TAH FOUNDATION

Background on TAH Foundation Funding

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Selection of Focus Areas

How were the boundaries of the Environmental Program defined? In November 2020, the foundation decided to begin mapping nine potential focus areas that could meet the criteria outlined in the Environmental Strategy. The aim was to select the most suitable combination of focus areas for directing the foundation's support during the 2020–2025 strategy period. This work also serves as a basis for strategic funding decisions for the years 2025–2030.

The mapped areas were:

1. Cutting emissions in steel production internationally and increasing renewable electricity
2. Replacing coal in heating production globally and in industrial heating
3. Transportation emission reduction solutions: development and social acceptance of transport systems and influencing car manufacturer strategies
4. Carbon-sequestering agriculture, plant-based diets, new food productst
5. Promotion of direct air capture (DAC), Power-to-X, and changes in industrial raw material production
6. Accelerating oil phase-out in Northern Europe, promoting a positive transition vision, and influencing financiers
7. Carbon-sequestering and biodiversity-conserving forestry in the Nordics, supporting science-based discussion and EU decisions related to biofuels and carbon sinks
8. International protection of carbon-sequestering coastal and marine areas
9. Other greenhouse gases, such as HFCs and methane, and more effective control of the Montreal Protocol

In addition, the foundation began mapping broader fields of work in which projects could support the selected focus areas:

1. Accelerating the increase of renewable energy sources: permitting, financing, commercialization of new technologies

2. Climate strategies for investors, steering them toward becoming a driving force in climate policy, financial mechanisms that replace fossil fuels faster than their standard lifecycle

3. Reducing challenges in political decision-making: ensuring job retention in the climate transition, and the relationship between (conflicting) research and policy debate

4. Opportunities to shift systemic drivers of climate change, especially the priorities of political and economic systems

5. Capacity-building for transition actors across sectors and countries, including businesses, NGOs, education, and HR support

Focus Area Mapping Process

In the mapping process, a preliminary vision and an assessment were created for each focus area regarding how they meet the foundation's criteria. Opportunities, existing projects, and key players within the areas were reviewed. Over 50 experts were interviewed during the process, including representatives from foundations, organizations that monitor foundation funding, and topic experts in Finland and abroad. Most of the areas were discussed multiple times with stakeholders in the foundation and nonprofit sectors.

Feedback on the implementation planning of the foundation's Environmental Strategy was overwhelmingly positive. Interviewees did not identify major shortcomings in the mapping process. All emphasized that the process effectively captured opportunities for climate work and noted synergies between the mapped fields.

Nearly all respondents supported the strategy of directing environmental funding into 2–4 portfolios while maintaining the flexibility to support major individual projects outside of them. The discussions helped to refine understanding of how various areas complement each other, which actors are already active, and where gaps exist in action or funding. Many interviewees also supported the idea of using broader thematic funding (e.g. investor engagement, climate policy, human resources, or environmental discourse) to support goal-oriented focus areas.

Several experts believed the foundation's background networks could support industrial-sector focus areas. Many emission challenges in industry were seen as underfunded compared to more traditional climate sectors such as electricity or transport. However, funding to industrial climate efforts is increasing, giving TAH Foundation an opportunity to help catalyze other funders through its groundwork.

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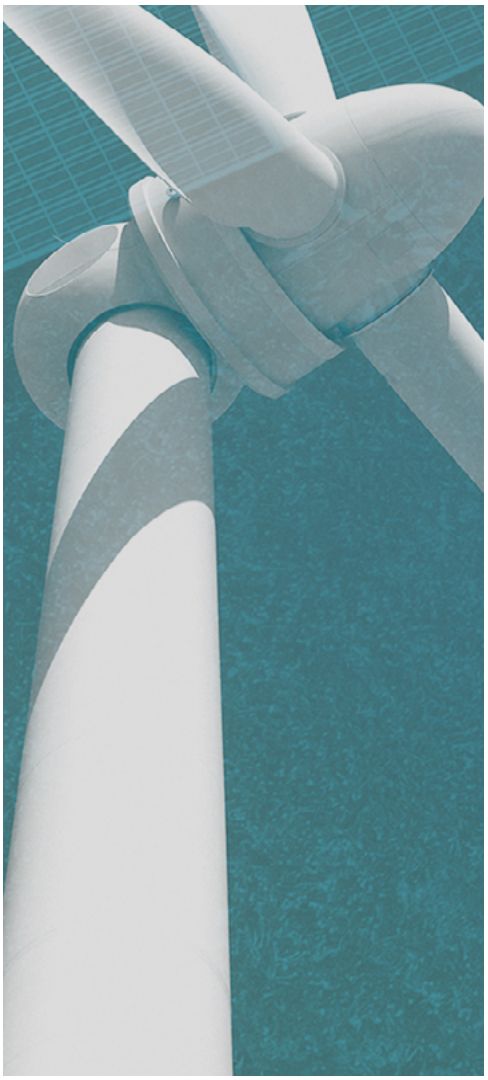
Internationality as a Resource with Risks

Overall, interviewees praised the foundation's international approach of aiming to combine development and scalability across countries. Many considered this a blind spot in national-level efforts, where added value could significantly accelerate emissions reductions.

Some Finnish foundation representatives raised concerns about the higher risk of achieving results in international projects compared to domestic projects, referencing support for Finnish environmental organizations as a lower-risk alternative. The risks related to distance and execution in international work will be addressed in project-level risk assessments. Still, the foundation's strategy intentionally seeks globally scalable and high-impact emissions reduction projects, which inevitably involves accepting the risks of international work.

These risks can be managed by funding projects that scale from well-established and trusted networks in Finland or nearby regions, while still having global impact.



Supporting environmental dialogue and transition actors across regions will be a central part of the Environmental Program and essential for reaching focus area goals.

Risk Appetite and Focus Area Choices Are Linked

One key issue raised in the mapping and background discussions was the foundation's appetite for risk. Should the foundation focus on areas with guaranteed results or on less-proven areas with high potential but uncertain outcomes? Or should it aim for a balanced combination?

Risk appetite influences strategic decisions on how to approach the focus areas. Information from interviews and the mapping process supports a relatively decentralized model, at least in the initial stages. This can reduce the risk of failing to find impactful projects quickly in narrowly selected areas. In practice, this means beginning with 3–5 focus areas for in-depth mapping, followed by prioritization for funding.

Some focus areas already have many actors, making it harder for the foundation to add unique value. Others have fewer actors and slower project development timelines. If there are more mature projects in lower-priority areas than in higher-priority areas, this creates a strategic challenge.

Comprehensive mapping and portfolio-building takes time and may require a step-by-step approach or additional staff. This challenge can be mitigated by using refinancing partners, especially in areas where the foundation has limited existing networks. Refinancing allows outsourcing part of the slower groundwork needed to build portfolios.

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Conducting deeper mapping of several focus areas does not necessarily delay funding decisions. Short-term exploratory funding can be used as part of the mapping process and serve as a basis for future project portfolios.

Criteria for Selecting Focus Areas

Evaluation criteria for focus areas and their potential projects were based on the foundation's Environmental Strategy. The goal was to assess what types of emission reduction projects each area could support.

The criteria were:

- **Pace:** Projects with fast and significant positive climate impacts
- **Extent:** Projects with global scalability for major emissions cuts
- **Energy** and Industry: Projects related to energy production, industrial sectors, sustainable raw materials, or carbon-neutral technologies
- **Regulation:** Projects that offer regulatory solutions for emission reductions
- **Systemic** Impact: Projects enabling systemic change in Finland and globally
- **Biodiversity:** Projects with strong synergies in biodiversity protection
- **Added** Value: Projects where the foundation can provide unique added value
- **Low** Risk: Projects with a low risk of failing to deliver results

Each criterion was rated from 1 (lowest) to 5 (highest). Criteria A (pace) and B (extent) differentiate between fast impacts and large-scale impacts. Criterion F highlights biodiversity, and G and H address added value and risk. These ratings are subjective but useful for comparative evaluation.

Total weighted scores were calculated: Pace, Extent, Systemic Impact, Biodiversity, and Added Value were given double weight in the final tally, while Energy and Industry, Regulation, and Low Risk were weighted less.

Focus Areas, Goals, and Criteria Fulfillment

The chart in the original document presented focus area results on a graph with pace (x-axis) and extent (y-axis). The size of each dot indicated added value, where a darker color represented higher risk. Weighted total scores showed that heat and food scored highest, followed by steel. Forests, oil, DAC, and coasts formed a middle group, while transport and HFCs were lowest.

Initially Selected Focus Areas

Based on these evaluations, five focus areas were selected for continued mapping. Of these, steel and heating began portfolio development in 2021. The other three—forests and marine ecosystems, food, and DAC—remained in the mapping phase. Resources were concentrated on steel from 2022–2025, and this work continues into 2025–2030.


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