Nordic Council of Ministers

Paris Alignment of Export Credit Agencies:

DENMARK

Contents

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Abbreviations

BOGA	Beyond Oil & Gas Alliance
CCS	Carbon capture and storage
CETP	Clean Energy Transition Partnership
CIRR	Commercial Interest Reference Rates
CWG	Climate Working Group
E3F	Export Finance for Future
ECA	Export Credit Agency
ESG	Environmental, Social, Governance
EIFO	Export and Investment Fund of Denmark *(Danmarks Eksport- og Investeringsfond)*
EKN	Swedish Export Credit Agency (Exportkreditnämnden)
G7	Group of 7
G20	Group of 20
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse gas
GICS	Global Industry Classification Standard
IEA	International Energy Agency
IWG	Infrastructure Working Group
LNG	Liquefied natural gas
MDB	Multilateral development bank

NZECA	Net-Zero Export Credit Agencies Alliance
OECD	Organisation for Economic Co-operation and Development
O&G	Oil and gas
PCAF	Partnership for Carbon Accounting Financials
PAWG	Paris Alignment Working Group
PFI	Public finance institution
RE	Renewable energy
SDG	Sustainable Development Goals
SEK	Swedish Export Credit Corporation (AB Svensk Exportkredit)
Skr	Swedish Krona
tCO_2e	Tonnes of carbon dioxide equivalents
TCFD	Task Force on Climate-Related Financial Disclosures
TNFD	Task Force on Nature-Related Financial Disclosure
UNFCCC	United Nations Framework Convention on Climate Change

Vigtige budskaber

- *Eksport- og Investeringsfonden* (EIFO), som er Danmarks Eksportkredit Agentur, blev vurderet i forhold til EIFO's overensstemmelse med Paris-aftalen på tværs af fem dimensioner ved hjælp af den metode, der er udviklet af Perspectives Climate Research. **Samlet set blev EIFO vurderet som »Transformational«** (vurderingsscore 2,54/3,00).
- EIFO har næsten helt udfaset andelen af energifinansiering til fossile brændstoffer i sin portefølje i løbet af de seneste år (ENS, 2021) i overensstemmelse med Danmarks forpligtelse til **COP26-erklæringen om overgangen til ren energi (CETP),** som blev implementeret via en **politik for udfasning af fossile brændstoffer, koordineret med initiativet Export Finance for Future (E3F)**. Siden 2018 er Danmarks energirelaterede eksportfinansiering udelukkende gået til vedvarende energi (VE) (E3F, 2023).
- **EIFO er den største finansieringskilde til VE** blandt E3F-medlemmerne mellem 2015-2022 og leverer næsten halvdelen af al gruppens VE-finansiering (E3F, 2023). Danmark har længe været markedsleder inden for VE, og den første eksportfinansieringsaftale for vindenergi blev indgået i 1998 (f.eks. Larsen, 2019).
- På grund af sin minimale eksponering for fossile brændstoffer og førende rolle inden for VE skiller EIFO sig ud som en af verdens **bedst positionerede ECA'er til den grønne omstilling.** EIFO står over for meget **lave risici for at akkumulere strandede fossile brændstofaktiver** og har i stedet et stærkt potentiale for at **drage fordel af den stigende globale efterspørgsel efter VE.**
- Forfatterne anerkender også Danmarks stræben efter 'lige vilkår' i det internationale eksportfinansieringssystem, hvor Danmark **presser på for en global udfasning af alle fossile brændstoffer**, f.eks. ved at være et stiftende medlem af internationale initiativer som **Beyond Oil and Gas Alliance (BOGA).** Som **formand for E3F, som medlem af styregruppen for Equator Principles og som ansvarlig for sekretariatet for EU's Export Finance Lab** støtter EIFO, at ECA'er indtager en aktiv rolle i klimafinansiering (E3F, 2024).

Vurderingsdimension	Vægt	Beskrivelse	Score
1. Gennemsigtighed	0.2	Finansielle og ikke-finansielle oplysninger	2.25/3.00
2. Modvirkning I	0.4	Ambition om politikker for udelukkelse eller begrænsning af fossile brændstoffer	3.00/3.00
3. Modvirkning II	0.2	Klimapåvirkning og mål for emissionsreduktion for alle aktiviteter	2.00/3.00
4. Finansiering af klimaet	0.1	Positivt bidrag til den globale klimaomstilling	2.20/3.00
5. Dialog	0.1	ECA's og dens regerings opsøgende og »proaktive« indsats	2.67/3.00
Vurderingsresultat:		**'Transformational'**	**2.54/3.00**

Vigtige anbefalinger til den danske regering

Rapporten har vist, at EIFO er 'Paris-aligned' (og endda `Transformational') i alle dimensioner og fører an i forhold til bedste praksis blandt ECA'er. Den **danske regering og EIFO** bør fortsætte arbejdet med at transformere det globale eksportfinansieringssystem i tæt samarbejde med nordiske og andre ligesindede lande. Anbefalingerne omfatter:

- **Offentliggørelse af estimerede data om drivhusgasemissioner og forventet bæredygtighedseffekt på projektniveau**, herunder oplysninger om aktivernes drivhusgasemissioner i hele deres levetid.
- **Fortsat gennemsigtig sporing og offentliggørelse af finansierede udledninger (scope 3)** baseret på international bedste praksis såsom Partnership for Carbon Accounting Financials (PCAF).
- **Vedtagelse af en klimafinansieringsdefinition**, der bygger på EU's taksonomi og den nyeste klimavidenskab, både for nye tilladelser og den samlede eksponering. Definitionen af klimafinansiering bør omfatte finansiering af alle emissionsreducerende og muliggørende projekter samt tværgående aktiviteter for både afbødning og tilpasning.
- **Fastsættelse af sektorspecifikke mål for reduktion af drivhusgasemissioner på kort til mellemlang sigt** for at nå netto-nul i 2045 eller tidligere i overensstemmelse med Danmarks klimamål.
- **Fortsætte Danmarks ambitiøse bestræbelser på at fremme global klimatilpasning** ved at skabe pålidelige lovgivningsmæssige rammer og økonomiske incitamenter til at støtte lavemissionseksport, f.eks. ved at fastsætte kvantificerede mål for grønne investeringer i centrale politiske dokumenter som den danske regerings langsigtede strategi for global klimaindsats (UM, 2020).
- Bygge videre på sit klimalederskab i internationale fora og udnytte det nordiske samarbejde til at **reformere reglerne for offentlig støtte til fossile brændstoffer globalt**, f.eks. ved at udnytte Danmarks lederskab i E3F-koalitionen og EU til at styrke OECD's indsats og ved at støtte forslaget om en international »Fossil Fuel Non-Proliveration Treaty« som allerede støttes af Københavns Kommune (Fossil Fuel Treaty, n.d.).

Mere detaljerede anbefalinger til den danske regering såvel som til EIFO findes i hver vurderingsdimension. En oversigt over alle anbefalinger findes i kapitel 5.

Key messages

- *Danmarks Eksport- og Investeringsfond* (EIFO), the Export and Investment Fund of Denmark as the Danish Export Credit Agency was assessed with regard to its alignment with the Paris Agreement across five dimensions using the methodology developed by Perspectives Climate Research. **Overall, EIFO was rated 'Transformational'** (assessment score 2.54/3.00).
- EIFO has almost completely phased out the stock of fossil fuel energy finance in its portfolio over the past years (ENS, 2021), in line with Denmark's commitment to the **COP26 Statement on the Clean Energy Transition (CETP)** which was implemented via a **fossil fuel phase-out policy, coordinated with the Export Finance for Future (E3F) initiative**. Since 2018, Denmark's energy-related export finance has been provided exclusively to renewable energy (RE) (E3F, 2023).
- **EIFO is the biggest financier of RE** among E3F members between 2015-2022, providing nearly half of all RE finance within this group (E3F, 2023). Denmark is a longstanding market leader in RE, with the first export finance deal for wind energy concluded in 1998 (e.g., Larsen, 2019).
- Due to its minimal exposure to fossil fuels and leading role in RE, EIFO stands out as one of the **best-positioned ECAs globally for the green transition**. EIFO faces very **low risks of accumulating stranded fossil fuel assets**. Instead, it has a strong potential to **benefit from the increasing global demand for RE**.
- We also recognise Denmark's pursuit of a 'level-playing field' in the international export finance system, **pushing for a global phase-out of all fossil fuels,** e.g., by being a founding member of international initiatives like the **Beyond Oil and Gas Alliance (BOGA**). EIFO supports ECAs in taking on an active role in climate finance as **chair of E3F,** in the **steering committee of the Equator principles**, and by being in charge of the **secretariat for the EU Export Finance Lab (ExFi Lab)** (E3F, 2024; ExFi, 2024).
- EIFO can improve its score further by addressing the **absence of granular reporting on project-level greenhouse gas** (GHG) emissions data, **of sectoral emissions reduction targets** as well as providing holistic **sustainability reporting** and **a clear definition of climate finance**.

Assessment dimension	Weight	Description	Score
1. Transparency	0.2	Financial and non-financial disclosures	2.25/3.00
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	2.00/3.00
4. Climate finance	0.1	Positive contribution to the global climate transition	2.20/3.00
5. Engagement	0.1	Outreach and 'pro-activeness' of the ECA and its government	2.67/3.00
Assessment outcomes:		**'Transformational'**	**2.54/3.00**

Key recommendations for the Swedish government

The assessment has shown that EIFO is Paris-aligned (or even 'Transformational') in all dimensions and most assessment questions, leading the way with many best practices among ECAs. The **Danish government and EIFO** should continue working on transforming the global export finance system in close collaboration with Nordic and other like-minded countries. Recommendations include:

- **Publishing estimated GHG emissions data and expected sustainability impact on a project-by-project level**, including information on assets' lifetime GHG emissions.
- **Continuing transparent tracking and disclosure of financed emissions (scope 3)** based on international best practices such as the Partnership for Carbon Accounting Financials (PCAF).
- **Adopting a climate finance definition** that builds on the EU Taxonomy and the latest climate science and applying it to the whole portfolio. The climate finance definition should encompass finance for all emission-reducing and enabling projects, as well as cross-cutting activities for both mitigation and adaptation.
- **Setting sectoral GHG emission reduction targets for the short-to-medium term** to reach net zero by 2045 or earlier in line with Denmark's climate target.
- **Continue Denmark's ambitious pursuit of promoting global climate mitigation** by creating a reliable regulatory framework and financial incentives to support low-emission exports, e.g. by setting quantified targets for green investments in key policy documents like the Danish Government's long-term Strategy for Global Climate Action (UM, 2020).
- Building on its climate leadership in international fora and leveraging Nordic cooperation to **reform rules governing public support for fossil fuels globally**, e.g., by utilizing Denmark's leadership in the E3F initiative and the EU to strengthen OECD efforts, and by endorsing the proposal for an international 'Fossil Fuel Non-Proliferation Treaty', following the lead of the city of Copenhagen who has already endorsed it (Fossil Fuel Treaty, n.d.).

More detailed recommendations for the Danish government as well as for EIFO are provided in each assessment dimension. 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 make "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 are 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 (OECD, 2021, 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 (Berne Union, 2021). 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 Finland's ECA Finnvera,[7] 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, 2023e).
13. See further for NZECA's commitment document https://www.unepfi.org/wordpress/wp-content/uploads/2023/11/NZECA-Membership-Commitment-Text.pdf.

number of countries in 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 underreport 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 to work 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, 2023b). 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 risks, including transitional climate risks (OECD, 2022).

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, Finland, France, Germany, Italy, Japan, the Netherlands, South Korea, Sweden, the United Kingdom and the United States.[16]

14. 74% of all ECA finance (ibid.).
15. With an annual average of USD 10.9 billion, USD 7.4 billion, and USD 5.4 billion respectively (ibid.).
16. Find all case studies under: https://perspectives.cc/initiative/eca/

2. Officially supported export finance in Denmark

Danmarks Eksport- og Investeringsfond (EIFO) is the official Danish ECA, after the merger of Denmark's three state funds in January 2023: Denmark's ECA *Eksport Kredit Fonden* (EKF), *Vækstfonden* (The Growth Fund) and the Danish Green Investment Fund who all became EIFO's subsidiaries (EIFO, n.d.a). EKF was established more than 100 years ago as only the third ECA in the world (EKF, 2023). EIFO is owned and guaranteed by the Danish state and is therefore perceived as a very safe creditor with an AAA rating (EIFO, n.d.c). The merger of the three institutions into EIFO is supposed to enhance access to finance, improve competitiveness and support the green transition by streamlining operations. EIFO's creation was decided on by the Danish Parliament in mid-2022 and EIFO's board of directors was appointed by the *Erhvervsministeriet* (EM) (Ministry for Industry, Business and Financial Affairs) (EIFO, 2022).

The merger and creation of EIFO made it possible to redefine the profile of the ECA which now has a strong 'green' dimension (Act on Denmark's Export and Investment Fund, 2022; Perspectives Climate Group, n.d.). EIFO is tasked to "create the maximum possible social return [...] by promoting growth and innovation [...], promoting Danish trade and industry's export [....], and contributing to a sustainable and green transition." (*Act on Denmark's Export and Investment Fund*, 2022, p. 1). EIFO is the first ECA to prioritise sustainability and a green transition in its main objectives which is notable because traditional 'export-neutral' mandates are often seen as obstacles to this shift. Historically, ECA's key task to support exports is considered at odds with prioritising climate-friendly investments and excluding fossil fuel projects (Ombuya and Shishlov, 2023). EIFO's sustainability mandate distinguishes it from its predecessor EKF which had a pure export promotion mandate (EKF, 2023).

As an independent public company under the EM, EIFO offers insurance, guarantees and loans to banks and companies – both national and foreign – that take risks on exports and investments containing Danish economic interest (Berne Union, n.d.b).

EIFO is recognised as one of the market leaders in financing RE among ECAs (see Figure 5). EIFO has financed about 40 GW in wind energy and has been involved in the financing of 30% of all installed offshore wind capacity outside of China according to company statements (EIFO, n.d.c). EKF, EIFO's predecessor institution, has been offering RE finance for more than two decades, with the first wind power deal being concluded in 1998 (EIFO, 2023d).

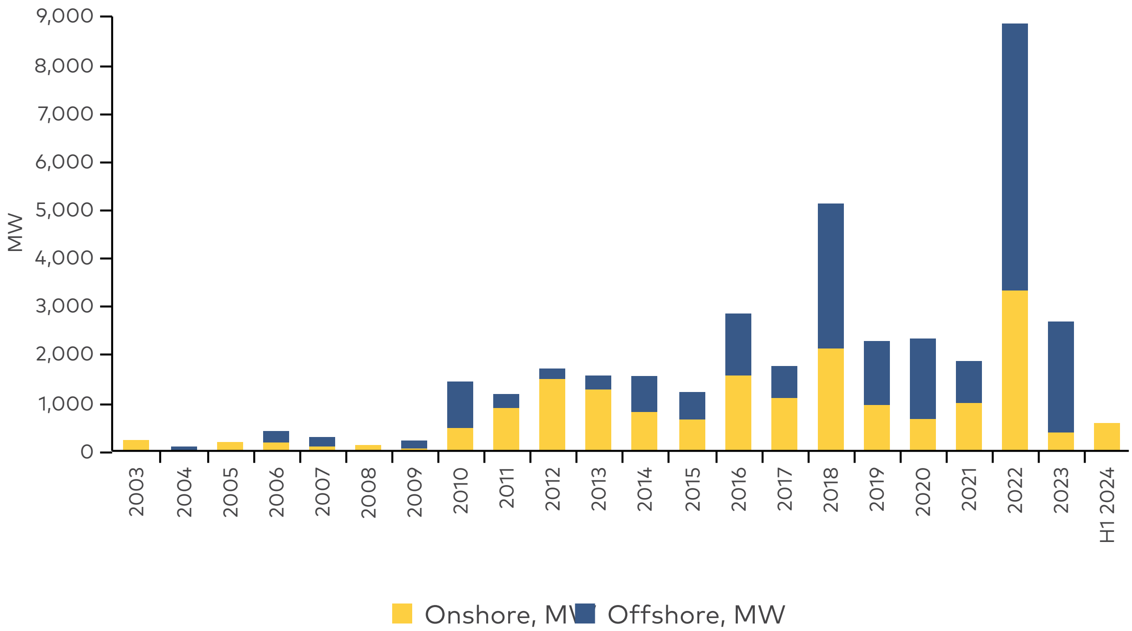

Figure 1: Financed wind energy by EIFO.

Source: Authors, based on EIFO (2024).[17]

Table 1 summarises key data points on EIFO.

17. Data points shared by EIFO with the authors.

Table 1: Overview of EIFO.

Key facts EIFO	
Type of ECA	Multi-purpose ECA, 100% state-owned
Main sectors*	RE production (67%), transport (10%), IT service (4%), agriculture and food production (3%), energy transmission and distribution (2%), cement (1%), mining (1%), chemical production (1%), fossil energy production (1%), metal products (1%), others (11%)
Geographic activity concentration**	UK (15%), Türkiye (12%), (Denmark 8%), Taiwan (8%), Spain (8%), Other European countries (15%), other (35%)
Commitments outstanding[18]*	Total transaction: EUR 21.8 billion[19] of which international commitments: EUR 17.3 billion
New commitments[20]*	EUR 1.88 billion
Main instruments of financial support	Export credit insurance, project finance, SME guarantees, export loans, investment guarantees, bond and guarantees, working capital guarantees, reinsurance
Category A, B and C projects** [21]	Category A: 42 (2023), 25 (2022), 23 (2021), 26 (2020), 62 (2019) Category B: 9 (2023), 10 (2022), 25 (2021), 13 (2020), 10 (2021) Category C: 1 (2023), 1 (2022), 1 (2021), 2 (2020), 5 (2019) N/A:*** 26 (2023), 41 (2022), 100 (2021), 75 (2020), 19 (2021)

Note: (*) = Data for 2023; (**) = Data for 2022 (***) = Figures are reported per creditor, not project.
Source: authors based on EKF, 2023; EIFO, 2024a, n.d.b; ENS, 2024

18. 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).
19. Using the ECB exchange rate of 1:7.46 from 2023 throughout the report if not stated differently (Dkr 162.4).
20. 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).
21. 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 impact (e.g., IFC, n.d.).

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

EIFO is an independent public company under the Danish Ministry of Industry, Business and Financial Affairs (EM). It must therefore follow the political guidelines of the Danish government, e.g. regarding climate policy. In 2020, Denmark passed key pieces of climate legislation: i) the Climate Act, committing to 70% emission reductions by 2030 (compared to 1990; KEFM, 2021a); ii) the North Sea Agreement, pledging to end O&G production in the North Sea by 2050 (KEFM, 2020) and iii) the long-term strategy for global climate action (UM, 2020). These legislative measures underscore Denmark's climate ambitions and its international pioneering role in the green transition.[22]

Overarching national climate policies and strategies have implications for EIFO, offering guidance and indicating needed ambition. The Climate Act does not mention exports explicitly but emphasises that Denmark must be a pioneer in international climate action and mandates reporting on the international effects of Denmark's climate efforts. The Climate Act requires the Danish Government to prepare an annual climate programme – including an assessment of whether current policies are consistent with official targets. The Climate Act further mandates setting a new national climate target with a 10-year perspective every five years. In 2021, the Act was updated with targets for 2025, mandating 50-54% reductions (KEFM, 2021a). In 2023, the Danish Government brought forward its net-zero target to 2045 (UM, 2023). This data is also EIFO's company- and portfolio-wide target to achieve climate neutrality.

In contrast to the Danish Climate Act, the Danish Government's Long-Term Strategy for Global Climate Action (UM, 2020) demonstrates a stronger understanding of the role of 'green' exports due to its focus on global emission reductions. Among others, the strategy highlights Bilateral Strategic Sector Cooperation with public authorities in other countries and export promotion initiatives as a crucial, future-oriented opportunity. Although the strategy highlights Denmark's ambition to shift 'brown' to 'green' financial flows, in line with Article 2.1.c of the Paris Agreement, it does not mention any quantitative target a

22. These policies were made possible by multiple favourable aspects: The national elections in 2019 were a win for a leftist coalition, with climate change being among the top concerns for voters. Furthermore, the shift away from fossil fuel production is benefiting from growing evidence of lower demand in the oil sector, Denmark's leading market position in wind energy and a relatively weak O&G lobby (Greene and Carter, 2024). These Denmark-specific conditions limit the transfer of lessons learned from Denmark to other countries.

key shortcoming. EIFO, as a state-owned enterprise (SOE), plays a crucial role in promoting green exports as envisioned in the strategy, even though it is not explicitly mentioned (UM, 2020).

Text Box 2 lists further climate-related commitments and legislation relevant to EIFO. The list demonstrates Denmark's holistic policy landscape underlining export support and internationalisation efforts for climate action. However, the policy statements on 'green' export promotion efforts (including those for climate adaptation and resilience) lack specificity, as there are nearly no quantitative targets (UM, 2020).

Text Box 2: Selected climate-related commitments and legislation by/for EIFO.

Nation-wide legislation

- Denmark's 2020 Climate Act prescribes the annual review of its emission reduction policies and their alignment with climate targets. The Climate Act also mandates the publishing of Denmark's Global Climate Impact Report which covers emissions from Danish consumption, exports, and financed emissions of official export support through EKF/EIFO (IEA, 2023a).
- Denmark's 2020 Global Climate Action Strategy emphasises the crucial role of exports, especially of green goods for the country's economic growth, underscoring the need to bolster exports of 'green solutions'[23] to strengthen Danish businesses (UM, 2020).
- Denmark's Action Plan for Economic Diplomacy 2022-2023 aims to support Danish companies' internationalisation. It outlines the implementation of the COVID-19 stimulus packages for which EKF was an important actor offering financial support and incentives for green exports (UM, 2022).

Sector-specific legislation

- Denmark's 2021 Power-to-X strategy aims at building 4-6 GW of electrolysis capacity and the needed infrastructure for hydrogen exports to the European market by 2030 (KEFM, 2021c). EIFO offers officially supported export finance to companies in the Power-to-X sector (EIFO, 2023c).
- In 2017, the Energy Export Strategy was developed with the aim to double the exports of Danish energy technology by 2030 (Jensen, 2017). The current government is working on updating the strategy (ENS, 2024).

Company-specific regulation

- EIFO was founded via 2022's Act on Denmark's Export and Investment Fund (Act on Denmark's Export and Investment Fund, 2022). The act sets a framework for the fund's management, operations, and general direction. It specifies that promoting sustainability is part of EIFO's mandate, alongside supporting economic growth and exports.
- In 2023, EIFO's Board of Directors adopted a climate policy and a dedicated sustainability policy that sets the framework for climate work to achieve the goal of net zero by 2045 (EIFO, 2023g).

23. The Global Climate Action Strategy does not provide a comprehensive definition on 'green solutions' but names renewable energy and green technologies such as carbon capture and Power-to-X (UM, 2020, p. 27).

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

We assess the 'Paris alignment' of EIFO 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 EIFO 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 2).

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

Figure 2: 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 organisations (Shishlov et al., 2021b). The final scoring for each question is carried out by evidence-based expert judgement. **EIFO received an overall assessment score of 2.54/3.00 and therefore received the label 'Transformational'**. 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%, recognising that transparency, while important, is only a precondition for decarbonisation itself.

In this assessment dimension, EIFO was rated with 'Paris aligned' with an assessment dimension sub-score of 2.25/3.00.

Q Nr.	Dimension 1 – key questions	Rating SEK
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)	**Transformational**
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)?	**Transformational**

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

The assessment question was rated with 'Paris aligned'. EIFO (and previously EKF) has been providing assessments for its scope 1, 2 and 3 GHG emissions for each sector in the available Annual Reports for 2023 and 2022 (see Figure 3). EKF reported on the ECA's direct and indirect emissions (scope 1 and 2) since 2020 and further offered estimates for its total portfolio emissions (including scope 3) for 2020 and 2021 (EKF, 2023; EIFO, 2024a). EIFO does not publish the GHG emission intensity per project or transaction and does not differentiate between emissions from its export and domestic business (EIFO, 2024a). However, *Energistyrelsen*, the Danish Energy Agency (ENS) published sector-specific calculations of EIFO's scope 1, 2, and 3 export emissions in Denmark's Global Impact Report in 2023 for the first time (ENS, 2024).

According to EIFO's portfolio emission calculation (Figure 3), RE is the single largest emission source, making up 28% of total emissions. This is because RE project funding makes up a large share of the finance provided by EIFO (EIFO, 2024a). Additionally, emissions are high in the construction phase, especially for wind parks, and low in the operation phase (Thomson and Harrison, 2015). This is reflected in the low emission intensity of RE investments measured in tCO_2e/EUR million. The second largest share of emissions is grouped under 'Other', mainly stemming from electricity machinery and transmission facilities(EIFO, 2024a).[24]

24. 65% of emissions in the 'Others' category stem from one single electricity grid project that reported high scope 3 emissions from the use of its power cables, as clarified in an exchange between EIFO and the authors.

Active class	Financial exposure (EUR bn)	Portfolio Emissions Scope 1-2 (kilo tCO_2e)	Scope 3 (kilo tCO_2e)	Scope 1-2-3 (kilo tCO_2e)	(%)	Emission intensity (tCO_2e/ mEUR)
Renewable energy production	13,27	90	962	1052	28	82,1
Cement	0,13	496	143	638	17	3655,4
Agriculture and food production	0,54	262	233	495	13	1007,1
Transport	2,01	59	273	332	9	164,1
Mining and quarrying	0,13	122	63	185	5	1432,3
Energy transmission and distribution	0,40	124	43	167	4	432,7
Chemical production	0,13	59	78	138	4	1275,7
Fossil energy production	0,13	56	13	68	2	1089,2
Metal products	0,13	15	36	52	1	604,3
IT service	0,80	2	7	9	0,2	7,5
Others	2,14	77	616	693	18	335,7
Total portfolio	19,71	1,362	2,468	3829	100	194,0

Figure 3: Portfolio emissions by sector (before reinsurance) for all of EIFO's investments (domestic and international), 2023.

Source: EIFO, 2024a, p. 31.

EIFO's procedures to calculate GHG emissions are somewhat traceable as an overview of the applied methodology is provided in the Annual Report. However, EKF's merger with the two other state funds has posed challenges in maintaining comparability of portfolio emissions. 2023, the first year of EIFO's operation with its broader portfolio, will serve as the baseline for EIFO's portfolio emissions.[25] Thus, future trends cannot yet be assessed. No higher score can be given since it is not (yet) feasible to compare EIFO's portfolio GHG emission trends against a baseline and since there is no information on lifetime emissions of assets publicly available.

EIFO's Annual Reports differ from EKF's, particularly in the level of detail provided. While EIFO's 2023 portfolio emission reporting is consistent with EKF's 2022 report (EKF, 2023; EIFO, 2024a), EKF previously offered more comprehensive information, including geographic distribution, data on OECD-classified transactions with environmental and social risks (Category A, B, and C projects), and financing directed to SMEs (EKF, 2022, 2023). Annual reports from EKF and Vækstfonden from before 2022 are accessible through the Danish Central Business Register (CVR) [26] but not on EIFO's website.

We **recommend** EIFO to start reporting transparently on the project level including information on lifetime GHG emissions of assets. Considering the merger with EIFO, we **further recommend** that EIFO makes more metadata on its portfolio available, similar to the former reporting practices by EKF, including the geographic distribution. Information could also be made more accessible by publishing EKF's and Vækstfonden's Annual Reports on EIFO's website. This would increase transparency regarding the fulfilment of international commitments and would offer observers insights into EIFO's evolution and GHG trajectories.

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

This assessment question is rated as 'Transformational'. EIFO's share of finance to fossil fuel projects is available from the Annual Report and in Denmark's Global Climate Impact Report (EIFO, 2024a; ENS, 2024). EIFO's climate policy clarifies the scope of projects that the ECA defines as fossil fuel-related (EKF, 2021b). EIFO has further a clear fossil fuel exclusion policy with a defined scope. Exceptions for fossil gas projects are possible until 2025 following specified criteria (KEFM, 2021b). EIFO's annual report does not clarify if any exception was applied and if a gas project was admitted in 2023. However, such projects would be listed in EIFO's Equator Principle Report (EIFO, 2023f).[27] Fossil fuel-related projects could also be identified in the list of guarantees issued by EKF and EIFO, available on the website for 2010 to 2024.[28]

25. As clarified in an exchange between EIFO and the authors.
26. See: https://cvrapi.dk/virksomhed/dk/ekf-danmarks-eksportkredit/30763777; https://cvrapi.dk/virksomhed/dk/vaekstfonden-growth-ks/40628665.
27. As clarified in an exchange between EIFO and the authors.
28. See: https://eifo.dk/om-eifo/abenhed-om-eifos-finansiering-til-eksportforretninger/

We **recommend** refining the reporting on fossil fuel exposure by disclosing granular project-level information on transactions that continue to be within the extensive value chains of fossil fuel-related and -dependent infrastructure such as transport. This would allow for making 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 is rated as 'Some progress'. EIFO's share of finance for RE is available for its total portfolio through its Annual Report and for its export portfolio through Denmark's Global Impact Report (EIFO, 2024a; ENS, 2024). However, EIFO does not provide a clear definition for climate finance and does not classify its projects accordingly as green or sustainable. Thus, there is no information available on the share of climate-beneficial investments other than RE.

In 2021, however, EKF has been providing figures for 'climate-related export credits' going beyond only RE projects, publishing total investments in different mitigation technologies and relevant sectors. The applied definition of 'climate-related' was based on a methodology used in the OECD Group on Export Credits (ENS, 2021).

Table 2: EKF's climate-related export credits by technology in million EUR, 2017-2020.

Technology	2017[29]	2018[30]	2019[31]	2020 [32]*
Wind power	775.8	3,147.4	1,372.4	1,243.6
Solar PV	0.0	0.0	29.9	0.0
Biomass	0.0	9.2	0.0	0.0
Rail (electricity)	239.5	0.0	0.0	912.3
Transmission links, electricity (RE)	0.0	246.5[33]	0.0	0.0
District heating	0.0	7.9	0.0	0.0
Waste management	0.0	0.0	0.8	0.0
Agriculture, aquaculture	0.0	0.0	69.1	0.0
LED lighting	0.0	2.7	1.3	0.0
Total	**1,015.3**	**3,413.8**	**1,473.5**	**2,155.8**

Note: *Data for 2020 are preliminary figures.
Source: The authors, based on ENS, 2021, p. 101.

We **recommend** reporting climate finance both for new transactions 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 (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. The EU Taxonomy[34] provides such a comprehensive list of 'sustainable' activities and is already applied by EIFO to parts of the portfolio for financing under the

29. Average exchange rate in 2017: 1:7.44 (ECB, 2017)
30. Average exchange rate in 2018: 1:7.47
31. Average exchange rate in 2019: 1:7.47
32. Average exchange rate 2020: 1:7.45
33. Transmission line connecting a hydropower plant, as clarified by EIFO.
34. The EU Taxonomy is a system created by the European Union in 2020 to classify and promote environmentally sustainable economic activities, helping align investments with EU environmental goals.

Green Future Fund (Denmark Green Future Fund, 2020). Established practices for MDBs and the OECD provide further guidance on when support may be deemed eligible under international climate finance commitments (African Development Bank [AfDB] et al., 2020; OECD, 2024).

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 'Transformational'. EKF has provided comprehensive TCFD-aligned reporting in its Annual Report 2022 for the first time (EKF, 2023), preceding Finnvera by two years (Finnvera, 2024), but one year after Sweden's (EKN, 2021) with its dedicated TCFD Pilot Report. EIFO's Annual Report for 2023 again includes a TCFD report (EIFO, 2024a).[35]

We **recommend** that EIFO should start adhering to the Task Force on Nature-related Financial Disclosure (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 E3F coalition. However, the majority of G20 governments only vaguely committed to climate- and or sustainability-related targets, which 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, EIFO was rated as 'Transformational' with an assessment dimension sub-score of 3.00/3.00.

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.).

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'. Shortly after signing the COP26 Statement on the Clean Energy Transition Partnership (CETP), Denmark published its Paris-aligned policy to implement the commitment (KEFM, 2021b) as one of the first countries internationally and within the Nordic region (OCI, 2024b). Aligned with the Danish position, EKF's 2021 climate policy upholds the ban on export finance for coal power as was previously agreed on at the OECD level. The policy further commits to phasing out international and domestic finance for all fossil fuels, starting in 2022 (EKF, 2021b).

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).

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 applies (see Q2.1). The exceptions for gas until 2025 are strict. For instance, investments in power generation capacity may not delay the transition to RE and need to prove that these investments do not lead to a carbon lock-in. Infrastructure projects need to enable a reduction of emissions, e.g. by being 'hydrogen-ready'[36]; and support for gas for cooking and heating can only be granted for particularly challenged countries[37] (KEFM, 2021b).

36. The term 'hydrogen-ready is contested as it is not clearly defined. The costly implementation and the currently low supply of green hydrogen give rise to concerns if hydrogen-ready plants will actually use to no/low emission fuels in the future (Beyer, 2023).
37. Defined as the poorest developing countries (International Development Association (IDA) and African Development Fund (ADF) countries).

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). This dimension is assigned an overall weight of 20%.

In this assessment dimension, EIFO scored 'Paris aligned' with an assessment dimension sub-score of 2.00/3.00.

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)	**Paris aligned**
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)	**Transformational**
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?	**Some progress**

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 'Paris-aligned'. A general downward trend in the GHG intensity of EKF's and later EIFO's overall portfolio (both export and domestic) is evident, based on available total emissions data (scope 1, 2, and 3) from 2020 onwards (EKF, 2023; EIFO, 2024a). Emission intensity and total emissions both declined between 2020 and 2022. However, while total emissions increased for EIFO in 2023, emission intensity remained relatively stable (see Figure 4). It's important to note that the comparability of EIFO's and EKF's portfolio emissions is limited due to the integration of two additional investment funds into EIFO. Furthermore, the significant declines observed between 2020 and 2022 may partly reflect EKF's evolving carbon accounting methods.[38] Nevertheless, the downward trend in emission intensities provides a strong indication of overall progress for EKF/EIFO.

38. As clarified in an exchange between EIFO and the authors. 2020 and 2021 total portfolio emissions are estimations, with EKF presenting the first detailed portfolio emission calculation in 2022 (EKF, 2023).

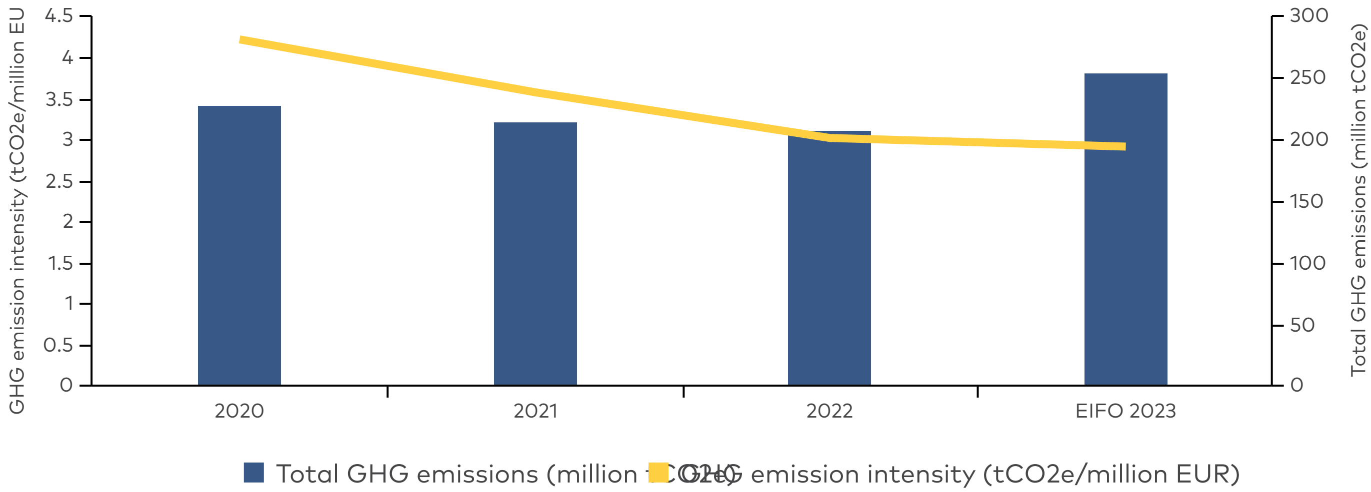

Figure 4: GHG emission trends for EKF and EKF before reinsurance, 2020-2023.

Source: The authors, based on data shared by EIFO.[39]

EIFO expects its total portfolio emissions to potentially increase in the short term due to its high focus on RE which has high associated GHG emissions in the construction phase (EIFO, 2024a). Denmark's Global Climate Impact Report shows a two-thirds reduction in emissions from oil, gas, and fossil energy production between 2022 and 2023. However, emissions in sectors like mining, quarrying, infrastructure, and transport saw significant increases (see Figure 5) (ENS, 2024), mainly due to individual projects.[40] EIFO's sector-based GHG emissions distribution highlights the need for a broader shift to greener practices beyond energy, even in sectors with smaller shares of export financing.

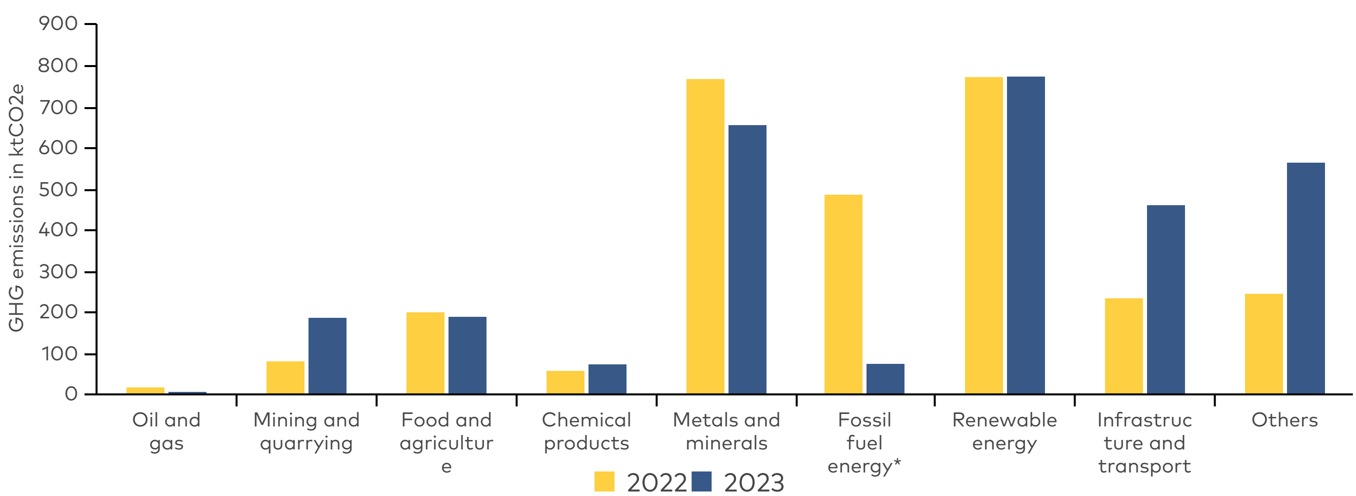

Figure 5: Comparison of EIFO's annual export emissions, 2022-2023.

*fossil fuel energy including oil and gas.[41]

Source: Authors, based on ENS, 2024, p. 101.

39. EKF's total emissions for the years 2020 to 2023 are available in the Annual Report of 2022 (EKF, 2023) and EIFO's 2023 Annual Report (EIFO, 2024a). Financial exposure for the calculation of emission intensities were provided by EIFO.
40. As clarified in an exchange between EIFO and the authors. For instance, the increase in emissions in the mining sector is associated with a nickel mining project in 2023, that is currently at a standstill.
41. Although there are no new financing commitments since 2018, projects with longer maturities will be part of the portfolio until 2031.

In addition to its report on GHG 'inventory' emissions,[42] EIFO reports on 'displaced' (avoided) emissions[43] through its RE projects to demonstrate its positive climate mitigation impact. In 2023, the avoided emissions through nine new RE projects amounted to 23.1 million tCO_2e over the project's lifetime attributable to EIFO (EIFO, 2024a). In 2022, EKF financed eight wind turbine projects that will inhibit 28.3 million tCO_2e attributable to EKF over their lifetime (EKF, 2023). EIFO's contribution to emissions avoidance thus remained comparable to that of EKF.

We **recommend** that EIFO continues improving the transparency of its GHG (intensity) reporting (see Q1.1) by publishing granular information on its investments in emission-intensive sectors and explanations for emission trends beyond the RE sector. Further, to improve comparability, EIFO's GHG accounting in its Annual Report and the estimation of export emissions in the Global Climate Impact Report should be aligned, also considering EKF's previous GHG emission reports.

EIFO's reporting on avoided emissions and the disclosure of the calculation method are commendable. We **further recommend** that EIFO engages in discussions with other ECAs on the optimal application of displaced emission reporting to enhance financing of impactful climate solutions while mitigating greenwashing risks (see WBCSD, 2023).

Q3.2: How significant is the fossil fuel financing relative to the total energy-related portfolio?

This assessment question is rated as 'Transformational'. RE comprised a share of 99.5% (EUR 13 billion) of its total energy-related portfolio, fossil fuels only 0.5% (EUR 67 million) (ENS, 2024). EIFO has not approved a single fossil fuel transaction since 2018 (E3F, 2023). The remaining stock in fossil fuels is linked to oil-fired power plants (ENS, 2021) and will remain part of EIFO's portfolio for this decade.[44] EIFO's low exposure to fossil fuels arguably facilitated Denmark's commitment and leading role in pushing for an international phasing out of fossil fuel finance. EIFO is one – if not *the* ECA among OECD countries with the lowest risks of facing stranded fossil fuel assets[45] and the highest potential to accelerate global energy transitions.

42. Inventory emissions are physically measurable GHGs emitted in the atmosphere by the entity's activities, categorised into scope 1, 2 and 3 (WBCSD, 2023).
43. Displaced emissions, also called avoided emissions, are counter-factual emissions that have been circumvented due to installed wind-, solar, and biogas energy substituting fossil fuel energy in the electricity grid (EIFO, 2024a).
44. As clarified in an exchange between EIFO and the authors.
45. Stranded fossil fuel assets are coal, oil and gas investments that have lost value prematurely due to market shifts, regulatory changes, or technological advancements, particularly due to stricter climate policies and increased competition from RE.

(A) Support to Fossil Fuel Energy Sector

	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	0	0	0	0	0	0	0	0	0
Midstream	2	2	1	0	0	0	0	0	0
Downstream	0	0	0	0	0	0	0	0	0
Power generation	88	0	0	88	2	0	0	0	0
Total	91	2	1	88	2	0	0	0	0

(B) Supported transactions by targeted sectors on an annual basis in million EUR

	Gas	Oil	Coal	O&G	**Total**	Electric Infra.	Ren. Energy	**Total**
2022	0	0	0	0	0	0	3693	3693
2021	0	0	0	0	0	0	824	824
2020	0	0	0	0	0	0	1287	1287
2019	0	0	0	0	0	0	1402	1402
2018	0	78	0	0	78	247	3157	3404
2017	2	10	0	0	12	17	775	792
2016	0	0	0	0	0	0	1435	1435
2015	0	0	0	0	0	22	1323	1344

Figure 6: Fossil fuel transactions, 2015-2022.

Source: E3F 2023b, p. 13

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 'Some progress'. As highlighted in section 4.2, EIFO has had strong fossil fuel exclusion policies in place since 2021 (EKF, 2021b). However, no higher score can be given since no long-term emission pathways have been published yet to reach net-zero emissions by 2045, which also have to cover all scope 1, 2 and 3 emissions (EIFO, 2023g). However, as a member of NZECA, EIFO is required to publish sectoral science-based targets for emission reductions until 2030 not later than mid-2025 (NZECA, 2023). EIFO plans to adhere to this commitment by defining sector-based targets in 2024 (EIFO, 2023g) and is already in the process of defining targets for four of its most emitting sectors: power generation, cement, mining, and agriculture. Defining benchmarks for mining and agriculture proves difficult as emission reduction pathways and scenarios are still nascent and contested.[46]

We **recommend** that for developing its long-term emission pathways in 2024, EIFO should be guided by the best-available climate science and ensure the Paris alignment of all its financed sectors. These sectoral targets for net zero GHG emission in 2045 should be made publicly available, starting with the highest emitting sectors such as mining, metals, agriculture and transport 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 EIFO's contribution to a just climate transition and sustainable development. Rapidly ramping up and improving climate finance is crucial to achieving the objectives of the Paris Agreement and contributing to a green and just post-COVID recovery (Averchenkova et al., 2020). This dimension is weighted with 10%.

In this assessment dimension, EIFO was rated 'Paris aligned' with an assessment dimension sub-score of 2.20/3.00.

46. As clarified in an exchange between EIFO and the authors.

Q Nr.	Dimension 4 – key questions	Rating
4.1	What is the reported share of climate finance over total portfolio?	**Transformational**
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?	**Paris aligned**

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

This assessment question is rated with 'Transformational' due to EIFO's strong focus on RE. In the absence of a clear definition or continuous application of the EU Taxonomy's list of 'sustainable' activities to the whole portfolio, we use EIFO's RE portfolio as a proxy for its climate finance which makes up 75% (EUR 13 billion) of EIFO's export portfolio (ENS, 2024).

In absolute terms, Denmark is the leading provider of export finance for RE. Denmark makes up nearly half of all the export finance invested in RE by E3F members since 2015 (see Figure 7). In 2022, Denmark provided approximately EUR 3.7 billion for RE projects, which is nearly nine times more RE finance than offered by France, the next biggest RE financer (E3F, 2023).

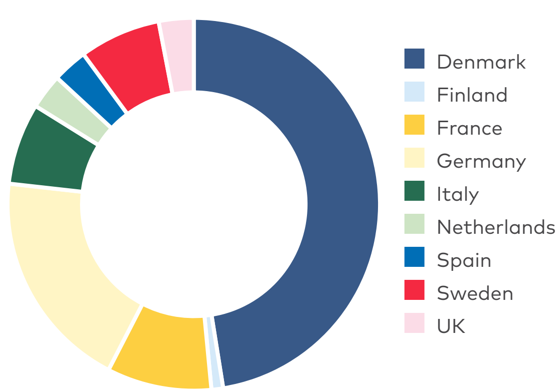

Figure 7: Share of investments in RE and electricity infrastructure of E3F members in million EUR, 2015-2022.

Source: E3F, 2023, p. 6.

We **recommend** that EIFO continues seizing the vast opportunities that greening export finance offers (e.g., Klasen et al., 2021). Ultimately, fully aligning EIFO with the Paris Agreement means allocating even more resources to climate-related activities, which can 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 rated with 'Unaligned'. EIFO intends to set a financing target for the green transition, but still lacks a clear definition of what would count as a 'green' investment or climate finance (EIFO, 2023i). So far, the ECA has not published its assessment of projects' sustainability prospects. However, such data should be available through the ESG due diligence processes and the scanning for 'green' projects as investment opportunities for the Green Future Fund and Green Accelerator (see further Q4.4). Green Future Fund projects are identified by applying the EU Taxonomy and are subject to a catalogue of assessment criteria and priority areas (Denmark Green Future Fund, 2020). This reporting gap prevents a higher score. 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 (AfDB et al., 2020; Shishlov and Censkowsky, 2022; OECD, 2023). The taxonomy excludes investments in retrofits of existing fossil fuel power plants that could extend their lifetime, but it allows the classification of investments in gas[47] as 'sustainable' (European Commission, n.d.), which, however, is not relevant for EIFO given that it ceased gas support.

We **recommend** clearly defining climate finance in the export finance system based on the EU Taxonomy and providing granular, project-level reporting (see more recommendations in Q1.3). After identifying green projects, EIFO should report on their sustainability performance and climate impact, similar to the calculations of displaced emissions for EIFO's RE finance. We **further recommend** the Danish government 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 since 2018 have been for RE and related infrastructure (E3F, 2023; EIFO, n.d.d). EIFO is one of the leading ECAs for RE projects, especially wind energy. In 2022, Denmark's export finance for RE reached a new high since the adoption of the Paris Agreement, vastly outstripping its fossil fuel finance (see

47. And nuclear.

Figure 8) (E3F, 2023). Wind energy projects have made up the largest share of the ECA's portfolio and received the bulk of newly issued guarantees every year for over a decade (EKF, 2017, 2023).[48]

Table 4: EIFO's RE and related infrastructure financing in EUR million, 2015-2022.

Value Chain	**Credit value** (in EUR million)	**Number of transactions**
Electric infrastructure	285	3
Renewable Energy	13,896	293
Total	**14,181**	**296**

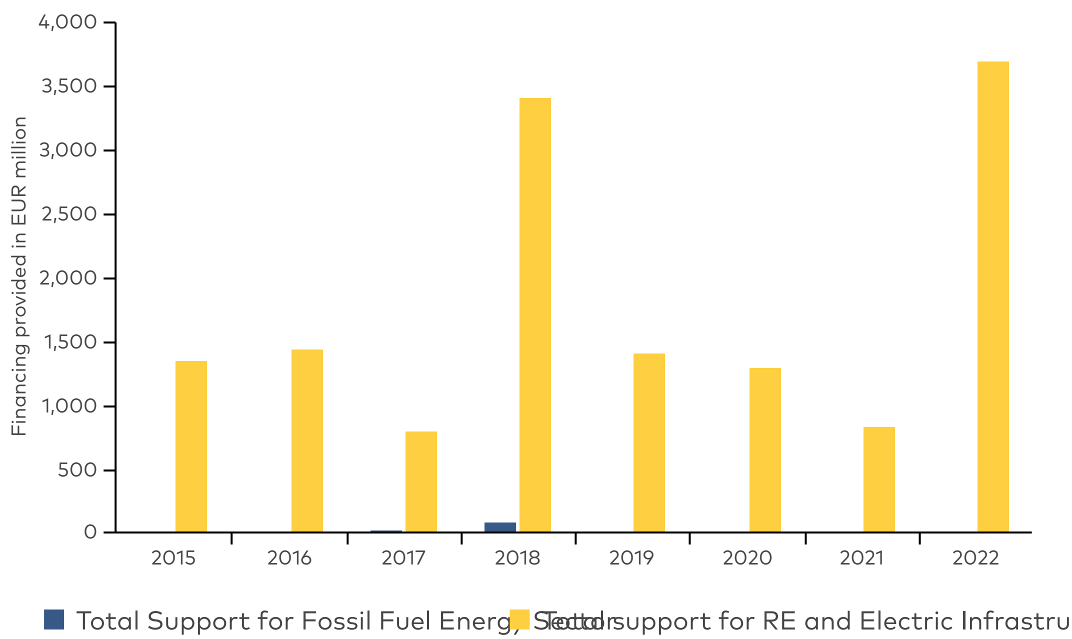

Figure 8: EIFO's RE and fossil fuel financing in EUR million, 2015-2022.

Source: E3F, 2023.

EIFO's model for calculating displaced emissions assesses the decarbonisation impact of its RE projects, which largely depends on the carbon intensity of the grid in the project's location. EIFO's wind energy projects in Australia and Taiwan have

48. Data on the share of new guarantees for wind energy is available from 2013 onwards in EKFs Annual Reports.

greater emission reduction potential than those in France (EKF, 2023). For instance, EIFO recently financed one of the world's largest wind farms in the Baltic Sea that will supply Poland with RE, reducing the country's reliance on coal (EIFO, 2023d). EIFO, and previously EKF, have primarily financed wind projects in Western Europe, as shown in Figure 9. The Asia-Pacific (APAC) region ranks as the second most significant location for financing and promises high emission displacement potential too. Sub-Saharan Africa has seen the fewest wind energy projects financed to date.

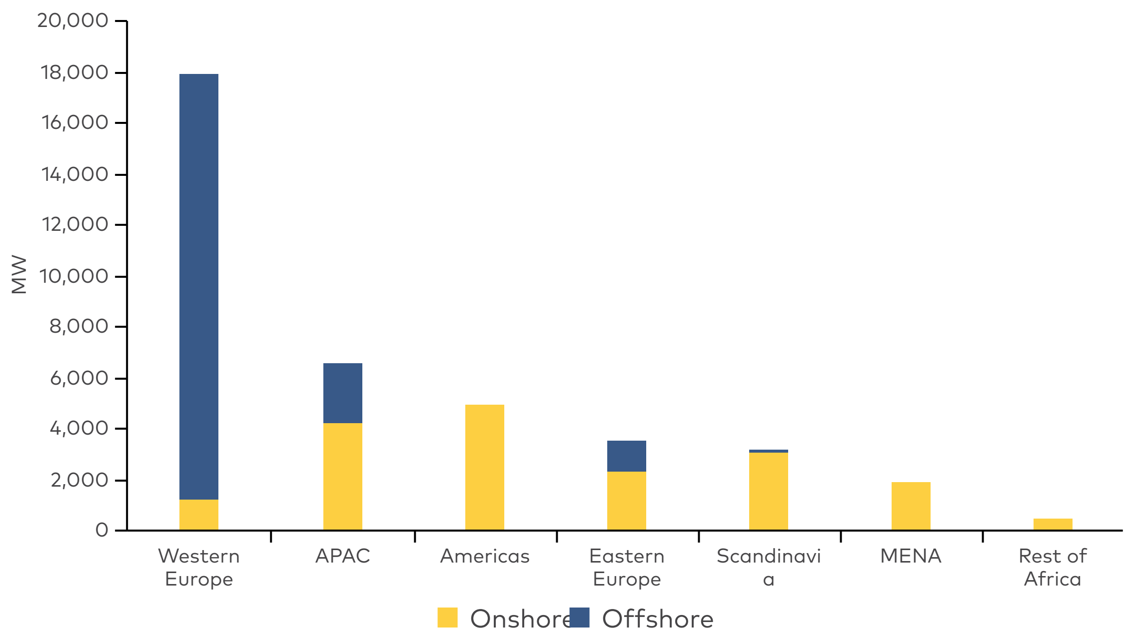

Figure 9: Installed wind energy capacity by region in MW, 2003-2024.

Source: Shared by EIFO with the authors.

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

This assessment question is rated as 'Transformational'. EIFO has a clear mandate to support a sustainable and green transition and is thus authorised to take up higher risks for investments promising social returns (EIFO, 2024a). For instance, EIFO is providing venture capital for 'green' start-ups to help them expand into international markets (EIFO, 2024c, 2024b).

Denmark launched two dedicated funds to support green investments in 2020: the Green Future Fund with EUR 3.4 billion and the Green Accelerator with EUR 11 million. EKF/EIFO manages parts of these funds that offer beneficial finance to EU taxonomy-aligned projects. For instance, the Green Accelerator grants reimbursements of up to 70-80% for certain activities to companies with mature green solutions to enable their business to expand and start exporting (EIFO, 2024e). In 2022, EKF supported nine projects with EUR 846 million through the Green Future Fund of which eight were wind energy projects (EKF, 2023). In 2023, EIFO disbursed EUR 685 million under the Green Future Fund, not disclosing the nature of these projects (EIFO, 2024a). Under the Green Accelerator, EIFO approved 51 projects with a total funding volume of EUR 6.3 million since 2021, supporting green solutions in water management, agriculture, transportation, RE, robotics, and automation.[49]

EIFO endeavours to price climate impact into its financial products by starting a series of sustainability-linked financing initiatives (EIFO, 2024d). Starting with the agricultural sector, EIFO engaged intensively with market leaders in dairy production to plan a sustainability performance-based financing mechanism. Measured through a scorecard, dairy farmers who use feed, fuel, and fertiliser more sustainably will be rewarded with more beneficial financial conditions[50]. However, this climate reward scheme has not been launched yet.

We **recommend that** EIFO continue exploring all options they have under the OECD Arrangement on Officially Supported Export Credits and within their mandates to incentivise 'green' exports, including national content requirements, minimum premium rates, fee waivers for green projects (see further Q3.2). We **further recommend** that EIFO expand its sustainability performance-based financing mechanisms across all relevant sectors and make discounts and incentives more explicit to encourage business transformation. Additionally, EIFO should publish a list of projects classified as 'green,' including those financed through the Green Future Fund and the Green Accelerator.

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

This assessment question is rated as 'Paris aligned'. EIFO adheres to the requirements of the OECD's Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence (OECD, 2024). As part of the OECD's requirements, EIFO monitors and reviews projects with high (category A) and medium (category B) social and environmental risks. EIFO can withhold funding for projects that do not adhere to their ESG commitments under the agreed Environmental and Social Action Plan (ESAP) (EIFO, 2024a).

Denmark and EIFO actively engage in working groups in the OECD and EU Parliament to influence guidelines and frameworks for ESG-relevant policies regarding ECAs (EIFO, 2024a). For instance, before the merger, EKF contributed to working groups on Climate, Biodiversity, Human Rights and Risk-based Approaches for the revision of the OECD Common Approaches (EKF, 2023). EIFO also

49. As clarified in an exchange between EIFO and the authors.
50. As clarified between EIFO and the authors.

collaborates with other financial institutions to further sustainability in project finance by participating in the Equator Principles, with a particular focus on biodiversity and climate change risk assessment and joined its steering committee in 2021 (EIFO, 2023f). Furthermore, EIFO adheres to the sustainability performance standard[51] of the International Finance Cooperation (IFC) for its due diligence on ESG (IFC, n.d.). Thus, EIFO refers to the same international standards and initiatives on sustainability as the other assessed Nordic ECAs (Perspectives Climate Group, n.d.).

EIFO's mandate tasks it with generating social returns which are not simply limited to financial returns or climate aspects but encompasses EIFO's wider sustainability performance. EIFO has a dedicated sustainability policy (EIFO, 2023h) that is focused on biodiversity targets (Kunming-Montreal Agreement), diversity and human rights.

EIFO does not publish a detailed sustainability performance report. EIFO's Annual Report outlines the company's climate mitigation performance, diversity aspects and financial risks very well but demonstrates a lack of disclosure on its portfolio's biodiversity risks and human rights compliance (EIFO, 2024a). In its annual Equator Principles Report, EIFO lists the large-scale projects[52] that were identified as category A, B, and C projects according to the OECD common approaches and Equator Principles. Notably, most of EIFO's category A projects are onshore and offshore wind farms, indicating environmental and social trade-offs despite their potential to reduce emissions. On its webpage, EIFO makes information and project documents available on high-risk (category A) projects.[53] Other Nordic ECAs, however, also publish their category B and C projects (Finnvera, n.d.).

We **recommend** that EIFO amends its ESG and sustainability policy with sectorial targets and publishes a sustainability report presenting the main trends in its sustainability performance, largest risk exposures and mitigation strategies which it identified through its ESG due diligence procedures. This should especially focus on the project's biodiversity risks and human rights compliance as EIFO's Annual Report presents large gaps in these themes. We **further recommend** that EIFO publishes its list of category B projects. Moreover, EIFO's sustainability report could follow the instructions of the Taskforce on Nature-Related Financial Disclosures (TNFD). We **further recommend** that EIFO 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.

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51. The IFC performance standard consists of eight areas: 1. Managing environmental and social risks, 2. Labour rights and working conditions, 3. Resource efficiency and pollution prevention, 4. Community health and safety, 5. Land acquisition and involuntary defences, 6. Biodiversity protection and sustainable use of natural resources, 7. Indigenous people, 8. Cultural heritage.
52. Project finance of more than USD 10 million and project-related corporate loans of more than USD 100 million.
53. See: https://www.eifo.dk/en/ambition/esg-reporting/

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 Danish government and EIFO in international fora as well as with national exporters and banks. This dimension is weighted with 10%.

In this assessment dimension, EIFO is rated as 'Transformational' with an assessment dimension sub-score of 2.67/3.00.

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 a 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?	Transformational

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 rated as 'Transformational'. EIFO acts as a frontrunner in many international initiatives, building on Denmark's wider Global Climate Action Strategy (UM, 2020): Denmark is trying to lead by example and simultaneously being a driving force in many international initiatives, especially in the energy sector. This is exemplified by co-founding the Beyond Oil and Gas Alliance (BOGA) at COP26 in 2021, pledging to halt O&G production by 2050 and actively encouraging other countries to join (BOGA, 2021). Prior to this, in 2017 Denmark was already a founding member of the Powering Past Coal Alliance and one of the vocal parties pushing for a call to phase out all fossil fuels at COP28, by facilitating the Global Stocktake and joining the High Ambition Coalition (High

Ambition Coalition, 2021; ENS, 2024). Denmark also promotes climate-mitigating technologies in international arenas and launched the Global Offshore Wind Alliance (GOWA) at COP27 and the Group of Negative Emitters (GONE) at COP28, pushing countries to commit to negative emission targets.

EIFO also plays an active role in international ambition groups as 'green diplomacy' goes hand in hand with the promotion of green exports, according to the Danish Global Climate Action Strategy (UM, 2020; Đikanović, 2024). E3F is one of the most significant initiatives for EIFO. Denmark joined E3F in 2021 and EIFO has been chairing the initiative on behalf of Denmark since 2023. In this role, EIFO emphasizes the potential for ECAs to provide climate finance by hosting a two-day workshop on that topic in 2024 (E3F, 2024). EIFO further co-founded the NZECA alliance with the ECAs from Sweden, the UK and Canada (NZECA, 2023). EIFO is also a member of the Berne Union's Climate Working Group which is focused on disseminating learnings regarding climate-beneficial export finance products, low-carbon transitions and climate target alignment (Berne Union, n.d.c). In 2018, EIFO initiated the EU Export Finance Lab (ExFi) consisting of ECAs from EU member states. The ExFi Lab acts as a think tank, offering guidance on strategic questions including sustainability and green transition efforts (ExFi, 2024). Since 2021, EIFO has been part of the steering committee of the Equator principles (EIFO, n.d.b) and has been advancing the guidelines on Climate Change Risk Assessment (EIFO, 2023f).

We **recommend** that Denmark continues taking diplomatic action on a global scale to establish restrictions on public support for fossil fuels. Only then can scenarios be avoided where Danish or European-only ECA support for fossil fuels ends, while other ECAs from less climate-concerned countries continue their business as usual. This includes:

1. Strategizing 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 O&G 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;
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 Danish 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. Following the lead of Denmark's capital Copenhagen and the formal call for the negotiation of a Fossil Fuel Non-Proliferation Treaty (2024); and
7. Encouraging Norway to join NZECA, the Berne Union's Climate Working Group, to 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 Denmark did successfully implement restrictions on fossil fuel support, in line with the CETP (see further section 4.2). EIFO is an important actor in climate investment initiatives by the Danish government, implementing industrial support schemes, like the 'Investment Scheme for Green Industry' which focuses on ramping up production facilities, mainly for wind turbines (EIFO, 2024f). EIFO's predecessor, EKF, was also key in implementing Denmark's economic stimulation packages during the COVID-19 pandemic which were focused on the green transition like Denmark's Green Future Fund (EKF, 2021a). The merger of the three investment institutions into EIFO bundled state financing for (export) companies and harmonised climate and sustainability requirements (EIFO, 2022). The merger reduced institutional complexities and redundancies, creating a one-stop shop for Danish companies, similar to the Team Sweden or Team Finland approach. However, no higher score can be given since Denmark does not have a dedicated climate policy action plan that sets ambitious targets for export finance like, for instance, France has (Schmidt et al., 2023).

We **recommend** that EIFO and the Danish government closely collaborate with other relevant national actors to align their approaches and work on a common set of climate targets. We **further recommend that** KEFM and EM, together with other relevant ministries, 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 incentivise low GHG exports?

This assessment question was rated with 'Transformational'. As mentioned above (see sections 2 and 4.2), the Danish government has made several announcements over the last few years to restrict fossil fuel exports. EIFO committed to partnering with carbon-intensive and hard-to-abate industries to enable their climate transition in its climate policy (EIFO, 2023g). Therefore, EIFO engages with national businesses and market leaders in high-emitting sectors like transport, chemical production, and agriculture to support sustainable business practices. EIFO plans to support these sectors' transition through sustainability-linked financing schemes, starting with the dairy sector (EIFO, 2024d).

EIFO invests in strategically important climate technologies like Power-to-X and Carbon Capture and Storage (CCS) utilising Denmark's location advantage with abundant wind energy and O&G infrastructure that can be repurposed for CCS (EIFO, 2023c, 2023e, 2023b). EIFO's support for innovative companies is especially pronounced in its SME business field, where it supports start-ups with exporting prospects that are often emerging out of Denmark's universities (EIFO, 2024c). But this also includes collaboration with large companies in hard-to-abate sectors such as Maersk, one of the world's largest shipping and logistics companies, to promote alternative shipping fuels (EIFO, 2023a).

5. Conclusions and recommen-dations

In this study, we applied a multidimensional methodology to assess the 'Paris alignment' of EIFO, the official ECA of Denmark. The study finds that EIFO is **'Transformational'** regarding the objectives commonly agreed upon under the Paris Agreement. EIFO is the first ECA to gain this high score applying Perspectives Climate Research's Paris Alignment methodology. This aggregate assessment outcome is based on the evidence we found across 18 questions in five dimensions, including EIFO'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, Denmark 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 (KEFM, 2021b). This manifests EIFO's long-term withdrawal from the financing of international coal, oil and gas projects, having not financed any such projects since 2018 (E3F, 2023).

Overall, with a score of **2.54/3.00** – higher than Sweden's ECAs (EKN: **2.22/3.00** and SEK: **2.30/3.00**; Schmidt et al., 2024) and Finnvera **(2.20/3.00**) (Schmidt, Jia et al., 2024) – EIFO should be considered leading in creating high climate standards and 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. EIFO has scored 'Transformational' despite some shortcomings regarding the absence of granular project-level reporting on GHG emissions data and sustainability impact, a lack of a clear definition of climate finance and its earmarks and not yet defined sectorial emission pathways to net zero by 2045. All recommendations for the Danish government and EIFO to improve the scores further are summarised per assessment dimension in Table 5 below.

Table 5: Summary of key recommendations per assessment dimension.

Key recommendations for aligning EIFO with the Paris Agreement	
Financial and non-financial disclosure and transparency (***Dimension 1***)	• Report financed GHG emissions on the project level, using best international practices and publishing lifetime emissions of assets. • Make more metadata on EIFO's portfolio available, including information on geographic distribution and publishing EKF's and *Vækstfonden*'s Annual Reports • Disclose granular project-level information on climate risks and fossil-fuel-related transition risks of transactions within the value chains of fossil fuel-related/-dependent sectors. • Publish an annual overview of sectors exposed to fossil-related transition risks and other assets. • Define and report climate finance using unambiguous lists of activities using international best practices such as the EU taxonomy. • Adhere to the Task Force on Nature-related Financial Disclosures (TNFD) for a more holistic approach to environmental risk and opportunity disclosures.
Ambition of fossil fuel exclusion or restriction policies (***Dimension 2***)	• No further recommendations.
Climate impact of and emission reduction targets for all activities (***Dimension 3***)	• Publish explanations for year-on-year changes in absolute emissions and emission intensity for sectors besides RE. • Define sectorial climate targets, following the best-available climate science and ensuring Paris alignment and codify these targets in key policy documents • Engage with other ECAs on how to expand the use of emission displacement assessments of projects while mitigating greenwashing risks.
Positive contribution to the global climate transition (***Dimension 4***)	• Expand climate finance by allocating even more resources to climate-related activities, prioritising projects with high reduction potential and hard-to-abate sectors. • Support the adoption of a common climate finance definition in the global export finance system based on the EU Taxonomy and apply it to EIFO in the form of granular project-level reporting. • Further explore options to incentivise 'green' exports, e.g. by expanding sustainability performance-based financing mechanisms across all relevant sectors
Outreach and 'pro-activeness' of the ECA and its governments (***Dimension 5***)	• Continue Denmark's ambitious diplomatic initiatives to support a global phase-out of fossil fuels. • Expand collaboration with relevant national actors to align and include climate targets for export finance in key policy documents and to align on approaches.

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