

## International Climate Finance Accelerator Luxembourg

### Eligible areas

#### Definition of climate mitigation finance (Common Principles for Climate Change Mitigation Finance Tracking):

An activity will be classified as related to climate change mitigation if it promotes “efforts to reduce or limit greenhouse gas (GHG) emissions or enhance GHG sequestration”.

List of activities eligible for classification as climate mitigation finance (based on Common Principles for Climate Mitigation Finance Tracking and Joint Report on MDB Climate Finance <sup>1</sup>).<sup>2</sup>

Category	Sub-category	Example
1. Renewable Energy	1.1 Electricity Generation	<ul style="list-style-type: none"> <li>- Wind power</li> <li>- Geothermal power (subject to exclusionary criteria mentioned in appendix 3)</li> <li>- Solar power (concentrated solar power, photovoltaic power)</li> <li>- Biomass or biogas power that does not decrease biomass and soil carbon pools (subject to exclusionary criteria mentioned in appendix 3)</li> <li>- Ocean power (wave, tidal, ocean currents, salt gradient, etc.)</li> <li>- Hydropower plants (subject to exclusionary criteria mentioned in appendix 3)</li> </ul>
	1.2 Heat Production or other renewable energy application	<ul style="list-style-type: none"> <li>- Solar water heating and other thermal applications of solar power in all sectors</li> <li>- Thermal applications of geothermal power in all sectors (subject to exclusionary criteria mentioned in appendix 3)</li> <li>- Wind and solar driven pumping systems or similar Thermal applications of sustainably/produced bioenergy in all sectors, incl. efficient, improved</li> </ul>

<sup>1</sup> The 2014 Joint Report on Multilateral Development Banks’ Climate Finance has been drafted by a group of MDBs, comprised of the African Development Bank (AfDB), the Asian Development Bank (ADB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank (IDB), and the International Finance Corporation (IFC) and the World Bank (WB) from the World Bank Group (WBG).

<sup>2</sup> The list regroups indicative examples where related activities may also apply and is subject to change/adaptation. Alternatively, the Climate Bond Initiative (CBI) classification may also apply as eligible list of activities.

		biomass stoves (subject to exclusionary criteria mentioned in appendix 3)
	1.3 Transmission systems, greenfield	<ul style="list-style-type: none"> <li>- New transmission systems (lines, substations) or new systems (e.g., new information and communication technology, storage facility, etc.) and mini-grid to facilitate the integration of renewable energy sources into the grid.</li> <li>- Renewable energy power plant retrofits</li> <li>- Improving existing systems to facilitate the integration of renewable energy sources into grid</li> </ul>
2. Lower-carbon and efficient energy generation	2.1 Transmission and distribution systems	<ul style="list-style-type: none"> <li>- Retrofit of transmission lines or substations and/or distribution systems to reduce energy use and/or technical losses, excluding capacity expansion</li> </ul>
	2.2 Power Plants	<ul style="list-style-type: none"> <li>- Renewable energy power plant retrofits</li> <li>- Thermal power plant retrofit or replacement to fuel switch from a more GHG-intensive fuel to a different, less GHG-intensive fuel type</li> <li>- Conversion of existing fossil-fuel based power plant to co-generation technologies that generate electricity in addition to providing heating/cooling</li> <li>- Waste heat recovery improvements.</li> <li>- Energy-efficiency improvement in existing thermal power plants</li> </ul>
3. Energy efficiency	3.1 Brownfield energy efficiency in industry	<ul style="list-style-type: none"> <li>- industrial energy-efficiency improvements through the installation of more efficient equipment, changes in processes, reduction of heat losses and/or increased waste heat recovery</li> <li>- Installation of cogeneration plants that generate electricity in addition to providing heating/cooling</li> <li>- More efficient facility replacement of an older facility (old facility retired)</li> </ul>
	3.2 Brownfield energy efficiency in commercial, public and residential sectors (buildings)	<ul style="list-style-type: none"> <li>- Energy-efficiency improvement in lighting, appliances and equipment</li> <li>- Substitution of existing heating/cooling systems for buildings by co/generation plants that generate electricity in addition to providing heating/cooling</li> <li>- Retrofit of existing buildings: Architectural or building changes that enable reduction of energy consumption</li> <li>- Provision of clean and efficient cookstoves and fuels reducing emissions associated with cooking with biomass</li> </ul>
	3.3 Brownfield energy efficiency in public services	<ul style="list-style-type: none"> <li>- Energy-efficiency improvement in utilities and public services through the installation of more efficient lighting or equipment</li> <li>- Rehabilitation of district heating systems</li> </ul>

		<ul style="list-style-type: none"> <li>- Utility heat loss reduction and/or increased waste heat recovery</li> <li>- Improvement in utility scale energy efficiency through efficient energy use, and loss reduction</li> </ul>
	3.4 Vehicle energy efficiency fleet retrofit	<ul style="list-style-type: none"> <li>- Existing vehicles, rail or boat fleet retrofit or replacement (including the use of lower-carbon fuels, electric or hydrogen technologies, etc.)</li> </ul>
	3.5 Greenfield energy efficiency in commercial and residential sectors (buildings)	<ul style="list-style-type: none"> <li>- Use of highly efficient architectural designs, energy efficiency appliances and equipment, and building techniques that reduce building energy consumption, exceeding available standards and complying with high energy efficiency certification or rating schemes</li> </ul>
	3.6 Energy audits	<ul style="list-style-type: none"> <li>- Energy audits to energy end-users, including industries, buildings, and transport systems</li> </ul>
4.Agriculture, forestry, land-use	4.1 Agriculture	<ul style="list-style-type: none"> <li>- Agriculture projects that do not deplete and/or improve existing carbon pools (Reduction in fertilizer use, rangeland management, collection and use of bagasse, rice husks, or other agricultural waste, low tillage techniques that increase carbon contents of soil, rehabilitation of degraded lands, etc.)</li> <li>- Reduction in energy use in traction (e.g. efficient tillage), irrigation, and other agriculture processes</li> </ul>
	4.2 Afforestation and reforestation, and biosphere conservation	<ul style="list-style-type: none"> <li>- Afforestation (plantations) on non-forested land</li> <li>- Reforestation on previously forested land</li> <li>- Sustainable forest management activities that increase carbon stocks or reduce the impact of forestry activities</li> <li>- Biosphere/ecosystem conservation and restoration projects (including payments for ecosystem services) targeting reducing emissions from the deforestation or degradation of ecosystems</li> </ul>
	4.3 Livestock	<ul style="list-style-type: none"> <li>- Livestock projects that reduce methane or other GHG emissions (manure management with bio-digestors, etc.)</li> </ul>
	4.4 Biofuels	<ul style="list-style-type: none"> <li>- Production of biofuels (subject to exclusionary criteria mentioned in appendix 3)</li> </ul>
	5.1 Fugitive emissions	<ul style="list-style-type: none"> <li>- Reduction of gas flaring or methane fugitive emissions in the oil and gas industry</li> <li>- Coal mine methane capture</li> </ul>

5. Non-energy GHG reductions	5.2 Carbon capture and storage	<ul style="list-style-type: none"> <li>- Projects for carbon capture and storage technology (including enhanced oil recovery) that intend to prevent release of large quantities of CO<sub>2</sub> into the atmosphere from fossil fuel use in power generation, and process emissions in other industries</li> </ul>
	5.3 Air conditioning and refrigeration	<ul style="list-style-type: none"> <li>- Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent with lower global warming potential</li> </ul>
	5.4 Industrial processes	<ul style="list-style-type: none"> <li>- Reduction in GHG emissions resulting from industrial process improvements and cleaner production (e.g. cement, chemical), excluding carbon capture and storage</li> </ul>
6. Waste and wastewater	Treatment options that reduce GHGs, with focus on recycling, recycled products and circular economy, waste to energy, methane management, water treatment plants	<ul style="list-style-type: none"> <li>- Treatment of wastewater if not a compliance requirement (e.g. performance standard or safeguard) as part of a larger project that reduce methane emissions (only if net emission reductions can be demonstrated)</li> <li>- Waste management and waste-to-energy projects that reduce methane emissions and generate energy (e.g. incineration of waste, landfill gas capture, and landfill gas combustion)</li> <li>- Waste-recycling 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)</li> </ul>
7. Transport	7.1 Urban transport modal change	<ul style="list-style-type: none"> <li>- Urban mass transit</li> <li>- Non-motorized transport (bicycles and pedestrian mobility)</li> </ul>
	7.2 Transport oriented urban development	<ul style="list-style-type: none"> <li>- 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</li> <li>- Transport demand management measures 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)</li> </ul>
	7.3 Inter-urban transport	<ul style="list-style-type: none"> <li>- 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)</li> <li>- Waterways transport ensuring a modal shift of freight and/or passenger transport from road to waterways</li> </ul>

		(improvement of existing infrastructure or construction of new infrastructure)
8. Low-carbon technologies	8.1 Products or equipment	- Companies and projects producing technologies, products, components, equipment or infrastructure dedicated for the renewable and energy efficiency sectors
	8.2 R&D	- Research and development of renewable energy or energy efficiency technologies
9. Cross-cutting issues	9.1 Support to national, regional or local policy, through technical assistance or policy lending, fully or partially dedicated to climate change policy or action	<ul style="list-style-type: none"> <li>- National, sectorial or territorial mitigation policies/planning/action plan policy/planning/institutions</li> <li>- Energy sector policies and regulations (energy efficiency standards or certification schemes; energy efficiency procurement schemes; renewable energy policies)</li> <li>- Systems for monitoring GHG emissions</li> <li>- Efficient pricing of fuels and electricity (subsidy rationalization, efficient end-user tariffs, and efficient regulations on electricity generation, transmission, or distribution),</li> <li>- Education, training, capacity building and awareness raising on climate change mitigation/sustainable energy/sustainable transport; mitigation research</li> <li>- Other policy and regulatory activities, including those in non-energy sectors, leading to climate change mitigation or mainstreaming of climate action</li> </ul>
	9.2 Supply chain	- Improvements in energy efficiency and GHG reductions in existing product supply chains
	9.3 Other activities with net greenhouse gas reduction	- Any other activity not included in this list for which the results of an ex-ante greenhouse gas accounting (undertaken according to commonly agreed methodologies) show emission reductions
	9.4 Financing instruments	<ul style="list-style-type: none"> <li>- Carbon Markets and finance (purchase, sale, trading, financing, guarantee and other technical assistance. Includes all activities related to compliance-grade carbon assets and mechanisms, such as the Clean Development Mechanism, Joint Implementation, Assigned Amount Units, and well-established voluntary carbon standards like the Verified Carbon Standard or the Gold Standard.</li> <li>- Renewable energy financing through financial intermediaries or similar means</li> <li>- Energy-efficiency financing through financial intermediaries or similar methods</li> <li>- Other mitigation activity financing through financial intermediaries (Transport; Agriculture, forestry and</li> </ul>

		land use; Waste and wastewater; Non-energy GHG reductions)
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**Definition of climate adaptation finance (Common Principles for Climate Adaptation Finance Tracking):**

- Adaptation finance regroups “activities that address current and expected effects of climate change”.
- Finance activities with material effects of climate change:
  - Financed directly or through financial intermediaries
  - Stand-alone projects
  - Multiple projects under larger programs
  - Project components, sub-components or elements
- Tracking process including the following key steps:
  - Setting out the context of risks, vulnerabilities and impacts related to climate variability and climate change;
  - Stating the intent to address the identified risks, vulnerabilities and impacts in project documentation;
  - Demonstrating a direct link between the identified risks, vulnerabilities and impacts, and the financed activities.

The ICFA Luxembourg will update the definition of climate adaptation finance and the hereafter indicative list of activities eligible for classification as climate adaptation finance further to market developments.

Indicative list of activities eligible for classification as climate adaptation finance (based on Joint Report on MDB Climate Finance and Climate Policy Initiative<sup>3</sup>)

Category	Examples of sub-categories	Examples of adaptation activities
1. Water and wastewater systems	1.1 Water supply	<ul style="list-style-type: none"> <li>- Supply side management activities enabling e.g. the expansion of supplies, reducing water losses, or improving cooperation on shared water resources</li> <li>- Well fields relocated away from floodplains, raised well heads</li> <li>- Installation of domestic rainwater harvesting equipment and waters storage including the provision of microfinance for their purchase</li> </ul>
	1.2 Wastewater infrastructure/management	<ul style="list-style-type: none"> <li>- Protection of wastewater infrastructure from increased flooding</li> </ul>

<sup>3</sup> Climate Policy Initiative is an independent, not-for-profit organization of more than 50 analysts supported by international public and private sector partners, Ministries and universities including the U.S. Department of State, the UK Department of Energy & Climate Change, World Bank Group, etc.

	1.3 Water resources management	<ul style="list-style-type: none"> <li>- Demand side management activities reducing water consumption or increasing water use efficiency</li> <li>- Improved catchment management planning and regulation of water abstraction</li> <li>- Rehabilitation of water distribution networks and the building pipelines to improve water resources management; to address changes in water flows/quality caused by climate change, etc.</li> <li>- Changes in design of sanitation systems in response to extreme weather events arising from climate change.</li> </ul>
2. Crop Production and Food Production	2.1. Primary agriculture and food production	<ul style="list-style-type: none"> <li>- Investment in R&amp;D of crops that are more resilient to climate extremes and change</li> <li>- Provision of information on crop diversification options to strengthen farmers' resilience</li> </ul>
3. Other Agricultural and Ecological Resources	3.1 Agricultural irrigation	<ul style="list-style-type: none"> <li>- Supplemental irrigation, multi-cropping systems, drip irrigation, levelling and other approaches and technologies that reduce risk of large crop failures</li> <li>- Improved management of slopes and basins to avoid/reduce the impacts caused by soil erosion</li> </ul>
	3.2 Forestry	<ul style="list-style-type: none"> <li>- Improved forest fire management and pest/disease outbreak management</li> <li>- Engagement with local communities to limit degradation due to e.g. uncontrolled burning</li> </ul>
	3.3 Livestock production	<ul style="list-style-type: none"> <li>- Increased production of fodder crops to supplement rangeland foraging</li> </ul>
	3.4 Fisheries	<ul style="list-style-type: none"> <li>- Adoption of sustainable aquaculture techniques to compensate for the reduction in local fish supplies</li> </ul>
	3.5 Ecosystems/Biodiversity (including ecosystem-based flood protection measures)	<ul style="list-style-type: none"> <li>- Establishment of core protected areas and buffer zones for sustainable use of biodiversity and water to meet livelihood needs in more extreme droughts</li> <li>- Identification of protected areas and establishment of migration corridors;</li> </ul>
4. Industry, Extractive Industries,	4.1 Manufacturing	<ul style="list-style-type: none"> <li>- Design of climate-resilient equipment, such as more stable cranes for harbours in cyclone zones</li> </ul>

Manufacturing and Trade	4.2 Food processing distribution and retail	- Improved refrigeration or other changes in food processing and/or distribution that address more extreme heat
	4.3 Trade	- Establishment of alternative trade routes in case of disruption of main route due to climate related-disasters
	4.4 Extractive industries (oil, gas, etc.)	
	4.5 Mining	- Improved design and construction of tailings
5. Coastal and Riverine Infrastructure (including built flood protection infrastructure)	5.1 Sea defences/flood protection barriers	<ul style="list-style-type: none"> <li>- Physical/natural reinforcement of coastline and/or additional coastal structures/vegetation</li> <li>- Building of dykes to protect infrastructure or to enhance the resilience from storms and coastal flooding, and sea level rise</li> <li>- Mangrove planting to build a natural barrier to adapt to increased coastal erosion and to limit salt water intrusion into soils caused by sea level rise</li> </ul>
	5.2 River flood protection measures and resilient infrastructure	<ul style="list-style-type: none"> <li>- Increased river dredging programs, reinforcement of levees, reestablishment of natural food plains and vegetation in upstream areas/river banks</li> <li>- Building resilient infrastructure such as protection system for dams to reduce vulnerability to extremes caused by climatic changes</li> </ul>
6. Energy, Transport and other built Environment and Infrastructure	6.1 Infrastructure and construction	<ul style="list-style-type: none"> <li>- Improving the resilience of human settlements (housing, if not part of a wider disaster risk management strategy)</li> <li>- More robust building regulations and improved enforcement</li> </ul>
	6.2 Transport	<ul style="list-style-type: none"> <li>- Use of revised codes for infrastructure design that consider increased frequency/severity of extreme events</li> <li>- Improving the resilience of existing transport infrastructure</li> </ul>
	6.3 Urban development	- Improved solid waste management and collection, increased capacity and other changes in drainage systems
	6.4 Tourism	- Diversification of tourist attractions to encompass inland or low-risk areas
	6.5 Solid Waste Management	- Completion of climate risk assessment with minimal cooling water requirements

	6.6 Thermal energy generation	- Investment in thermal power generators with minimal cooling water requirements
	6.7 Energy generation (including renewables)	- Optimization of hydro-infrastructure design subject to due diligence based on climate and hydrological models
	6.8 Energy transmission and distribution	- Investment in embedded renewable energy generation to reduce distribution requirements - Improving the resilience of existing energy infrastructure
7. ICT	7.1 ICT hardware and software to beneficiary organizations	- Identification of sites at greatest risk of increased storms or floods and enhancement of resilience of those sites and/or services
	7.2 Information technology	- Investments in weather and climate services that can reach the end users efficiently
8. Financial Services	8.1 Banking	- Creation of infrastructure and “hubs” that would support improved business continuity during and after extreme weather events
	8.2 Insurance	- Changes in structuring of index-based insurance products due to increased negative effects of extreme weather events and pay-out
9. Institutional Capacity Support or Technical	9.1 Technical services or other professional support	- Provision of finance to SMEs providing relevant services e.g. engineering of adaptation solutions or insurance
10. Cross-cutting sectors	10.1 Education	- Technical capacity building for training the trainers in water and agri-sectors
	10.2 Health	- Monitoring of changes in disease outbreaks and development of a national response plan - Health adaptation to climate change
	10.3 Cross-sector policy and regulation	- Institutional reforms and strengthening to include climate aspects in policies and regulations in flexible manner
	10.4 Disaster risk management	- Integration of climate change scenarios into disaster risk plans and preparedness - Early warning / emergency response systems to adapt to increase occurrence of extreme events by improving disaster prevention, preparedness and management and reduce potentially related loss and damage

		<ul style="list-style-type: none"><li>- Construction or improvement of drainage systems to adapt to increase in occurrence of floods;</li><li>- Emergency investments for preparedness to climate-related natural disaster response, including housing (if part of a wider disaster risk management strategy)</li></ul>
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