential to become a high-impact Nordic international climate institution.

### 3.3. NDF as a catalytic convener in the international climate financing landscape

NDF’s partnership approach to co-create and co-covene with other stakeholders allows NDF to become a trusted partner to many stakeholders. NDF can also be an efficient broker to increase collaboration between different Danish supported international agencies, policy-oriented research institution and private-sector mechanisms promoting climate solution. The re-organisation of NDF and the capital increase will allow NDF to further consolidate this role in the years to come.

NDF is already a trusted partner for the MDB’s and has demonstrated an ability to influence designs of large-scale projects through early-stage financing which can attract larger-scale financing from other Danish supported climate funds. An illustrative example of this is the West Africa Coastal Area Erosion and Adaptation project (WACA), where an early EUR 500,000 ‘booster-grant’ from NDF contributed to design a EUR 200 million investment from the World Bank, Global Environment Facility which NDF also has supported with a larger grant for implementation stage. Another example is the early-stage grant to support the design and development of the Rwanda Catalytic Green Investment Bank together with AfDB with the purpose of preparing a full grant-proposal to the Green Climate Fund.

NDF has also supported African Guarantee Fund hosted by the AfDB, which was established with initial funding from Denmark. NDF has added value by supporting the creation of a specific green window - Green Guarantee Facility - to catalyse lending to environmentally focused SME’s. NDF can also catalyse investment by acting as an anchor investor which it has done together with IFU and some of the other Nordic DFI’s in the blended finance facility Climate Investor I mobilizing private investment for renewable energy projects.

In this context, NDF can become an important convener in the international climate finance architecture with ability to fairly quickly tailor-make flexible financing to the needs of specific projects and partners. It allows NDF to combine innovative approaches and test new business models for adaptation. It can also be broker between many of the Danish supported partners in the field of climate change. For example, Denmark has already established dialogue between NDF and the Global Commission on Adaptation, C40 and Global Green Growth Institute. Currently, Denmark also collaborates with NDF on Covid-19 response contribution to African Water Facility and Denmark currently financing a scale-up of an innovative community water project in Tanzania using solar-powered water pumps where the pilot initially was co-financed by NDF.

### 3.4. Opportunities and challenges for NDF

The Nordic countries’ commitment to the international climate and development agenda is recognised internationally. The Nordic Prime Ministers’ declaration on Nordic Carbon Neutrality from January 2019, confirms a clear intention to continue to intensify focus on climate change in development cooperation and mobilising climate financing. Further, during 2020, a closer collaboration between the Nordic Ministers for

Development Cooperation has been established as a joined response to the Covid-19 pandemic and to support developing countries in Building Back Better and Greener.

NDF is well-placed to drive forward part of the Nordic-led climate ambitions targeted to support low-income developing countries. It has found its niche as smaller but more agile and flexible financing institution to provide early-stage and catalytic climate financing. Further, it is also less political in nature than many other international climate funds which enables NDF to be a first-mover organization but for delivering on more specific Danish priorities.

There is a risk that NDF follows rather than leads, and by this will have limited additional value and will be missing out on the possibility of becoming a high-impact climate fund. Therefore, NDF needs to strengthen its strategic and operational capacity in some areas and demonstrate its ability to be the “missing-middle” in the international climate landscape that can catalyse impact through early stage financing. It should also ensure sufficient capacity to navigate in international climate architecture and continue to find its role between large funds such as Green Climate Fund and the Global Environment Facility and smaller policy-oriented organisations such as The Global Center of Adaptation and World Resources Institute.

Finally, NDF will only succeed in becoming a high-impact Nordic climate fund if it is backed with strong support from the Nordic countries. It is important that NDF is brought closer to the Nordic policy dialogues as it has been the case with the Nordic Build Back Better and Greener agenda. Further, NDF should proactively establish closer dialogue with Nordic institutions but also with private sector and civil society.

## 4. Danish support and priorities

### 4.1. Justification for support

The consequences of a warmer planet will be far greater than we expect, and the world is not track to limit global warming to either 1.5°C or 2°C warmer world. Almost 4 billion people already live in regions that experience severe water stress and climate disasters will reduce the productivity of local economies significantly in many low-income countries. Climate change threatens to push more than 100 million people into poverty by 2030 and as many as 143 million people could become climate migrants by 2050. There is an urgent need for bold action on the ground to increase climate resilience and adapt to the impacts of climatic changes. NDF is well positioned to walk-the-talk and deliver catalytic financing to support innovative and scalable climate solutions to low-income countries.

NDF's strategy is well-aligned with Danish priorities such as a focus on increasing the support to Sub-Saharan Africa, strong focus on gender equality, increased focus on adaptation and strengthening co-benefits between climate and biodiversity. The Danish support to NDF is therefore aligned to the Danish Government's long-term Strategy for Global Climate Action – A Green and Sustainable World. It emphasises that Danish development cooperation will embrace far higher climate ambitions, with a strong focus on adaptation and sustainable development in the poorest and most fragile developing countries. The strategy also underpins that more people must have access to clean energy and clean water, which is an essential building block to increase climate resilience to vulnerable communities.

The COVID-19 pandemic has also emphasised the need for agile climate financing. The Nordic Development Fund has been seen as main vehicle to provide Nordic support to Build Back Better and Greener as the world struggles to fight the development consequences of the pandemic. NDF's Strategy 2025 will provide the foundation to pilot and scale innovative climate solutions to reach the poorest populations in low-income countries. NDF will provide possibilities for mobilising both public and private climate financing for a green and climate resilient recovery to developing countries. Through early stage and high-risk financing, NDF will use Danish and Nordic development assistance as catalytic financing to leverage public and private financing in scalable blended financing schemes and innovative business model.

NDF builds on a Nordic value mandate which means building social inclusive and gender-sensitive approaches to design climate change actions. NDF will mainly target low-income countries and fragile states, and by this support a leave-no-behind approach. NDF has also spelled out that co-benefits to nature, biodiversity and ecosystems will be strengthened through supported interventions.

#### 4.2. Danish priorities

2020 was a decisive year for NDF's future strategic direction and financial resources as both NDF's Strategy 2025 and capital increase was approved by the Board of Directors and the Nordic Council of Ministers. Danish priorities are to a large extent already reflected in the Strategy 2025 and in the Capital Increase Memo. Further, NDF has already outline 24 international institution reforms to make NDF future-fit to deliver on its mandate (see annex). Progress on internal reforms have been impressive the last two years but pro-active Danish engagement will continuously be important to support NDF in unleashing its potential role of becoming a strong Nordic climate fund with a high-impact project pipeline.

The Danish priorities for the period 2021-23 consist of the following areas: i) Positioning NDF as high-impact Nordic fund in the international climate landscape, (ii) Organisational strengthening and policy reforms, (iii) Strengthen Nordic values and collaboration, (iv) Build back Better and Greener.

##### *Positioning NDF as high impact Nordic climate fund*

The Danish decision to recapitalize NDF builds on the scope of providing NDF with sufficient resources to unleash its potential of becoming a high-impact Nordic climate fund. NDF has identified a niche in the global climate financing architecture but a new organisational set-up and clearer targets are needed to demonstrate impacts and positioning NDF as leading Nordic climate fund. With this objective, Denmark will work for the following in the Board:

- Encourage NDF to actively identify and convene partnerships with different stakeholders. NDF should play a pro-active role in financing innovative projects and interventions, and be a broker of new innovative partnerships to leverage blended climate financing
- Promote NDF internationally as a Nordic first-mover climate Fund that should be a highly attractive partner to design and develop catalytic and early-stage climate financing and investments, particularly support climate change adaptation in Sub-Saharan Africa.
- Define clear targets and a strong project pipeline that delivers in NDF's mandate through an up-dated results and monitoring framework.
- NDF should continue to add value and influence the design of climate actions of the MDB's which should be closely aligned with the Nordic positions. Further, closer collaboration with the international climate fund should be strengthened.

### *Nordic values*

NDF should be even better rooted in the Nordic countries and should strengthen its visibility and collaboration with Nordic stakeholders. Collaboration with Nordic civil society, private sector and public sector institutions should be strengthened to increase both Nordic ownership and values of the work. Denmark will work for the following to build a stronger Nordic foundation.

- Increase stronger visibility and knowledge of NDF in the Nordic countries. Denmark will invite NDF to participate in relevant events, seminars and bring the fund closer to Danish and Nordic policy-oriented dialogues.
- Expect to see NDF management present a strategic approach to enhance collaboration and partnerships with Nordic stakeholders, incl. the Nordic DFI's, NEFCO, private financing institutions and dialogue with Nordic country representations.
- Include NDF as an integrated part of the strengthened Nordic collaboration and positioning towards multilateral aid agencies, funds and financing institutions on climate change.
- Monitor how Nordic values such as transparency, human rights, gender, social inclusion and environmental co-benefits is promoted in project designs, and be integrated in both the results framework, policies and safeguards.
- Deliver on Danish priorities and targets in the Strategy 2025 such as increasing financing targeted to climate change adaptation projects, Sub-Saharan Africa and fragile states.

### *Organisational strengthening and policy reforms*

NDF has operated in uncertainty since 2005 when it was decided not recapitalize the fund. Many policies, procedures and the organisational structure needs to up-dated and adjusted to make NDF future-fit to become high-impact Nordic climate fund. Denmark will support the ongoing work that has been agreed on the Board and in the recapitalization process.

- Closely monitor that NDF strengthens its organisational structure to have adequate human resource capacity and organisational set-up to position the organisation a first-mover climate organisation and manage an increased annual turn-over.
- A number of agreed policy reforms and regulation should be developed, approved and implemented to reflect the new ambitions for NDF as a Nordic flagship climate organisation. This include a total of 24 institutional projects, incl. appliance of the IFRS Accounting Standards, new travel policy, gender equality policy and up-dates in the staff legal framework.
- Design and implement a new Theory of Change and results framework that will be used by the Board to monitor progress and results, incl. defining targets and compliance of safeguards.

### *Use catalytic financing to Build Back Better and Greener*

The Nordic Governments' have initiated a closer collaboration in 2020 to develop a joint approach for 'Build Back Better and Greener' in the midst of the Covid-19 pandemic but on to increase the climate ambitions in the MDB's. The constructive collaboration between the Nordic countries and the flexible financing approach of NDF makes it an agile partner to also support a green recovery in low-income countries. Denmark will work to use the flexibility, agility and like-minded approach of the Nordic countries to provide rapid response to

the Covid-19 pandemic and other emerging issues. Denmark will work for NDF becoming an agile and adaptive climate fund in the following:

- Building Back Better and Greener should be priority for many years ahead as it will take time to recover from the Covid-19 pandemic and build up new low-carbon and climate resilience approaches at the same time as creating decent green jobs.
- NDF should strive to take advantage of an efficient and coherent ownership by the Nordic countries to promote Nordic values and co-benefits to the SDG's.
- Promote a project pipeline that demonstrates a willingness to take risks to push catalytic and innovative climate finance, respond to the urgent needs of developing countries to Build Back Better and Greener, and adapt to climate change.

### 4.3. Budget

NDF's capital base as well as the formal statutory requirements for capital increase are set out in the NDF constituent documents. The allocation scheme for the year 2020 is determined by Nordic Council of Ministers and is calculated on the basis of each country's proportion of the Nordic Region's total GNI at factor cost for the last two years available. This Danish part of the recapitalization of NDF makes up 21.8% of NDF's capital.

*Table 1: Payment of recapitalization 2021-2031*

In EUR million	EUR*	Allocation of increase
Denmark	76.3	21.8%
Finland	58.1	16.6%
Iceland	5.3	1.5%
Norway	97.3	27.8%
Sweden	113.1	32.3%
<b>Capital Increase</b>	<b>350.0</b>	<b>100 %</b>

The total Danish contribution for the ten-year recapitalization will be EUR 76.3 million (approx. DKK 571 million). The installment schedule for the Danish contribution is planned to be EUR 6.54 million annually for 2021-2025 and EUR 8.72 million annually from 2026-2030. The first Danish contribution to NDF will be made in 2021.

Considering the relatively long capital increase period of ten years, the Payment Schedule may require adjusting due to reasons stemming from NDF's liquidity needs or the individual member countries' need for flexibility under changing circumstances and for budgetary reasons. This has been the case also in previous capital increases in NDF and adjustment should be approved by the Board.

## Annex 1: Theory of Change and Results Framework

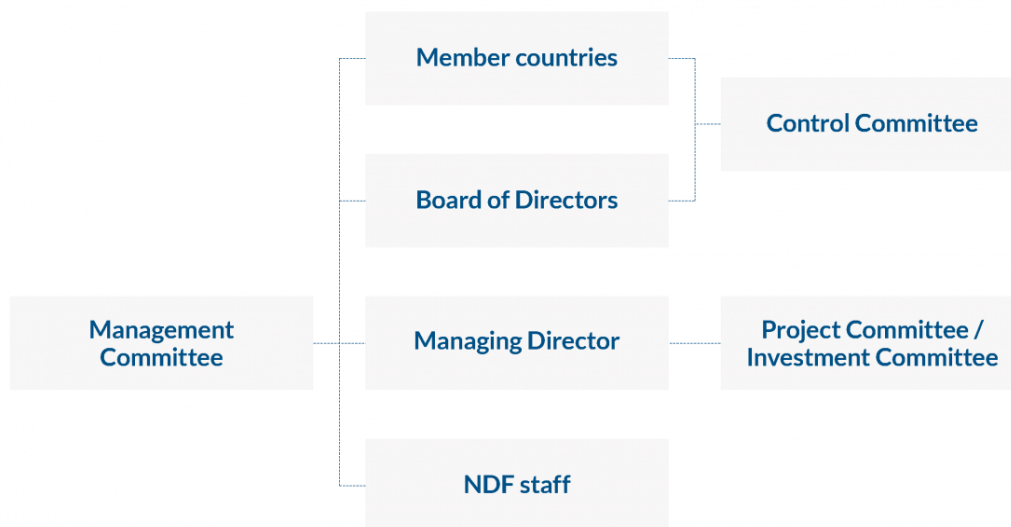
Full draft Theory of Change and up-dated results framework have been prepared and submitted for Board discussion in June 2021. It is expected to be approved in September 2021 and included in the organizational strategy.

## Annex 2: Process Action Plan

Action/product	Deadlines	Responsible/involved Person and unit	Comment/status
Prepare draft organisational strategy	April		
Confirm agenda item for Programme Committee	22 April		
Submit concept note to Danida Programme Committee including public consultation	17 May		
Danida Programme Committee	10 June		
Adopt initial recommendations	10-20 June		
Meeting with relevant internal technical MFA stakeholders	21-25 June		
Management and key stakeholder comments and recommendations incorporated	30 June –30 August		
Programme document to management approval	1 – 12. September		
Confirm submission to Council for Dev. Policy	19. August		
Submit to Council for Development Policy	13 September		
Council for Development Policy meeting	30 September		
Approval of the programme by the minister	Mid October		
Prepare “aktstykke”	Mid October		
Meeting in the Finance Committee	October		
Signing of first payment	October		

## Annex 3: Governing bodies and organisational structure

The structure of NDF's governing bodies reflects NDF's status as an international financial institution owned by the five Nordic countries.



New organisational management structure of NDF

