

ANNEX A: Eligible Activities (in accordance with IFC Climate Definitions¹)

Direct Mitigation:

1) Renewable energy (RE) (both greenfield and brownfield)

- a. RE in Electricity generation²
 - i. Wind power.
 - ii. Geothermal power.
 - iii. Solar power (concentrated solar power, photovoltaic power).
 - iv. Biomass or biogas power.
 - v. Ocean power (wave, tidal, ocean currents, salt gradient, etc.).
 - vi. Hydropower plants.
 - vii. Renewable energy power plant retrofits.
- b. Heat Production or other renewable energy application
 - i. Solar water heating and other thermal applications of solar power in all sectors.
 - ii. Thermal applications of geothermal energy. This includes space/district heating, heating of greenhouses, heating soils and facilities for agriculture and heating aquaculture ponds, etc.
 - iii. Wind-driven pumping systems or similar.
 - iv. Thermal applications of sustainably produced bioenergy in all sectors, incl. efficient, improved biomass stoves if no associated deforestation.
- c. Measures to facilitate integration of renewable energy into grids
 - i. New, expanded and improved transmission systems (lines, substations).
 - ii. Storage systems (battery, mechanical, thermal storage, pumped storage).
 - iii. New information and communication technology, smart-grid and mini-grid.³

2) Lower-carbon and efficient energy generation

- a. Transmission and distribution systems
 - i. Retrofit of transmission lines or substations and/or distribution systems (software and hardware changes) to reduce energy use and/or technical losses per unit of end use consumption including improving grid stability/reliability (only if net emission reductions can be demonstrated).
- b. Power Plants
 - i. Conversion of existing fossil-fuel based power plant to co- or tri-generation technologies that generate electricity in addition to providing heating/cooling, provided it does not extend life-time of fossil plants deemed for closure for technical or economical reasons.
- c. Other
 - i. Rehabilitation of district heating and cooling systems.
 - ii. Utility heat loss reduction and/or increased waste heat recovery.

¹ <http://www.ifc.org/wps/wcm/connect/8ea3b242-c6bb-4132-82b1-ee4bd7007567/IFC+Climate+Definitions+v3.0.pdf?MOD=AJPERES>

² Including hybrid solutions in off-grid telecommunication facilities.

³ Including electricity demand side management (DSM).

3) Energy efficiency (EE)

- a. Energy efficiency improvements in existing industrial, commercial (including warehouses), public and residential buildings
 - i. Energy-efficiency improvement in lighting, appliances and equipment.
 - ii. Substitution of existing heating/cooling systems for buildings by co- or tri-generation plants that generate electricity in addition to providing heating/cooling.
 - iii. Retrofit of existing buildings: Architectural or building changes that enable reduction of energy consumption.
- b. Energy efficiency improvements in the utility sector and public services
 - i. Energy-efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment.
 - ii. Reduction of losses in utility water.
 - iii. Utility natural gas loss reduction.
 - iv. Utility auxiliary electricity consumption reduction.
- c. Energy efficiency in new commercial, public and residential buildings
 - i. Green Buildings.
 - ii. Use of highly efficient architectural designs, energy efficient appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes.
- d. Energy efficiency in industry⁴
 - i. Industrial energy-efficiency improvements in existing facilities through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery.
 - ii. Installation, in existing facilities, of co- or tri-generation equipment.
 - iii. Implementation of greenfield manufacturing facilities that exceed global energy-use standards.
 - iv. More efficient facility replacement of an older facility (old facility retired).

4) Agriculture, forestry and land-use

- a. Activities that contribute to Climate Smart Agriculture
 - i. Reduction in energy use in traction (e.g. efficient tillage), and other agricultural processes.
 - ii. Reduction in water consumption (efficient irrigation), laser soil leveling, switch to less water intensive crops, water harvest and storage facilities.
 - iii. Agricultural projects that improve existing carbon pools (rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, reduced tillage techniques that increase carbon contents of soil, rehabilitation of degraded lands, peatland restoration, etc.).
 - iv. Reduction of non CO₂ GHG emissions from agricultural practices (e.g. paddy rice production, reduction in fertilizer use).
 - v. Livestock and aquaculture projects that reduce methane or other GHG emissions (e.g. improved animal health, animal husbandry, manure management with biodigesters,

⁴ Provided there is a clear additionality in terms of energy saving, it cannot be considered regular maintenance of process equipment, and does not pose a risk of locking into unsustainable practices.

improved nutrition, increased productivity GHG emissions per unit of animal product, etc.).

- b. Afforestation and reforestation, and biosphere conservation
 - i. Afforestation (plantations) on non-forested land.
 - ii. Reforestation on previously forested land.
 - iii. Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities.
 - iv. Reduced emissions from deforestation and forest degradation (REDD+).
 - v. Biosphere conservation projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems.

5) Waste and wastewater

- a. Waste and wastewater
 - i. Treatment of wastewater if not a compliance requirement (e.g. performance standard or safeguard) as part of a larger project that reduces methane emissions.
 - ii. Waste management projects that capture or combust methane emissions.
 - iii. Waste to energy projects.
 - iv. Waste collection, recycling and management projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated)⁵.

6) Transport

- a. Urban transport modal change
 - i. Urban mass transit.
 - ii. Non-motorized transport (bicycles and pedestrian mobility).
- b. Transport-oriented urban development
 - i. Integration of transport and urban development planning (dense development, multiple land-use, walking communities, transit connectivity, etc.), leading to a reduction in the use of passenger cars.
 - ii. Transport demand management measures dedicated to reduce GHG emissions (e.g., speed limits, high-occupancy vehicle lanes, congestion charging/road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones).
- c. Inter-urban transport
 - i. Railway transport ensuring a modal shift of freight and/or passenger transport from road to rail (improvement of existing lines or construction of new lines).
 - ii. Waterways transport ensuring a modal shift of freight and/or passenger transport from road to waterways (improvement of existing infrastructure or construction of new infrastructure).

Indirect Mitigation:

1) Climate-Related Products, provided these products are used only for climate-friendly applications and feature superior quality and efficiency compared to market standards:

⁵ Including circular economy

- a. Manufacture and sale of finished products that when used result in increased RE generation by others
- b. Manufacture and sale of finished products that when used result in EE in others' operations
- c. Manufacture and sale of finished products that when used enable others to decrease or destroy GHGs

2) Mitigation through Financial Intermediaries, to finance eligible activities under the Program

Adaptation:

Adaptation projects are IFC investments that incorporate information about climate change risks into decision-making (ex-ante) and, directly address identified risks, vulnerabilities, or impacts while avoiding inadvertent increases in vulnerability of systems or social groups, and avoiding placing assets or systems in harm's way. An adaptation project should:

- i. reduce the risk, exposure or sensitivity to climate change;
- ii. increase climate resilience;
- iii. build problem solving capacity to develop responses to identified risks, vulnerabilities or impacts; or
- iv. address impacts directly linked to climate change.

The Program will emphasize investments in sectors of high priority for Finland, which, from the list above, includes:

- Mitigation: 1a, 1b, 1c, 3a, 3c, 4a, 4b, and 5;
- Adaptation: meteorology, water and sanitation, food security and sustainable forestry.

Activities defined by IFC as "Energy efficiency in industry", "Non-energy GHG reduction", and "Special climate" (i.e., climate projects which contribute to mitigation, but for which GHG reduction calculation are not available) will be presented to Finland to seek approval on a case-by-case basis.