European Bank
for Reconstruction and Development

Annexes to Implementing the Green Economy Transition – Technical Guide

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Contents

Annex 1. Abbreviations, acronyms and definitions

ABI	Annual Business Investment. Volume of commitments made by the Bank during the year.
Activity	An activity is a project or project component. It can relate to technologies, processes, services, market- based financing instruments, capacity-building and policy dialogue. Sub-projects financed through financial intermediaries are also included.
BAT	BAT or 'best available techniques' means the most effective and advanced stage in the development of activities and their methods of operation. It indicates the practical suitability of particular techniques for providing the basis for emission-limit values and other permit conditions designed to prevent and, where that is not practicable, to reduce emissions and their impact on the environment as a whole: • 'techniques' includes both the technology used and the way in which the installation is designed, built, maintained, operated and decommissioned. • 'available techniques' means those developed on a scale that allows implementation in the relevant industrial sector, under economically and technically viable conditions, taking into consideration the costs and advantages, whether or not the techniques are used or produced inside the European Union member state in question, as long as they are reasonably accessible to the operator • 'best' means most effective in achieving a high general level of protection for the environment as a whole.
Blue economy	The blue economy is the sustainable use of ocean resources for economic growth, improved livelihoods and jobs while preserving the health of ocean ecosystems (https://www.worldbank.org/en/news/infographic/2017/06/06/blue-economy). For the purposes of this document, the sustainable blue economy is a goal for the wider blue economy, and therefore excludes non-renewable extractive industries (for example, offshore oil and gas, and deep-sea mining) as well as unsustainable practices in other sectors.
Blue Economy Finance Principles	Developed by the European Commission, the World Wildlife Fund (WWF), the World Resources Institute (WRI) and the European Investment Bank (EIB) and launched in 2018 are the world's first global guiding framework to finance a sustainable blue economy. They promote the implementation of SDG 14 (Life Below Water), and set out ocean-specific standards, allowing the financial industry to mainstream sustainability of ocean-based sectors. The EBRD became the signatory to BEFPs in December 2020.
BREF	BAT reference document. Thirty-three BREFs were available as of March 2021, covering specific sectors that fall under Annex I to the Industrial Emissions Directive (IED). The documents are available on the website of the IPPC Bureau: http://eippcb.jrc.ec.europa.eu/reference/.
Brownfield project (excluding building projects)	Brownfield projects may refer to projects that modify existing facilities, equipment, appliances, systems or processes. Where there is gradual replacement or retrofitting of a whole facility dedicated to the same activity over a longer period of time this may be considered to be a series of brownfield projects.
Building redevelopment or reconstruction	Refers to projects that include the full demolition of existing buildings and their rebuilding.
Circular economy	A circular economy is a market economy that preserves the added and inherent value of physical resources while keeping resources within the economy for a long as possible and captures value at end of life, with the intention to minimise virgin material consumption, waste and value-chain risks.
Climate change adaptation activity	An activity with the purpose or intention of improving climate resilience by adjusting an asset or system in response to climate stimuli.
Climate change mitigation activity	An activity that promotes the reduction or limitation of greenhouse gas (GHG) emissions, or promotes GHG sequestration.
Climate finance	Financial flows directed towards climate change mitigation or climate change adaptation activities as defined in Section 4.1 and 4.2 of "Implementing the Green Economy Transition – Technical Guide".
Climate hazard	Physical climate hazard refers to the potential occurrence of climate-related physical events or trends that may cause loss of life, injury or other health impacts, as well as damage and loss to property, infrastructure, livelihoods, service provision and environmental resources.
Climate resilience	The ability of a system to cope and remain functional in the face of increasing climate

	change and climate variability.
Climate Resilience Outcome or CRO	An estimate of the value that is generated by making a project more resilient to the impacts of climate change.
Climate risk	The term "climate risk" refers to physical climate risk. Physical climate risks result from the direct/physical impacts on borrowers' assets due to a changing and more variable climate, which may result in losses, disruptions and increased costs to a wide range of economic activities (set out in the EBRD's Physical Climate and Carbon Transition Risk Assessment procedures, November 2021).
Climate vulnerability	The degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change, including changes in climate variability and extremes.
Commitment	A legally binding obligation for the EBRD to invest a defined sum of money in a loan or equity investments, or to provide a guarantee, within a specified period of time and subject to agreed conditions, as approved by the Board and signed with the client.
Conservativeness principle	Where data is unavailable, uncertainty is to be overcome following a conservative approach where it is preferable that GET finance be underestimated rather than overestimated.
tCO_2e	Greenhouse gas expressed as tonnes of carbon dioxide equivalent. For the calculation of carbon dioxide equivalents for non-CO_2 gases the UNFCCC list of global warming potentials is used, using the 100-year time horizon (see Reference 6).
CR	Concept Review. First stage in project approval to confirm that an operation broadly fits the policies and priorities of the EBRD.
DNSH	Do no significant harm
ESP	EBRD Environmental and Social Policy
Ex ante	Before or on signing (of the loan, guarantee, equity and so on)
Existing building project	'Existing building projects' may refer to the modernisation, upgrading or improvement of existing buildings but excludes the redevelopment of buildings.
FSC	Forest Stewardship Council
FI	Financial intermediary
FR	Final Review. Stage in pipeline approval prior to submission of the operation to the Board.
GEFF	Green Economy Financing Facility (formerly SEFF) – EBRD financing facility that targets investment opportunities in energy efficiency, small-scale renewable energy, technologies and services.
GET	Green Economy Transition
GET data	Ex-ante data for GET finance and the prognosis for annual impacts including GHG reductions, energy savings, reductions in water use, and so on.
GET finance	Financial flows directed towards climate change mitigation or climate change adaptation or other environmental activities as defined in Chapter 4 of "Implementing the Green Economy Transition – Technical Guide".. The term is used interchangeably with the term "green finance" in the Technical Guide.
GHG emissions	Greenhouse gas emissions
Granularity	Green activities disaggregated from non-green activities through a reasonable level of data granularity, by dissecting projects into their main components. GET Finance includes only those project components (and/or sub components to the extent that data is available) which are included in the positive list of climate mitigation (Annex 1), other environmental activities (Annex 2) or covered by the climate adaptation approach (Annex 3).
Greenfield project (excluding building projects)	Greenfield projects refer to projects on new sites or in existing facilities where the vast majority of the plant and equipment is new. For projects in existing facilities, all the critical items of equipment are decommissioned or primarily involve the acquisition and deployment of new appliances or equipment.
Green finance	Financial flows directed towards climate change mitigation or climate change adaptation or other environmental activities as defined in Chapter 4 of "Implementing the Green Economy Transition – Technical Guide". The term is used interchangeably with the term "GET finance" in the Technical Guide.
Gross GHG emissions	GHG emissions that a project is expected to produce for a representative year once it is complete and operating at full capacity.
ICOLD	International Commission on Large Dams http://www.icold-cigb.net/

IDFC	International Development Finance Club https://www.idfc.org/
Installation	Stationary technical unit where one or more activities listed in Annex I to the Industrial Emissions Directive (IED) are carried out, and any other directly associated activities that have a technical connection with the activities carried out on that site and that could have an effect on emissions and pollution.
ISO 14001	International Organization for Standardization Energy Management Standard
ISO 50001	International Organization for Standardization Energy Management Standard
Lock-ins	Activities that prevent the rapid transition to a low-carbon economy.
MDBs	Multilateral development banks, including the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG), the Islamic Development Bank (IsDB), the New Development Bank (NDB) and the World Bank Group (WBG).
MRV	Monitoring, reporting and verification. Refers to the MRV of GHG emissions, energy and water use, as well as the related reductions and savings.
Net GHG emissions (or relative GHG emissions)	Annualised estimations of the GHG emissions, calculated as the difference between project emissions and baseline emissions using the same assessment boundary.
New building project	This refers to the development of new buildings.
Operation	A specific agreement to invest in a clearly defined project or an investee.
Other environmental activity	Activity that results in a materially positive environmental outcome that is primarily not climate change mitigation or climate change adaptation.
PEFC	Programme for Endorsement of Forest Certification
Pollution prevention and control activity	An activity that promotes the elimination or reduction of pollution across air, water or soil.
Primary energy	Energy that exists in a naturally occurring form, such as coal, natural gas, or hydropower potential, before being converted into an end-use form such as heat and electricity. Expressed in gigajoules (GJ) or tonnes of oil equivalent (toe).
Protection and restoration of biodiversity and ecosystems	An activity that promotes the protection or restoration of ecosystems and their services.
Resource efficient activity	An activity that promotes the sustainable use of resources such as metals, minerals, fuels, water, land, timber etc. through reduce inputs, optimisation of production processes, improve logistics and minimisation of waste.
Sustainable use and protection of water and marine resources activity	An activity that promotes the good status of water bodies or good environmental status for marine waters or prevent the deterioration of bodies of water or marine waters. These may include activities related to water supply and wastewater management but also water use in the agricultural sector.
TI	Transition impact
TPV	Total project value. The total amount of funding required to finance the project. This includes finance provided by the Bank, participants, external parties and the sponsor or client in relation to that specific project.
UNFCCC	United Nations Framework Convention on Climate Change

Annex 2. Positive list of climate change mitigation activities

Definition of climate change mitigation and classification of eligible activities

An activity can be classified as climate change mitigation when it, by avoiding or reducing GHG emissions or increasing GHG sequestration, contributes substantially to the stabilisation of GHG concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system consistent with the long-term temperature goal of the Paris Agreement.[1]

The Common Principles recognise that a substantial contribution to climate change mitigation can involve the following three categories of climate change mitigation activities:

(1) Negative- or very-low-emission activities that result in negative, zero or very low GHG emissions and are fully consistent with the long-term temperature goal of the Paris Agreement – for example, carbon sequestration in land use or some forms of renewable energy.
(2) Transitional activities that are still part of GHG-emitting systems but are important for and contribute to the transition towards a climate-neutral economy – for example, energy-efficiency improvements in manufacturing that directly or indirectly use fossil fuels.
(3) Enabling activities that are instrumental in enabling other activities to make a substantial contribution to climate change mitigation – for example, the manufacturing of very-low-emission technologies.

Table 1 summarises the principles of eligibility under each mitigation category. Tables 2-12 define activities that are eligible within the scope of these categories.

Table 1: Summary of eligibility principles for the three categories of activities

Category of activity	Summary of eligibility principles[2]
Negative or very low emissions	• Have negative or near-zero relative GHG emissions
Transitional	• Lack technologically or economically feasible very-low-emission alternatives • Comply with high performance country- or sector-specific standards, benchmarks or thresholds for GHG emissions or emission-intensity that significantly exceed expected performance in a sector or activity[3] • Do not hamper the development or deployment of very-low-emission activities • Do not lead to a lock-in of GHG-emission-intensive assets that is inconsistent with the long-term goal of net-zero GHG emissions
Enabling	• Are necessary for developing or implementing other eligible climate mitigation activities • Do not hamper the development or deployment of negative- or very-low-emission activities • Do not lead to a lock-in of GHG-emission-intensive assets that is inconsistent with the long-term goal of net-zero GHG emissions.

[1] For some activities in the eligibility tables, it may be relevant to consider the reduction of other non-GHG climate-forcing emissions when assessing eligible activities. An example is black carbon, a short-lived climate pollutant emitted by the combustion of a fuel containing carbon, such as biomass used in cooking stoves.
[2] Eligibility principles may not be universally applicable to all activities. Exceptions are defined in criteria and guidance included in tables 2-12.
[3] These may be based on published sources or defined by the reporting institution, and may be absolute performance indicators, or relative performance improvement indicators using a plausible assessment of relative GHG emissions against a baseline scenario.

List of eligible activities

The list of eligible mitigation activities can be found in the following 11 tables. Screening criteria (indicated by the word "shall") and guidance for each activity are based on the MDB Joint Methodology, https://www.ebrd.com/2020-joint-report-on-mdbs-climate-finance. **Every activity is required to meet all of the specified criteria unless indicated otherwise.** The list should be read in conjunction with Annex 5, which details the EBRD's specific provisions for certain categories of project. In some cases, not all criteria need to be satisfied and the document indicates which criteria need to be met and under what conditions. The "guidance" in the tables comprises recommendations that should be followed as much as possible, where relevant, or highlights issues to consider, but is not intended as a universal requirement. It may also include illustrative examples. In addition, the following should be taken into account in reading and interpreting Tables 2–12:

- With the exception of the "category" column, all other columns use an inclusive "or" —equivalent to "and/or" for the series of options presented—unless otherwise stated. For example, if A, B or C are listed as eligible activities, carrying out any one of these activities and meeting the corresponding criteria would be sufficient for eligibility.
- The phrase "low carbon" is used to denote projects or materials that have low levels of CO_2e emissions associated with them.
- Where a proposed activity replaces a chemical compound with another that has much lower global warming potential, the phrase "a reduction in CO_2e emissions" is used.
- The word "resource" is used to denote materials or water rather than energy, such as construction materials. Resource efficiency improvement refers to reducing the amount of materials or water consumed.
- The word "energy" comprises electricity, heat and fuels and should not be considered synonymous with electricity. Fuel economy standards, therefore, are a type of energy efficiency standard.
- Some tables have opening text to explain how to interpret the table entries and any departure from the general approach in the Joint Methodology.
- The phrase "potentially eligible activities include" is used to provide examples. The examples that follow should not be taken as an exclusive or exhaustive list of eligible activities.

List of eligible activities*

Table 2. Energy

Table 3. Mining and metal production for climate action

Table 4. Manufacturing

Table 5. Agriculture, forestry, land use and fisheries

Table 6. Water supply and wastewater

Table 7. Solid waste management

Table 8. Transport

Table 9. Buildings, public installations and end-use energy efficiency

Table 10. Information and communications technology (ICT) and digital technologies

Table 11. Research, development and innovation

Table 12. Cross-sectoral activities

* Cross-referenced activities under the screening criteria should be read as "Table number, activity number" (for example, see activity 12.5 – Activity 5 in Table 12).

Table 2. Energy

Category	Eligible activity	Screening criteria and guidance
Renewable energy generation	2.1. Generation of renewable energy with low lifecycle GHG emissions to supply electricity, heating, mechanical energy or cooling	**Criteria** • GHG emissions from renewable energy shall be substantially lower than the corresponding GHG emissions from fossil fuel-based generation without carbon capture and storage or utilisation. • First-generation liquid biofuels shall be excluded unless they are sourced from waste or biomass that meets certain criteria. The eligible biomass shall be supplied from sustainable and socially acceptable sources, as demonstrated through compliance with internationally accepted sustainability certifications, and the activity shall not interfere with food security. • All expenditures throughout the life of the assets generating renewable energy that meet the above criteria shall be eligible. **Guidance** • Analysis of GHG emissions should take account of material lifecycle sources, such as where scope 3 emissions or scope 1 emissions during construction are expected to be material. • Examination of material lifecycle sources is typically relevant for hydropower,[4] involving the construction of a new reservoir or expanding the capacity of an existing reservoir, geothermal energy and bioenergy (such as solid biomass and liquid biofuels). • Examination of GHG emissions is not necessary for forms of energy that are widely recognised to have very low lifecycle emissions, such as solar, wind, and tidal energy. • For carbon capture and storage or utilisation, see activity 12.5. • Lifecycle expenditures are eligible, from site preparation and installation of equipment to maintenance, operation, repairs, upgrading, rehabilitation and decommissioning. • Examples of internationally recognised sustainability certification schemes for first-generation biofuels include those developed by the Round Table on Responsible Soy Association, Bonsucro and the Roundtable on Sustainable Palm Oil. For more information on the eligibility of biomass, see activity 5.10. • For bioenergy involving solid biomass as a fuel (to be burned) or feedstock (such as sugarcane to produce bioethanol), GHG emissions during transport should be included, as well as emissions from feedstock production (tilling, fertiliser use) and energy used during processing, where any one of them is material. • Direct land-use changes should be included in the lifecycle GHG emissions analysis if they are deemed to make a material difference, and indirect land-use changes should also be considered where they are feasible to assess and expected to be material.
Renewable energy generation	2.2. Joint use of renewable energy and fossil fuel to supply electricity, heat, mechanical energy or	**Criteria** • The criteria for renewable energy with low lifecycle GHG emissions in activity 2.1 shall apply. • GHG emissions from such joint use shall be substantially lower than corresponding GHG emissions from fossil-fuel-basedgeneration without carbon capture and storage or utilisation meeting the same demand.

[4] See Annex 5.7 for further guidance.

Category	Eligible activity	Screening criteria and guidance
	cooling	• Where separate sources of generation are financed together (such as solar energy backed up by diesel generation), only that for renewable energy shall be eligible. • Where equipment is shared by both renewable and non-renewable energy sources (such as co-firing of renewable and non-renewable fuels) and separation of project components is not possible, financing should be apportioned according to the share of energy input or output, as appropriate, that is renewable. **Guidance** • Where fossil fuel combustion is an integral part of renewable energy production, fossil fuel consumption should be minimised. • Two examples of renewable energy production potentially requiring integrated fossil fuel consumption are concentrated solar power and energy production from biomass. For the latter, cash flows and other analyses should be used to ensure that biomass is the main fuel, supplemented by fossil fuels only when necessary (such as during a cold start or in highly oscillating operation).
Lower-carbon hydrogen and derivatives	2.3. Production, transport, or storage of low-carbon hydrogen or low-carbon products made from it	**Criteria** • Hydrogen produced by electrolysis of water using very-low-carbon electricity shall be eligible. • Hydrogen produced by steam reforming of natural gas with carbon capture, followed by the storage or use of captured CO_2 in a manner consistent with the criteria for activity 12.5 shall be eligible. • Hydrogen manufactured by electrolysis of water using grid electricity or by any other technology shall be eligible, provided the project demonstrates a substantial reduction in relative GHG emissions compared to efficient steam reforming of natural gas, taking scope 3 emissions into account where they are expected to be material. • The production of materials from low-carbon hydrogen shall have low absolute GHG emissions. • Where the end-use is as a transport fuel, transport and storage of all such hydrogen shall be eligible irrespective of carbon intensity. • In all other cases where transport or storage is shared between low-carbon hydrogen and non-low-carbon gases, financing shall be apportioned according to the share of transported or stored gases that are low in carbon intensity. **Guidance** • See activities 4.9 for use. • As stated in the last bullet in activity 8.6, use of hydrogen as a fuel in transporting passengers or freight and associated infrastructure is eligible irrespective of the hydrogen's carbon intensity. Production of hydrogen, however, is eligible only if it satisfies one of the first three criteria above. • Apportioning of financing for storage of low-carbon hydrogen should use the expected average share of low-carbon hydrogen over the economic life of the storage facility. One exception is storage of any form of hydrogen as part of the refuelling infrastructure for transport in activity 8.6, which is fully eligible. • Potentially eligible activities include the electrolysis of water using renewable energy meeting the criteria in activity 2.1 to produce hydrogen, production of ammonia or methanol from such hydrogen in a manner that is not carbon-intensive, and production of a synthetic liquid fuel by reacting low-carbon hydrogen and captured CO_2.
Lower-carbon energy	2.4. Brownfield displacement of a carbon-intensive fuel	**Criteria**

Category	Eligible activity	Screening criteria and guidance
generation	with a different, lower-carbon fuel to supply electricity, heat, mechanical energy or cooling	• The project shall demonstrate a substantial reduction in relative GHG emissions, taking into account material lifecycle sources, such as where scope 3 emissions are expected to be material. • Where the lower-carbon fuel is a fossil fuel in electricity generation, the activity shall not be eligible. • Where the lower-carbon fuel is a fossil fuel, the project shall demonstrate that there will be no life extension of the equipment generating energy to supply heat, mechanical energy or cooling. • Where the lower-carbon fuel is a fossil fuel and there is no life extension but there is capacity expansion and there are reasonable grounds to suspect that the proposed activity may deter the expansion of renewable energy with low lifecycle GHG emissions as defined in activities 2.1 and 2.2, the activity shall not be eligible. **Guidance** The EBRD considers that on-site replacement of fuels in CHPs without capacity expansion is brownfield. If the project also involves capacity expansion, the new additional capacity will be treated as greenfield and the GET share will be calculated pro-rata.
Lower-carbon energy generation	2.5. Use of waste gas as a feedstock or fuel to supply electricity, heat, mechanical energy or cooling energy	**Criteria** • Utilisation of abandoned coal mine methane, or associated gas shall decrease relative GHG emissions substantially. • Utilisation of coalbed methane, associated gas from greenfield oil production, and methane from mines currently producing coal shall all be ineligible. • The project shall demonstrate that utilisation of associated gas from brownfield oil production will not extend the life of oil production by making it more financially attractive. • With the exception of biogas, if there are reasonable grounds to suspect that the proposed activity may deter expansion of renewable energy with low lifecycle GHG emissions as defined in activities 2.1 and 2.2, the activity shall not be eligible. **Guidance** • Examples of waste gas include landfill methane, abandoned mine methane, associated gas currently being flared or vented, and biogas from municipal sewage, wastewater, or agricultural activities. • Associated gas is the gas that is produced with oil and requires separation from oil. It is different from the natural gas that may be found within the same operation in a brownfield oil reservoir but not associated with oil production, the use of which is not eligible. • See biogas and landfill gas in Table 7: Solid waste management for additional information and guidance. • Financing needed to construct or modify the infrastructure to transport or utilise eligible waste gas is eligible after apportioning the financing to reflect the share of infrastructure utilisation associated with the waste gas over the life of the infrastructure. If such apportioning cannot be carried out with a reasonable degree of certainty, such financing is not eligible. • For examples of sources and uses of waste biogas in other sectors, see activities 6.4, 6.5, 7.6, 7.9, and 8.9.
Efficient energy generation	2.6. Brownfield conversion from production of electricity, or from desalination only, to joint generation or delivery for use of electricity, heat,	**Criteria** • The efficiency of combined processes shall be substantially higher than those of individual processes carried out separately. • Electricity generation shall not be eligible if it is one of the new activities in the joint generation. Where one or more of the production processes involve combustion of a fossil fuel without carbon capture or utilisation, the project shall

Category	Eligible activity	Screening criteria and guidance
	mechanical energy, cooling, or desalination	demonstrate that no viable lower-carbon alternatives are available. For desalination eligibility, please also see the provisions in Annex 5.4 **Guidance** For carbon capture and storage or utilisation, see activity 12.5.
Energy efficiency	2.7. Brownfield energy-efficiency improvement in energy production to supply electricity, heat, mechanical energy or cooling	**Criteria** • The project shall demonstrate a substantial improvement in energy efficiency or a substantial reduction in relative GHG emissions. • Where the production process involves combustion of a fossil fuel without carbon capture or utilisation, the project shall demonstrate that no viable lower-carbon alternatives are available. **Guidance** For carbon capture and storage or utilisation, see activity 12.5.
Energy storage and network stability	2.8. Energy storage or measures to improve network stability or flexibility that increase consumption of very-low-carbon energy	**Criteria** • In case of direct connection to renewable energy plants, renewable energy so enabled shall meet the same criteria for low lifecycle GHG emissions as in activity 2.1. • Storage of fossil fuels shall not be eligible. • Where energy being stored is not entirely very low in carbon intensity but the storage is dedicated to increasing renewable energy capacity, the project shall demonstrate how the objective will be achieved. • Where storage is shared between very-low-carbon energy and other energy sources, financing shall be apportioned according to the share of stored energy that is very low in carbon intensity. • Storage of previously wasted heat shall not extend the life of assets generating heat by combusting fossil fuels. • The project shall demonstrate that storage will not significantly increase GHG emissions over the short or medium term. • Measures, such as smart grid technologies, that increase network stability or flexibility but have only marginal effects on integration or uptake of renewable energy shall not be eligible. • Where storage is pumped storage requiring the construction of a new reservoir or the expansion of an existing reservoir's capacity, the project shall demonstrate that the lifecycle emissions of the new reservoir are low, as defined in activity 2.1. **Guidance** • Energy storage should increase the use of very-low-carbon energy by enabling capacity expansion of renewable energy generation, reduction in the curtailment of very-low-carbon energy, or increasing the utilisation rate of very-low-carbon energy generation. • With respect to the third criterion, the share of climate financing may be apportioned on the basis of increased renewable capacity compared to the capacity of the storage facility. For storage considered to be an integrated part of the transmission and distribution system, the guidance for determining the share in activity 2.9 should be used. • With respect to the sixth criterion, storage investments with a very long economic life, such as pumped storage plants, may support renewable development over decades while still supporting the optimisation of highly emitting energy sources in the short term. If such activity results in delaying the development of additional renewable generation in the

Category	Eligible activity	Screening criteria and guidance
		short or medium term, the criterion is not met. • The activities that are deemed eligible on account of their increasing grid stability or flexibility should significantly enhance stability or flexibility. • Potentially eligible activities include: - for energy storage, behind-the-meter battery storage and electric vehicles - for increasing network stability, the installation of equipment such as power system stabilisers, series compensation, static reactive power compensators and synchronous condensers.

Transportation of electricity	2.9. Greenfield transmission or distribution of electricity that supports delivery of non-nuclear, very-low-carbon electricity	**Criteria** • Non-nuclear, very-low-carbon electricity shall be either renewable electricity meeting the criteria for lifecycle GHG emissions in activity 2.1, or fossil-fuel-based generation with carbon capture and storage or utilisation as described in activity 12.5. • Apportionment of financing eligible for climate mitigation shall differ by type of investment: (1) If the transmission or distribution system is dedicated to or is required for the evacuation of non-nuclear, very-low-carbon electricity or reducing its curtailment, the financing of such investment shall be fully eligible. Where such investment is a part of a larger investment programme, eligible financing shall be apportioned according to the capacity required for the evacuation of the non-nuclear, very-low-carbon electricity. • Any additional capacity beyond the above shall be apportioned as described below depending on the nature of the investment. (2) Financing of general transmission or distribution investments within an existing grid shall be apportioned according to the share of additional electricity delivered that can be characterised as non-nuclear, very-low-carbon electricity during a 10-year period comprising five years before and five years after the start of the operation of the new infrastructure. (3) Financing of a new grid system not connected to an existing system shall be apportioned according to the share of non-nuclear, very-low-carbon electricity delivered at the start of the operation of the grid and in the five following years. (4) Financing of interconnections between grid systems, including transborder transmission of electricity, shall be apportioned according to the weighted average of the share of new non-nuclear, very-low-carbon electricity in the respective grids during the 10-year period described in (2), weighted according to the expected flows of electricity (in both directions where applicable). • The project shall demonstrate that the grid in which transmission or distribution infrastructure is being built will either maintain or increase the share of non-nuclear, very-low-carbon electricity delivered. The only exception is a new grid system for which historical comparison is not possible. **Guidance** • An electricity grid may be an interconnected transmission or distribution network with common market or dispatch rules that regulate electricity flows, an isolated grid, a mini-grid, or a micro-grid. A country may have several grids; conversely a single grid may cover several countries. • The share of additional electricity delivered that meets the definition of non-nuclear, very-low-carbon electricity in the five years after the start of the operation may be calculated from gigawatt hours planned to be dispatched in the most recent power system expansion plan, or by using data on generation plants under construction, committed projects and other plants likely to come online, and assuming appropriate load factors. The share from the past five years may be calculated using available dispatch data from ministries or utilities. If such data are not available, capacity data and representative load factors suitable for the location and technology of each relevant plant may be used. • New meters and other pieces of equipment installed at the retail end in a greenfield distribution system may be considered part of the system even if they are handled by retail rather than distribution companies. They may be eligible under this activity with appropriate apportionment of financing if they do not meet the criteria in activity 2.12.

		• Potentially eligible activities include: - extending access to unelectrified areas by connecting them to a power system that is following a decarbonisation plan (case 2 in the second bullet in the criteria) or by using locally produced renewable electricity in a new mini-grid (case 3) - strengthening the grid backbone infrastructure aimed at enabling the flow of additional renewable electricity (case 1).
Transport of heating and cooling energy	2.10. Greenfield high-efficiency transmission or distribution of heat or cooling energy	**Criteria** • The financing earmarked for the installation of advanced pilot systems (control and energy management systems) shall be eligible. • Apart from the above, energy transport systems to carry energy largely from greenfield energy-generation facilities fuelled by fossil fuels shall not be eligible. **Guidance** • The project should use the best available technology or, if the best available technology is commonly used, emerging technology with even higher levels of efficiency. • Metering infrastructure considered to be part of an eligible distribution network is eligible. For other types of metering infrastructure, see activity 2.12.
Energy transport	2.11. Brownfield efficiency improvement or reduction of CO_2e emissions in transmission or distribution of electricity, heat, cold, low-carbon gases, or CO_2	**Criteria** The project shall demonstrate a substantial improvement in energy efficiency or a substantial reduction in relative CO_2e emissions in the supply chain itself. **Guidance** • A substantial improvement in energy efficiency in the case of technical loss reduction in transmission or distribution of electricity, heat, cold, low-carbon gases, or CO_2 is demonstrated by comparing the reduction in technical losses before and after the project intervention. • Metering infrastructure considered to be part of a distribution network is eligible only if it meets the requirements of activity 2.12. Metering infrastructure that does not meet these requirements is not eligible. • Where this activity transports electricity, heat or cold from fossil fuel combustion, special attention should be paid to avoiding a carbon lock-in to ensure alignment with the Paris Agreement. An example of a procedure to examine the potential for a carbon lock-in of a district heating or cooling system can be found in Annex 4 of the *Methodology to determine the Paris Agreement alignment of EBRD investments*. • Potentially eligible activities include technical loss reduction in transmission or distribution of electricity, which may comprise reactive power compensation plans and upgrading of transmission or distribution facilities to higher voltage levels or transformation to direct current; reduction of sulphur hexafluoride (SF_6) emissions in electricity transmission and distribution; 2.10 and reducing gas shrinkage in pipeline transport.
Energy transport and sale	2.12. Activities targeting customers of energy systems that support a reduction in consumption or enhanced uptake of	**Criteria** No specific criteria.

	renewable energy	**Guidance** • The reduction of collection losses involves reducing accounts payable over and above those losses that are due to the standard time lag between billing and payment. • See activity 12.12 for treatment of activities that increase energy tariffs. • Activities that connect new customers in a greenfield distribution system without measures that support a reduction in consumption or enhanced uptake of renewable energy may be eligible under activity 2.9 or 2.10. • Potentially eligible activities include: - those that reduce commercial or collection losses - the installation of calibrated meters in households that currently do not have meters or whose meters have been tampered with - the installation of pre-paid meters - the installation of individual household meters for consumers who are currently sharing meters - the installation of smart meters with two-way communication, or other energy-monitoring or control devices that enable consumers to actively manage their energy consumption - measures that enable the management of consumer demand at short time intervals and increase the flexibility of the electricity grid and its ability to accommodate an increasing share of variable renewable energy generation, such as through time-of-use pricing, load shifting or electricity-market operators that provide "virtual power plant" services - the installation of smart grid devices that permit the above measures to be implemented, such as control devices that respond to remote signals or time-of-use pricing - the installation of two-way metering devices or other consumer connection infrastructure that enable decentralised renewable energy systems, such as solar rooftop units on the consumers' premises, to be installed.
Fugitive emissions	2.13. Reduction of fugitive GHG emissions in existing energy transport or storage infrastructure, or flaring of fugitive emissions from a closed coal mine where methane utilisation is not commercially viable	**Criteria** In the case of flaring, the project shall demonstrate that economic utilisation of gas in activity 2.5 is not viable. **Guidance** There is no specific guidance.

Table 3. Mining and metal production for climate action

Category	Eligible activity	Screening criteria and guidance
Mining for climate action	3.1. Projects that support mining of minerals or metal ores prevalently used in or critical for renewable energy, technologies that increase energy efficiency, other low-carbon technologies, or materials and products with low embedded GHG emissions	**Criteria** • Minerals classified by the International Energy Agency (IEA) as being critical for "clean energy transitions" shall be eligible, subject to apportionment rules in the next criterion. • Financing shall be apportioned according to rules that differ depending on whether end-users have been identified: - Where end-users are known, financing shall be apportioned according to the share of production that will be used in clean energy transition activities in the end-use markets. - Where end-users are not known, financing shall be apportioned according to the share of new global production that will be needed for clean energy transition activities in the IEA's net-zero-emissions-by-2050 scenario over the expected life of the mine or from the start of the project operation to 2050, whichever period is shorter. • The supported mining activities shall adhere to a long-term strategy for reducing GHG emissions through: - long-term decarbonisation of electricity generated or purchased from the grid, including integration of renewable energy; and - efficient use of energy and resources, including, where economically viable and technically feasible, treatment and recycling of mining waste. **Guidance** • A list of minerals identified as critical minerals for clean energy transitions by the IEA is available at The role of critical minerals in clean energy transitions. • End-users are known if there are contracts with buyers who are end-users, or who in turn have contracts with end-users (of processed minerals or metal ores). • Materials that can be recycled include tailings and wastewater. • Greenfield mining and processing should use best available technologies that are economically viable to maximise recycling and treatment of mining waste and minimise GHG emissions.
Metal production for climate action	3.2. Projects that support production of metals or alloys prevalently used in or critical for renewable energy, technologies that increase energy efficiency, other low-carbon technologies, or materials and products with low embedded GHG emissions	**Criteria** • Production of metals or alloys from the minerals classified by the IEA as being critical for "clean energy transitions" shall be eligible, subject to apportionment rules in the next criterion. • Financing shall be apportioned according to rules that differ depending on whether end-users have been identified: - Where end-users are known, financing shall be apportioned according to the share of production that will be needed for clean energy transition activities in the end-use markets. - Where end-users are not known, financing shall be apportioned according to the share of new global production that will be used in clean energy transition activities in the IEA's net-zero-emissions-by-2050 scenario over the expected life of the smelter or the refinery, or from the start of the project operation to 2050, whichever period is shorter. • The supported processes for the production of metals or alloys shall adhere to a long-term strategy

Category	Eligible activity	Screening criteria and guidance
		for reducing GHG emissions through: - the long-term decarbonisation of electricity generated or purchased from the grid, including the integration of renewable energy - the efficient use of energy and resources, including, where economically viable and technically feasible, the treatment and recycling of residues for re-use. • Activities devoted to the recycling of used metals or alloys shall be eligible, provided that the project demonstrates a substantial reduction in lifecycle GHG emissions. **Guidance** • A list of minerals identified as critical minerals for clean energy transitions by the IEA is available at: https://www.iea.org/topics/critical-minerals. • Production processes falling under this activity are the smelting and refining of minerals. • End-users are known if there are contracts with buyers who are end-users of metals or alloys, or who in turn have contracts with end-users. • Materials that can be recycled and treated in the third criterion include slag. • Greenfield refining and smelting should use best-available technologies that are economically viable to maximise recycling and treatment of residues and minimise GHG emissions. • Eligible recycling activities in the last criterion range from the collection and separation of materials containing metals or alloys to be recycled to final finishing for use by manufacturers using metals or alloys. See also activity 12.1 on circular economy systems. • Demonstration of a substantial reduction in relative GHG emissions in the last criterion includes a consideration of the sourcing of scrap metals. As an example of potentially ineligible activities, importing scrap metals involving long-distance shipping may not materially reduce lifecycle emissions.

Table 4. Manufacturing

Category	Eligible activity	Screening criteria and guidance
Energy efficiency	a. Brownfield industrial energy or resource-use efficiency improvement	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (for example, tCO_2e/unit of output), or energy intensity (for example, gigajoules/unit of output). **Guidance** • Relative GHG emissions are reduced through energy savings, decreased carbon intensity, decreased use of virgin materials, or decreased waste generation. • Potentially eligible activities include the installation of more efficient equipment, changes in processes resulting in energy savings, resource-use efficiency measures, and the implementation of energy-efficiency plans.
Efficient energy generation	b. Brownfield conversion from production of one type of energy to joint generation, or delivery for use of electricity, heat, mechanical energy, cooling, or desalination	See activity 2.6.
Energy and resource efficiency	c. Highly efficient or low-carbon greenfield manufacturing facilities or greenfield supplementary equipment or production lines at an existing manufacturing facility	**Criteria** • The project demonstrates a substantially lower carbon intensity or energy intensity of the greenfield manufacturing facility or greenfield supplementary equipment or production lines at an existing manufacturing facility against a selected benchmark. • The financing provided for a greenfield facility shall be apportioned according to the share of the total finance devoted to enabling high efficiency in a manner consistent with the principles of conservativeness and granularity. • Components of activities that use fossil fuels shall not be eligible. **Guidance** • The benchmark for defining low carbon or low energy intensity should be based on available documentation for the global or regional top tier of efficient production as applicable. Benchmarks should allow activities involving a fossil fuel as a source of heat for the sector in question only where renewable energy resources on the scale required are not available. Benchmarks should allow activities involving a fossil fuel as a feedstock for the sector in question only where the use of a non-fossil-fuel feedstock is relatively rare. • Where a project includes fossil fuels, their continued use for the lifetime of the project should be consistent with a credible decarbonisation pathway for that sector.
Electrification	d. Brownfield replacement of	**Criteria**

Category	Eligible activity	Screening criteria and guidance
	equipment or processes based on fossil fuels with electrical equipment or process components	• Eligible projects shall be for industrial equipment, processes, or components where electrification is relatively rare and enables structural changes required for long-term decarbonisation. • The project shall demonstrate that electrification of the process is a widely recognised pathway to decarbonisation. **Guidance** An example is switching an industrial fossil-fuel-based furnace or boiler to equipment that runs on electricity.
CO_2e emission reduction	e. Retrofit of existing industrial infrastructure resulting in avoidance of industrial GHGs, a switch to industrial GHGs with lower global warming potential, or implementation of technologies or practices that minimise leakages	**Criteria** Where the activity involves a switch to a new industrial GHG, the project shall demonstrate that the replacing industrial GHG has lower global warming potential and the resulting reduction in relative GHG emissions is substantial. **Guidance** Potentially eligible industrial GHGs with lower global warming potential include natural refrigerants, hydrofluorocarbons (HFCs) with lower global warming potential, hydrofluoroolefins (HFOs) and HFC-HFO blends.
Resource demand management	f. Improvements to existing industrial processes, new processes, or advanced manufacturing technology solutions, leading to a reduction in consumption or a reduction in waste of non-energy resources through changes in processes or process inputs	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions, taking account of material lifecycle sources, such as where scope 3 emissions are expected to be material. **Guidance** • The boundaries for GHG assessment can be limited by excluding certain stages or activities in the supply chain based on, for example, the materiality of the emissions from the emission sources or the ability of the project to influence the sources of emissions. • When a project replaces primary resources with secondary or alternative resources without increasing energy consumption, demonstration of a substantial reduction in the resource use may substitute demonstration of a substantial reduction in relative GHG emissions.
Energy storage	g. Energy storage or smart industrial-scale solutions to increase integration of very-low-carbon energy or use of previously waste energy	**Criteria** For energy storage, see activity 2.8. **Guidance** • For energy storage, see activity 2.8. • An example of storage of previously wasted energy in manufacturing is use of molten salt in thermal storage.

Category	Eligible activity	Screening criteria and guidance
Support for low-carbon development	h. Projects that support production of components, equipment or infrastructure dedicated exclusively to utilisation in the renewable energy, energy efficiency improvement, or other low-carbon technologies	**Criteria** The project shall demonstrate support to manufacturing eligible products, product components, equipment or appliances that are needed for eligible climate change mitigation activities. **Guidance** There is no specific guidance.
Lower-carbon hydrogen and derivatives	i. Use of low-carbon hydrogen or low-carbon products made from it, or use of any hydrogen in processes previously using a fossil fuel	**Criteria** • Low-carbon hydrogen or low-carbon products made from it shall satisfy the criteria in activity 2.3. • Where a combination of low-carbon hydrogen or products derived from such hydrogen meeting the criteria in activity 2.3 and their non-low-carbon equivalents is used, financing shall be apportioned according to the share of low-carbon chemicals. • The use of non-low-carbon hydrogen shall be eligible only if used in hydrogen-fuelled vehicles or when the application is in a process in which hydrogen replaces a fossil fuel (see activity 8.6). **Guidance** • With respect to the last criterion, with the exception of hydrogen-fuelled vehicles, processes currently using hydrogen would be eligible only if they use low-carbon hydrogen meeting the criteria in activity 2.3.
Lower-carbon energy generation	j. Use of waste gas as a feedstock or as a fuel to supply electricity, heat, mechanical energy or cooling	**Criteria** See activity 2.5. **Guidance** • Non-energy uses include use of waste gas as a feedstock for production of fertilisers or petrochemicals. • See activity 2.5 for additional guidance.

Table 5. Agriculture, forestry, land use and fisheries

In this table, the distinction between greenfield and brownfield applies only to equipment and machinery used. Otherwise, given the complex interplay of natural systems and management practices in various land- and water-based activities, distinguishing between greenfield and brownfield activities is not considered appropriate.

To demonstrate GHG emission reductions or sequestration in agriculture, forestry or livestock projects, methodologies approved by the IPCC should be used, such as those included in the Ex-ante Carbon-balance Tool (EX-ACT). For specific sectoral projects or programmes, specialised assessment tools such as the Global Livestock Environmental Assessment Model (GLEAM) or those of other reputed institutions, may be applied. There may be instances where GHG assessment is not feasible, due to factors such as the complex interplay of GHG emissions and diversity of management practices in the agriculture sector. In such cases, proxy approaches may be used in a manner that upholds the principle of conservativeness in line with best international practices. Potential impacts due to leakage should be considered in GHG assessments where feasible to assess.

Category	Eligible activity	Screening criteria and guidance
Agriculture: energy efficiency	5.1. Reduction in energy consumption in operations	**Criteria** • For brownfield activities the project shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (for example, tCO_2e/unit of output), or energy intensity (for example, gigajoules/unit of output). • For greenfield activities, the project shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity, or energy intensity against a selected benchmark. **Guidance** • Potentially eligible activities include increasing energy efficiency of crop production and increasing use of energy-efficient equipment for agricultural processing and storage. • Examples of operations include traction, irrigation, pumping, pest management, harvesting, post-harvest crop processing, crop drying, crop cooling, storage and transport. For transport, see activities related to goods transport in Table 8: Transport.[5]
Agriculture: carbon sequestration	5.2. Agricultural projects that contribute to increasing the carbon stock in the soil or avoiding loss of soil carbon through erosion control	**Criteria** The project shall demonstrate a substantial increase in the above- or below-ground carbon stock. **Guidance** • Where appropriate, trade-offs between higher carbon and nitrogen levels in the soil on the one hand and higher emissions of nitrous oxide on the other should be addressed through appropriate management practices.[6] • In peatland restoration, trade-offs between avoided carbon loss and increased methane emissions should be addressed through appropriate management practices.[7]

[5] For non-road mobile machinery please also see Annex 5.3 for the minimum requirements on air emissions

[6] Higher levels of carbon and nitrogen can lead to higher emissions of nitrous oxide from soil, potentially offsetting mitigation benefits of higher soil-carbon content, because the soil organic carbon and nitrogen cycles are closely linked. It is therefore important to manage these trade-offs through optimised practices specific to the soil composition in each situation.

Category	Eligible activity	Screening criteria and guidance
	measures	• For activities or policy interventions that enable peatland conservation (for example, activities preventing mining of peat and drainage of peatlands), evidence of contribution to peatland conservation should be provided. • Potentially eligible activities include degraded land rehabilitation, erosion control measures, reduced tillage intensity and cover crops, crop rotation, higher inputs of organic matter to soil, processing and application of manure/digestate preferably with biogas capture for energy, perennial cropping systems, cultivation of deep rooting species, circular/integrated activities that enhance carbon stock, fire management, and peatland restoration and conservation.
Agriculture: GHG emission reduction	5.3. Reduction of GHG emissions from agricultural practices or technologies	**Criteria** • If data are available to enable calculations, the project shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (for example, tCO_2e per unit of output). • If the foregoing calculations are not feasible for a lack of data or the number of farms is large, the project shall use other relevant proxies (see examples in the guidance below) to demonstrate eligibility. **Guidance** • Potentially eligible activities include more efficient nitrogen fertiliser use (by improving the rate, type, timing, placement, or precision of application), manure management including anaerobic digestion, drainage management, improved crop breeds and biotechnology that reduce emissions, water management in paddy rice and soil-conservation practices.
Livestock: GHG emission reduction	5.4. Projects that reduce methane or other GHG emissions from livestock	**Criteria** • If data are available to enable calculations, the project shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (for example, tCO_2e per unit of output). • If the foregoing calculations are not feasible for a lack of data or the number of farms is large, the project shall use other relevant proxies (see examples in the guidance below) to demonstrate eligibility. • Introduced species shall not contribute to intact ecosystem degradation. **Guidance** • Potentially eligible activities include manure management with biodigesters, wastewater management, improved feeding practices, feed production with reduced GHG emissions or improved quality, local feed production including use of agricultural residues, investments in reducing feed losses along the value chain, improved animal welfare (such as reduced mortality and morbidity), improved animal husbandry (genetics, breeding and herd population management), sourcing low-emission feeds or forage and using feed additives (improved feed conversion efficiency, enteric methane inhibitor, improving nutrient efficiency). • Examples of proxies in the second criterion include improvement in the feed conversion ratio and internationally accepted sustainability certifications that promote improved agricultural practices with climate mitigation co-benefits. • Activities that improve the feed conversion ratio by converting grazing systems to intensive systems with off-farm feed

[7] Draining peatland increases peat oxidisation and hence emissions of CO_2 and nitrous oxide. Any management practices that lower the water table lead to losses of carbon and nitrogen from peatlands. Responsible management of peatlands, including rewetting, can help maintain peatland ecosystem services while supporting the improvement of local livelihoods and their adaptation to the changing conditions. However, drained peat soils do not typically emit methane while rewetted peatlands may emit more methane. It is therefore important to manage these trade-offs through optimised practices specific to the peat composition in each situation.

Category	Eligible activity	Screening criteria and guidance
		inputs are excluded.
Livestock: carbon sequestration	5.5. Livestock projects that improve carbon sequestration through rangeland management	**Criteria** The project shall demonstrate a substantial increase in the above- or below-ground carbon stock. **Guidance** Potentially eligible activities include improved pasture management to increase soil carbon stocks and reduce erosion, improved grazing management, circular or integrated activities that enhance carbon stock, promotion of silvopastoralism, and nitrification-inhibiting practices in pastures.
Forestry: GHG emission reduction and carbon sequestration	5.6. Forestry or agroforestry projects that sequester carbon through sustainable forest management, avoided deforestation or avoided land degradation	**Criteria** • The project shall demonstrate a substantial increase in the above- or below-ground carbon stock, or a substantial reduction in relative GHG emissions or carbon intensity (for example, tCO_2e/unit of output). • Activities that drain intact ecosystems or degrade hydrological systems shall not be eligible. **Guidance** • Evidence of human-assisted natural regeneration should be provided. • Potentially eligible activities include afforestation (plantations) and reforestation on previously deforested land (applying international best practices), and circular or integrated activities that enhance carbon stock, supply chains that promote sustainable agroforestry, restoration of degraded natural land-based habitats, biosphere conservation, policy interventions that explicitly protect carbon stocks (for example, through land-use zoning, enforcement of sanctions on deforestation, or sustainable intensification of land use), maintaining healthy forests, switching from conventional logging to reduced-impact logging, selective logging, land degradation prevention measures and fire risk mitigation.
Marine and other water habitats: GHG emission reduction	5.7. Projects that reduce GHG emissions from the degradation of marine ecosystems or other water-based ecosystems	**Criteria** • The project shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (for example, tCO_2e/unit of output). • Activities that drain intact ecosystems or degrade hydrological systems shall not be eligible. **Guidance** • Evidence for human-assisted natural regeneration should be provided. • Potentially eligible activities include restoration and protection of healthy marine habitats or mangroves, reforestation of seaweeds or kelp and habitat protection programmes.
Fisheries and aquaculture: GHG emission reduction	5.8. Projects that reduce CO_2e intensity in fisheries or aquaculture	**Criteria** • For brownfield activities, if data are available to enable calculations, the project shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (for example, tCO_2e/unit of output), or energy intensity (for example, gigajoules/unit of output) compared to a business-as-usual baseline. • For greenfield activities, if data are available to enable calculations, the project shall demonstrate a substantial reduction

Category	Eligible activity	Screening criteria and guidance
		in relative GHG emissions, carbon intensity, or energy intensity against a selected benchmark. • If the foregoing calculations are not feasible on account of a lack of data or because the number of farms is large, the project shall use other relevant proxies (see examples in the guidance below) to demonstrate eligibility. • Introduced species or technologies shall not contribute to the degradation or destruction of intact ecosystems or native fisheries. **Guidance** • Potentially eligible activities include improved energy efficiency in the fisheries or aquaculture value chain, for example, through more efficient fishing fleets, equipment and machinery; and activities that reduce emissions by using sustainable feeds. • Examples of proxies include improvements in the feed conversion ratio and internationally accepted sustainability certifications that promote improved aquacultural practices with climate mitigation co-benefits.
Food and diets: resource use efficiency	5.9. Projects that reduce food losses or waste or promote lower-carbon diets	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (tCO_2e/unit of output). **Guidance** Potentially eligible activities include: • food waste utilisation (circular-economy systems; see also activity 5.4) • policy interventions resulting in reduced food waste • Investments in avoided food losses along the value chain (for example, improved handling and storage infrastructure, more efficient logistics and better-managed cold-chain infrastructure to reduce crop or food spoilage) • activities supporting the value chain of low-GHG products — for example, plant-based proteins (such as pulse production and trading and pulse protein extraction) and other alternative proteins (such as insect-based proteins), reformulation of products with lower-GHG ingredients and products applying sustainability certifications with mitigation benefits.
GHG reduction through biomaterial production	5.10. Projects that contribute to the reduction of GHG emissions through the production of biomaterials/bioenergy from biomass	**Criteria** • The project shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (tCO_2e/unit of output). • Biomass shall be supplied from sustainable and socially acceptable sources, as demonstrated through compliance with internationally accepted sustainability certifications, and the activity shall not interfere with food security. **Guidance** • In demonstrating GHG emissions reductions for forest-sourced biomass used in biomaterials production, the biomass should be accounted as carbon that has been removed from the forest—per agriculture, forestry and other land use (AFOLU) as defined and covered by the IPCC guidelines for national GHG inventories—and consequently the biomaterials produced shall be considered carbon sinks that substitute for fossil-based or energy-intensive materials. • Baseline emissions should consider scope 3 emissions where they are expected to be material or adversely affect relative GHG emissions, which may also require setting the assessment boundary outside the physical limits of the project to adequately represent the baseline. • Two examples of internationally accepted sustainability certifications for forest-sourced biomass are the Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC).

Category	Eligible activity	Screening criteria and guidance
		• Activities that fall under activity 5.10 involve the production of biomaterials or bioenergy with lower GHG emissions and substitution of more carbon-intensive materials or energy sources downstream with such biomaterials or bioenergy. For other examples of bioenergy, see activities 2.1 and 7.6. • Potentially eligible activities include the production of bioenergy from biomass residues otherwise burned on site or not used as an energy source; the production of bio-plastics from cereals by-products; the production of asphalt from lignine; the production of durable fibrous biomass products replacing plastics or other petroleum-based products (for example, clothing); and other biomass materials (for example, wood-based products) replacing energy-intensive materials (such as concrete, steel or synthetic fibres); and the manufacturing of biomaterial-based products (for example, biochar, furniture) that are long lasting and store carbon during their useful lifetime. • Direct land-use changes should be included in the lifecycle GHG emissions analysis if they are deemed to make a material difference, and indirect land-use changes should also be considered where they are feasible to assess and expected to be material.

Table 6. Water supply and wastewater

For the purposes of Table 6, "water supply" refers to potable water.

Category	Eligible activity	Screening criteria and guidance
Energy and resource efficiency and demand management in water supply	6.1. Brownfield energy efficiency improvement in water supply systems through the deployment of low-energy-consumption technologies or equipment, the promotion of better auditing practices or the reduction of water losses	**Criteria** The project shall demonstrate a substantial increase in energy efficiency or a substantial reduction in relative GHG emissions. **Guidance** For water-supply activities involving infrastructure that is well within its original economic lifetime, energy efficiency improvements, including non-revenue water (NRW) reduction, will be assessed as a brownfield activity. Projects that include components for both NRW reduction and water-supply-system expansion will be disaggregated into brownfield and greenfield components whereby the one corresponding to the water supply system expansion (that is, an increase in the actual volume of water supplied) should be considered as a greenfield development under activities 6.2, 6.3, or 6.4 below.
Lower-carbon water supply	6.2. Lower-carbon greenfield water supply projects that replace tanker use or local coping mechanisms with a piped utility water supply system	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions. **Guidance** • For projects that replace water boiling with treatment by a utility at a water treatment plant, the treatment technology will need to be the best locally available technology to prevent the continued lock-in of highly emissive behaviours or technologies. • Potentially eligible activities include: - replacement of tanker use for water service delivery to end users with a piped network - reduction in household- or neighbourhood-level pumping (groundwater or surface water extraction, or pumping for distribution) powered by diesel fuel with a piped network that uses energy more efficiently, and - reduction in household boiling or other emissive household treatment options with access to treated water.
Energy efficiency and demand management in water supply	6.3. Greenfield water supply projects meeting high energy efficiency standards or making use of demand management	**Criteria** The project shall demonstrate that the relevant equipment meet at least one of the following three criteria: i) it substantially exceeds applicable energy efficiency requirements where such a legal framework is enforced; ii) it employs the best technology available in the country in the absence of such a legal framework, or iii) it is a zero-emission system, such as gravity-fed pipelines. **Guidance** Potentially eligible activities include: • requiring the most energy efficient technologies available locally for treatment, pipes, or pumping (groundwater or

Category	Eligible activity	Screening criteria and guidance
		surface water extraction, or pumping for distribution) • using gravity-based systems instead of pumping • employing rainwater harvesting and utilisation • locating water treatment plants, desalination plants, storage equipment, or other infrastructure where the need for pumping or additional treatment is reduced • using the best available technology in water supply sector (such as installing smart pumps and variable-frequency drives), and • making use of load or demand management.
Energy and resource efficiency and GHG emission reduction in water supply and wastewater management	6.4. Greenfield and brownfield projects that promote improved operation and maintenance to reduce water losses, promote energy savings, or meet or exceed wastewater treatment targets	**Criteria** The project shall demonstrate the specific focus of the operation and maintenance programme targeting substantial energy efficiency improvement, water savings, or reduced emissions from improved wastewater treatment. **Guidance** • The improved operation and maintenance programme can be either a dedicated energy efficiency, water savings, or wastewater treatment target programme, or a part of an overall programme to improve operation and maintenance across all metrics for the utility. For the latter, only the portion of the operation and maintenance programme dedicated to energy efficiency or water savings is eligible. • For use of biogas from anaerobic digestion of wastewater or sludge, see activity 2.5. • Potentially eligible activities include: - training programmes that emphasise leak detection and prevention, improved maintenance, or energy efficiency improvements - programmes implementing supervisory control and data acquisition (SCADA) systems expected to reduce water losses or reduce energy use, and - programmes ensuring that the levels of removal of biochemical oxygen demand (BOD) or five-day biochemical oxygen demand (BOD5), chemical oxygen demand (COD), or nitrogen[8] reach or exceed their targets.
GHG emission reduction in wastewater management	6.5. Greenfield projects that reduce methane or nitrous oxide emissions through wastewater, faecal sludge or septage collection and treatment	**Criteria** • The project shall demonstrate a substantial reduction in relative GHG emissions. • The treatment system shall remove BOD. If there is no treatment of the collected wastewater, faecal sludge or septage — that is, no BOD is removed — as part of the project, the activity shall not be eligible. • For projects using anaerobic treatment technologies only, anaerobic treatment projects that would otherwise generate an appreciable amount of methane shall use it in energy generation or production processes, or, if use of methane is not economically viable, flare methane to release carbon dioxide. Appropriate mitigation measures shall be put in place to minimise and control methane leakage. **Guidance**

[8] For wastewater, faecal sludge or septage systems that are ex-ante expected to result in relative GHG emissions reductions through collection and treatment, reaching or exceeding their targeted levels of BOD, BOD_5, COD or nitrogen removal are necessary for ensuring net emission reductions of methane or nitrous oxide.

Category	Eligible activity	Screening criteria and guidance
		• In the GHG assessment, the project scenario should account for both direct emissions from treatment and emissions from energy use for collection and treatment. • Collected wastewater, faecal sludge or septage should be treated soon after collection. • For use of biogas from anaerobic digestion of wastewater or sludge, see activity 2.5.
Energy efficiency and GHG-emission reduction in wastewater management	6.6. Brownfield projects for wastewater that reduce emissions through energy efficiency improvements or improved treatment targets	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions. **Guidance** • Less energy-intensive wastewater treatment technologies may have different rates of BOD/BOD_5, COD or nitrogen removal from the existing baseline technology. When switching from a more energy-intensive to a less energy-intensive treatment technology, the GHG analysis should reflect both changes in emissions due to energy demand for treatment and changes in direct emissions from treated wastewater for different levels of treatment. When comparing a baseline with project scenarios, the rate of removal and the effluent quality should be the same or higher in the project. • Projects that aim to improve treatment standards of BOD, BOD_5, COD or nitrogen should result in relative emission reductions of methane or nitrous oxide. The GHG analysis should reflect both changes in direct emissions due to improved treatment standards and changes in emissions from different energy demand for treatment. When comparing a baseline with project scenarios, the rate of removal and the effluent quality should be the same or higher in the project.
GHG emission reduction in wastewater collection	6.7. Greenfield or brownfield projects that improve latrines or collection of wastewater, faecal sludge, or septage	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions once treatment of the collected material is taken into account. **Guidance** • The project will be investing only in a collection (and not treatment) system, which in isolation would likely increase relative GHG emissions due to electricity or fuel usage. If the project is linked to an existing wastewater treatment plant or a treatment plant that will be built through a separate project implemented by a different entity, then the direct and indirect emissions from treatment should also be accounted for in assessing whether the activity would qualify for mitigation finance, because a reduction in relative GHG emissions due to treatment at the treatment plant level would only be possible due to the investment in the collection system. • Gravity-based collection systems as part of a wastewater treatment system in greenfield projects are eligible if they result in near zero energy-related GHG emissions due to a lack of energy use. • Increased collection rates from existing latrines and septic tanks in isolation may lead to an increase in relative GHG emissions from increased electricity use (from sewers) or fuel use (from vacuum trucks), although the increased treatment rate may lead to an overall reduction in relative GHG emissions for the project or activity. A reduction in time wastewater, faecal sludge, or septage spends in anaerobic conditions, such as septic tanks or latrines, can in isolation lead to a reduction in relative GHG emissions. Both of these factors should be included in the overall GHG analysis for brownfield projects targeting a higher collection rate. • These types of activities are often combined with building or improving latrines with reduced anaerobic conditions compared to the baseline scenario. Investments in latrine improvement are eligible for mitigation finance when

Category	Eligible activity	Screening criteria and guidance
		they result in a substantial reduction in relative GHG emissions and are combined with investments in wastewater, faecal sludge, or septage collection that lead to a substantial reduction in relative GHG emissions through collection and treatment.
Efficient use of wastewater	6.8. Wastewater reuse	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions between the wastewater reuse activity and the expected activity to be replaced or prevented. **Guidance** • Some wastewater reuse technologies, such as tertiary treatment for aquifer recharge, can be highly energy-intensive. The analysis of GHG emissions should capture the high level of energy intensity where applicable. • Potentially eligible activities include: - greywater reuse and blackwater reuse after treatment at the building or local level - treated wastewater reuse for irrigation - treated sludge as a fertiliser replacement, and - nature-based solutions using retention ponds or constructed wetlands as part of integrated flood risk management.

Table 7. Solid waste management

For all eligible activities in this table, the project should demonstrate the following to the extent possible and applicable:

- For investments in new waste infrastructure or the expansion or replacement of existing infrastructure, in particular for residual waste treatment and disposal (activities 7.9, 7.10, and 7.12), the project has appropriately considered the waste hierarchy principle in terms of national legislation (for example: prevention and recycling objectives and targets, and waste disposal objectives and targets) and waste management plans (for example: plans and measures to increase waste prevention, recycling and material recovery while developing residual waste management infrastructure), and can demonstrate that the activity will not result in long-term lock-in of overcapacities, which would in return deter or reduce the impact of current or future waste prevention and recycling or material-recovery measures. For this purpose, the project has adopted good practice, which bases the design capacity of waste management facilities on long-term waste generation forecasts for the relevant catchment area as well as on relevant waste management objectives and targets as defined in national legislation and waste management plans. The eligible activities apply to municipal solid waste or similar waste, which includes household, garden, park, commercial and institutional waste.

- The project has applied the proximity principle to the waste sourcing and transport system. The proximity principle is about treating and disposing of waste in reasonable proximity to where it had been generated to reduce CO_2e emissions from waste transport.

Category	Eligible activity	Screening criteria and guidance
Waste collection and transport	7.1. Separate collection and transport of source-segregated waste fractions	**Criteria** • The activity shall support recovery of eligible materials aimed at preparing them for reuse or recycling, including recovery and valorisation of bio-waste. • Separately collected waste fractions shall not be subsequently mixed where doing so may affect their potential for subsequent reuse, recycling or material recovery. • Where the activity does not use specialised equipment and facilities, financing shall be apportioned as described in the guidance below. **Guidance** • Specific examples of eligible materials for recovery and associated processes and infrastructure can be found in activities 7.3–7.8. • Source segregation and separate collection of recyclable waste may be in single or co-mingled material fractions. • Potentially eligible activities include the deployment or operation of (i) waste collection equipment, for example, bins and containers (including underground systems); (ii) waste collection and transport vehicles; (iii) technological equipment and applications of information and communications technologies, for example, for collection route optimisation, pay-as-you-throw schemes, product tracking and take-back systems; and (iv) construction or operation of infrastructure for separate waste collection, for example, civic amenity centres, vehicle depots, and vehicle washing, maintenance and repair facilities. • Only the portion of the investment associated with eligible material recovery activities is eligible. If there is no specialised equipment (for example, if waste collection vehicles or vehicle depots are used for both residual waste collection and separate waste collection), the financing is apportioned according to the proportion of the waste that is separately collected for eligible material recovery activities.
Waste storage and	7.2. Temporary	**Criteria**

Category	Eligible activity	Screening criteria and guidance
transfer	storage, bulking or transfer of separately collected, source-segregated waste fractions	• The activity shall support the recovery of eligible materials aimed at preparing them for reuse or recycling, including the recovery and valorisation of bio-waste. • Separately collected waste fractions shall not be mixed where doing so may affect their potential for subsequent material recovery, reuse or recycling. • Where the activity does not use specialised equipment and facilities, financing shall be apportioned as described in the guidance below. **Guidance** • Specific examples of eligible materials for recovery and associated processes and infrastructure can be found in activities 7.3–7.8. • Source segregation and separate collection of recyclable waste may be in single or co-mingled material fractions. • Potentially eligible activities include construction or operation of temporary storage, bulking, or transfer facilities and ancillary equipment and vehicles. • Only the portion of the investment associated with eligible material recovery activities is eligible. If there is no specialised equipment (for example, balers specific to recycling), the financing is apportioned according to the proportion of the waste destined to eligible material recovery activities.
Product reuse	7.3. Repair and reconditioning of products or product components to enable their reuse	**Criteria** • The project applying the Common Principles shall demonstrate that the activity satisfies all the conditions below: - Products would otherwise be discarded. - Products shall be put back to their original use. - Products shall not be intended for reuse in any activity contrary to the Common Principles. - The activity shall not compromise the ability to recover and recycle the products or their associated materials at the end of their useful life. • If the activity involves the repair of products that are at the end of their design life meeting obsolete energy efficiency standards, the project applying the Common Principles shall additionally demonstrate a reduction in relative GHG emissions over the products' extended life compared to a new replacement product that meets current international or national energy-efficient-product standards. **Guidance** • "Repair" and "reconditioning" are activities that aim to restore a product to a usable state by fixing or replacing faulty parts. • Potentially eligible activities include financing of construction or operation of facilities, workshops, or equipment to check, clean, recondition or repair recovered products or components in preparation for re-use.
Material recovery from solid waste	7.4. Material recovery from separately collected waste involving mechanical processes	**Criteria** • The activity shall be principally aimed at recovering secondary materials from waste in preparation for reuse or recycling. • Recovered materials shall be suitable for reuse or recycling. • The feedstock shall be segregated at source and collected separately (in single or co-mingled material fractions) and shall not be mixed subsequently where doing so may affect their potential for recovery and subsequent reuse or recycling. **Guidance**

Category	Eligible activity	Screening criteria and guidance
		• Examples of materials recovered through this activity include metals, glass, plastics, paper and cardboard, wood, textiles and textile fibres, bricks and other inert construction materials. • Potentially eligible activities include: i. greenfield projects — the construction or operation of new material recovery facilities applying mainly mechanical processes (such as dismantling, separation, sorting, crushing, shredding, and cutting) or organised processes to process waste into secondary materials in preparation for recycling ii. brownfield projects — the modification, replacement or upgrading of existing facilities that enable higher rates of material recovery or improved output quality, such as through the installation of equipment for optical, ballistic, or magnetic separation.
Material recovery from solid waste	7.5. Material recovery from separately collected or pre-sorted waste involving processes other than mechanical processes	**Criteria** • The activity shall be aimed at recovering secondary materials from waste in preparation for reuse or recycling. • Recovered materials shall be suitable for reuse or recycling. • Where the material recovery process or connected upstream and downstream processes require a significant amount of energy input (for example thermochemical processes such as pyrolysis and gasification), the project shall demonstrate a substantial reduction in relative GHG emissions compared to a relevant baseline scenario, taking account of scope 3 emissions that are expected to be material. On how to assess scope 3 emissions, see the guidance below. • The feedstock used shall be separately collected or pre-sorted waste and shall not be mixed where doing so may affect their potential for recovery and subsequent reuse or recycling. **Guidance** • Examples of typical feedstock used in this activity are plastic and rubber waste, spent oils, lubricants, solvents and other chemicals produced by households and businesses. • Potentially eligible activities include: i. greenfield projects — the construction or operation of new facilities applying physico-chemical, chemical or thermochemical processes (for example, re-refining and chemical recycling plants including solvent-based purification, chemical depolymerisation or thermal depolymerisation through pyrolysis or gasification) ii. brownfield projects — the modification, replacement or upgrading of existing facilities that enable higher rates of material recovery or improved output quality. • Where technically and economically viable, mechanical recycling should be given preference over chemical recycling. • While the main objective of the activity is the recovery of materials and substances, the use of process outputs for meeting own energy needs is allowed as long as all other criteria are fully met. For the sake of clarity, activities where the main objective is the recovery of fuels or energy from fossil feedstock are not eligible. • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis.

Category	Eligible activity	Screening criteria and guidance
Recovery and valorisation of bio-waste	7.6. Anaerobic digestion of separately collected bio-waste	**Criteria** • The bio-waste shall be segregated at source and collected separately. • The produced biogas shall be used productively (see examples below in the guidance). • The digestate produced shall be used as a natural fertiliser or soil conditioner (directly or after composting) or, where it can be demonstrated that there is no market for such use, it shall be used for other purposes (for example as backfilling or cover material) but shall not be incinerated. • Appropriate mitigation measures including a monitoring plan shall be put in place to control methane leakages from relevant processes in industrial-scale facilities. For small-scale anaerobic digestion units (for example, in small farms), appropriate mitigation measures shall be applied that are technically and economically feasible. **Guidance** • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, offices, restaurants, wholesale, canteens, caterers and retail premises; and comparable waste from food processing plants. • Co-processing with other types of biodegradable waste and residues (for example, from agriculture) is allowed where doing so does not negatively affect methane yields or the quality and potential use of the digestate. • Examples of productive use of biogas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock. • Potentially eligible activities include: i. greenfield projects — the construction or operation of new plants and small-scale units for anaerobic digestion of bio-waste, for biogas treatment or utilisation, or for the treatment of digestates for use as fertilisers or soil conditioners ii. brownfield projects — the modification, replacement or upgrading of existing facilities resulting in - improved methane yields from the anaerobic digestion process (for example, by enabling co-digestion of bio-waste with other biodegradable feedstock such as agricultural residues and manure) - reduced methane leakages (for example, sealed digestate storage tanks) - enhanced biogas utilisation (for example, through biogas conversion to bio-methane and its compression for use as a fuel or injection in a natural gas grid), or - enhanced digestate utilisation (for example, through additional composting and storage). • Specific guidance and examples of methods for monitoring methane emissions from anaerobic digestion plants can be found in Methane emissions from biogas plants: Methods for measurement, results and effect on greenhouse gas balance of electricity produced, available at https://www.ieabioenergy.com/wp-content/uploads/2018/01/Methane-Emission_web_end_small.pdf, and Best Available Techniques (BAT) Reference Document for Waste Treatment (section 6.6.2), available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-11/JRC113018_WT_Bref.pdf.
Recovery and valorisation of bio-waste	7.7. Composting of separately collected bio-waste	**Criteria** • The bio-waste shall be segregated at source and collected separately. • Where national legislation requirements on fertilising products are met, the compost produced shall be used as a natural fertiliser or soil conditioner or, where it is not meeting the environment, health and safety standards or it can be demonstrated that there is no market for such use, it shall be used for other purposes (for example, as backfilling or cover material) but shall not be incinerated. • Appropriate mitigation measures including a monitoring plan shall be in place to control methane emissions from relevant processes in industrial-scale facilities. For small-scale composting schemes, appropriate mitigation measures shall be applied that

Category	Eligible activity	Screening criteria and guidance
		are technically and economically feasible. **Guidance** • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, offices, restaurants, wholesale, canteens, caterers or retail premises; and comparable waste from food processing plants. • Co-processing with other types of biodegradable waste and residues (for example, from agriculture) is allowed where doing so does not negatively affect the quality or potential use of the compost. • Potentially eligible activities include: i. greenfield projects — (a) the construction or operation of new composting plants, including equipment for the conditioning of composts for use as fertilisers or soil conditioners; and (b) deployment of household and community-based composting schemes ii. brownfield projects — the modification, replacement or upgrading of existing facilities resulting in a reduction of methane emissions from composting plants (for example, equipment for active aeration of windrows) or improvements in compost quality (for example, equipment for compost conditioning and valorisation). • Where technically and economically viable, anaerobic digestion should be given preference to composting. • Specific guidance and examples of methods for monitoring methane emissions from large-scale biological waste treatment plants can be found in Best Available Techniques (BAT) Reference Document for Waste Treatment, available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-11/JRC113018_WT_Bref.pdf.
Recovery and valorisation of bio-waste	7.8. Other types of recovery and valorisation of bio-waste	**Criteria** • The bio-waste shall be segregated at source and collected separately, and not subsequently mixed in a way that would negatively affect the recovery processes or the quality of the products. • Recovered materials or biofuels shall meet relevant international or national industry-specific legislation, regulations, standards, or user specifications for the intended use. • Where the material recovery or valorisation process or connected upstream or downstream processes require a significant amount of energy input in the project or the baseline scenario, the project shall demonstrate a substantial reduction in relative GHG emissions compared to a relevant baseline scenario, taking account of scope 3 emissions that are expected to be material. For information on how to assess scope 3 emissions, see the guidance below. **Guidance** • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, markets, offices, restaurants, wholesale, canteens, caterers or retail premises; and comparable waste from food processing plants. • Co-processing with other types of biodegradable waste and residues (for example, from agriculture) is allowed where doing so does not negatively affect the potential use of the process outputs and residues. • Examples of recovery and valorisation activities include the production or extraction of bio-based materials, biofuels, nutrients, or chemicals from bio-waste. • Potentially eligible activities include implementation or operation of greenfield and brownfield projects that adopt technologies and processes for the recovery and valorisation of bio-waste other than those included in activities 7.6 and 7.7, such as production of biodiesel from vegetable oils, production of food and feed ingredients (protein, fats, peptides), and fertiliser manufacture (struvite and ammonium sulphate) from urban biowaste. • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in

Category	Eligible activity	Screening criteria and guidance
		relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis.
Treatment of mixed residual waste	7.9. Mechanical or biological treatment of mixed residual waste	**Criteria** • The project shall demonstrate a substantial reduction in relative GHG emissions compared to the alternative waste management and disposal method, taking account of scope 3 emissions that are expected to be material. On how to assess scope 3 emissions, see the guidance below. • Materials recovered in the mechanical separation stage shall be suitable for recycling. • Where the feedstock contains a material amount of biowaste fractions and where the treatment outputs are to be landfilled, biological treatment shall be compulsory to stabilise organic components and thus minimise methane emissions from landfills. • In addition, where the activity concerns anaerobic digestion of the organic waste fraction or production of refuse-derived fuel (RDF) or solid-recovered fuel (SRF), the following criteria shall apply: - For anaerobic digestion of the organic waste fraction, the produced biogas shall be used productively. Further, appropriate mitigation measures and a monitoring plan shall be in place to minimise and control methane leakages from relevant facilities. - For the production of RDF or SRF, the fuel so produced shall be suitable for use as an alternative fuel. **Guidance** • Mechanical-biological treatment plants (MBT) are designed to treat mixed municipal waste and similar residual waste streams and can have many different design configurations. Plant configurations always combine mechanical sorting (upstream or downstream in the process) with biological treatment of the bio-waste fraction (for example, anaerobic treatment with biogas recovery, aerobic treatment or composting or bio-drying). • Where the mixed waste feedstock treated contains no or only insignificant amounts of bio-waste (as in mixed construction and demolition waste or mixed industrial waste) plants perform solely a material recovery function, similar to facilities under activity 7.4. • Bio-waste means biodegradable garden and park waste; food and kitchen waste from households, markets, offices, restaurants, wholesale, canteens, caterers or retail premises; and comparable waste from food processing plants. • Examples of materials recovered by mechanical separation include metals, plastics, paper and cardboard. • Examples of productive use of biogas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock. • Potentially eligible activities include: i. greenfield projects — the construction or operation of facilities including mechanical processes for sorting and separating waste and biological treatment processes for the bio-waste fraction, and ii. brownfield projects — the modification, replacement or upgrading of existing facilities that result in - higher material recovery rates or improved output quality - reduced methane leakages - enhanced biogas utilisation (for example, through biogas conversion to bio-methane, its compression and injection in a natural gas grid), or - enhanced digestate utilisation (for example, through additional lines for treatment of separately collected bio-waste).

Category	Eligible activity	Screening criteria and guidance
		• Eligible financing is limited only to plant components and processes with a climate mitigation impact, which include: (i) mechanical separation of recyclable materials, (ii) mechanical separation of RDF or SRF, (iii) mechanical separation and biological treatment of the biodegradable fraction, and (iv) renewable energy production. Where separation of financing is possible, the entire investment cost of the relevant plant components (for example, biological treatment and energy recovery facilities) shall count towards eligible financing. Where separation of financing is not possible (for example, mechanical sorting plant) financing shall be apportioned according to the waste throughput capacity and the eligible financing shall be the percent share of the sum of relevant process output fractions (see points i–iii above). In the case of RDF/SRF, the eligible financing shall be limited to the percent share of its renewable (biogenic) fraction (organics, paper, cardboard). • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis. • Specific guidance and examples of methods for monitoring methane emissions from anaerobic digestion plants can be found in Methane emissions from biogas plants: Methods for measurement, results and effect on greenhouse gas balance of electricity produced, available at https://www.ieabioenergy.com/wp-content/uploads/2018/01/Methane-Emission_web_end_small.pdf, and Best Available Techniques (BAT) Reference Document for Waste Treatment, available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-11/JRC113018_WT_Bref.pdf
Treatment of mixed residual waste	7.10. Waste incineration with energy recovery (waste-to-energy) from mixed residual waste, RDF or SRF	• Potentially eligible activities include: i. greenfield projects — the construction or operation of waste incineration plants with highly efficient energy recovery in the form of electricity or heat or cooling and material recovery from incineration bottom ash, and ii. brownfield projects — the modification, addition or upgrading of a process technology that results in enhanced energy recovery or material recovery. • Waste incinerators recover energy from mixed waste streams including renewable and fossil fractions. Eligible financing refers only to the renewable energy component. Given that a separation of financing is not possible, financing shall be apportioned according to the plant's renewable and fossil energy generation capacities. • In demonstrating a substantial reduction in relative GHG emissions, scope 3 emissions should be quantified to the extent possible and on a best-effort basis, particularly where the activity's scope 1, scope 2, and consequential emissions result in relative GHG emissions that are (i) positive (that is, GHG emissions in the project scenario are higher than in the baseline scenario) or close to zero, or (ii) negative but with material scope 3 emissions that can result in relative positive GHG emissions. By contrast, if the relative GHG emissions are already substantially negative even without accounting for scope 3 emissions and inclusion of the latter is expected to decrease relative GHG emissions further, quantification of scope 3 emissions may be omitted and replaced with a qualitative analysis. • Specific guidance and examples of best available techniques for improving energy efficiency in waste incinerators in the European Union can be found in Best Available Techniques (BAT) Reference Document for Waste Incineration, available at https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/best-available-techniques-bat-reference-document-waste-incineration-industrial-emissions.
Landfill gas capture, abatement and	7.11. Landfill gas capture,	**Criteria** • The captured landfill gas shall be used productively or, where doing so is not economically viable, flared.

Category	Eligible activity	Screening criteria and guidance
utilisation	abatement or utilisation as part of the closure of old landfills, landfill cells or dumpsites	• Appropriate mitigation measures including a monitoring plan shall be in place to control methane emissions from the landfill body and possible leakages from relevant landfill gas management facilities. **Guidance** • Examples of productive use of landfill gas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock. • Potentially eligible activities are limited to: (i) installation or operation of landfill gas capture and abatement systems (for example, extraction wells and piping systems, blower-flare systems, containment and capsulation measures, including permanent landfill cover layers and bio-filters with a landfill-gas-emission abatement function), and (ii) landfill gas treatment and utilisation systems (for example, facilities for energy production, or to upgrade to bio-methane, compress for use as a vehicle fuel or injection in a natural gas grid). • Guidance on best practice concerning landfill gas emission control and utilisation is available from various international and national organisations, including Landfill Operational Guidelines 3rd Edition, available at iswa_-_landfill_operational_guidelines_3rd_edition.pdf (wehrle-werk.de), and "Landfill gas control - Guidance on the landfill gas control requirements of the Landfill Directive" and links contained therein to further guidance documents recommended by EU member states, available at https://ec.europa.eu/environment/waste/landfill/pdf/guidance on landfill gas.pdf.
Landfill gas capture, abatement and utilisation	7.12. Landfill gas capture, abatement or utilisation in new sanitary landfills or landfill cells	**Criteria** • The project shall demonstrate that the new sanitary landfill will result in a substantial reduction in relative GHG emissions compared to the relevant baseline scenario for waste management and disposal. • The captured landfill gas shall be used productively, or where utilisation is not economically viable, flared. • Appropriate mitigation measures including a monitoring plan shall be in place to control methane emissions from the landfill body and possible leakages from relevant landfill gas management facilities. **Guidance** • Examples of productive use of landfill gas are as a fuel for electricity generation, heat generation, cooling, and cooking; a vehicular fuel; a fuel after being upgraded to bio-methane for injection in the natural gas grid; and an industrial feedstock. • Potentially eligible activities are limited to the installation or operation of landfill gas capture, treatment and utilisation systems, and the containment and capsulation measures required for the collection and management of landfill gas if the baseline has no GHG emission control measures in the jurisdiction. - Examples of landfill gas capture systems are extraction wells and piping systems, blower-flare systems, and where the activity includes the closure of previously filled cells, also permanent landfill cover layers or bio-filters with landfill-gas-emission abatement functions. - Examples of landfill gas treatment and utilisation systems are facilities to produce energy or to upgrade the captured landfill gas to bio-methane and compress it for use as a vehicular fuel or for injection in a natural gas grid. • Examples of the containment and capsulation measures are the landfill cells that contain and capture the waste from which the landfill gas is extracted. • Guidance on best practice concerning landfill gas emission control and utilisation is available from various international and national organisations, including Landfill Operational Guidelines 3rd Edition, available at iswa_-_landfill_operational_guidelines_3rd_edition.pdf (wehrle-werk.de), and "Landfill gas control - Guidance on the landfill gas control requirements of the Landfill Directive" and links contained therein to further guidance documents recommended by EU member states, available at https://ec.europa.eu/environment/waste/landfill/pdf/guidance on landfill gas.pdf.

Category	Eligible activity	Screening criteria and guidance
Energy efficiency	7.13. Brownfield projects aimed at improving energy efficiency in waste management facilities	**Criteria** • Energy efficiency interventions shall be eligible only for waste management plants that are eligible under the Common Principles (activities 7.1–7.12). • The project shall demonstrate a substantial reduction in relative GHG emissions from the energy efficiency improvement. **Guidance** • Potentially eligible activities include the modification, retrofitting or upgrading of existing plant equipment aimed at increasing energy efficiency. • The project should demonstrate that the activity will not result in long-term lock-in effects in cases where energy efficiency improvement is part of a larger replacement, modernisation or capacity extension project for an existing residual waste treatment facility, because such effects would deter waste prevention or more efficient resource management in accordance with the waste hierarchy principle. • Examples of best available techniques for increasing energy efficiency in various types of waste management installations in the European Union can be found in Best Available Techniques (BAT) Reference Document for Waste Treatment, available at https://eippcb.jrc.ec.europa.eu/sites/default/files/2019-11/JRC113018_WT_Bref.pdf, and Best Available Techniques (BAT) Reference Document for Waste Incineration, available at https://publications.jrc.ec.europa.eu/repository/handle/JRC118637.

Table 8. Transport

Category	Eligible activity	Screening criteria and guidance
Urban and rural transport	8.1. Urban and rural public transport projects	**Criteria** • The project shall demonstrate a modal shift from a higher-carbon mode, except where the activity improves the performance of an existing eligible public transport system. • Road infrastructure shall be eligible in the case of dedicated public transport infrastructure. **Guidance** • Modal shift includes the prevention of future shifts to higher-carbon modes. • Both fleets and infrastructure that are fundamental to the operation of public transport services are eligible. • For road infrastructure projects where the cost of the dedicated infrastructure is not well defined or where disaggregated cost information is not available, financing is proportional to the percentage of the infrastructure dedicated to public transport. • Activities that improve the performance of an existing public transport system are eligible. These activities are exempt from demonstrating a modal shift. • Potentially eligible activities include buses, bus rapid transit, trams, metro, cable cars, monorails, rail transit and ferries used in public transport. • Technology-substitution projects (without a modal shift) are addressed in activity 8.6.
Urban and rural transport	8.2. Non-motorised transport (NMT) or electric personal mobility	**Criteria** Road infrastructure shall be eligible in the case of dedicated NMT infrastructure. **Guidance** • Both fleets and infrastructure that are fundamental to the operation are eligible. • For road infrastructure projects where the cost of the dedicated infrastructure is not well defined or disaggregated cost information is not available, financing is proportional to the percentage of infrastructure dedicated to NMT schemes. • Two examples of NMT are bicycles and pedestrian mobility.
Low-carbon inter-urban transport	8.3. Inter-urban railway projects for freight or passengers	**Criteria** • The project shall demonstrate a modal shift from a higher-carbon mode, except when the activity improves the performance of an existing eligible railway system. • Activities dedicated to transport of fossil fuels or blended fossil fuels (where a high proportion of the blended fuel is a fossil fuel) shall not be eligible. **Guidance** • Modal shift includes prevention of future shifts to higher-carbon modes. • Both fleets and infrastructure that are fundamental to the operation of transport services are eligible. • Activities that improve the performance of an existing eligible railway system are eligible and are exempt from

Category	Eligible activity	Screening criteria and guidance
		demonstrating a modal shift. • For the criterion excluding the eligibility of activities "dedicated to the transport of fossil fuels or blended fossil fuels," dedication refers to fleets or infrastructure being acquired or built with the explicit intention of transporting or storing fossil fuels, even if the actual use additionally serves other purposes. • Blended fossil fuels refer to mixtures of fossil fuels and biofuels, such as a mixture of gasoline and bioethanol or petroleum diesel and biodiesel. • Technology-substitution projects (without a modal shift) are addressed in activity 8.6.
Low-carbon inter-urban transport	8.4. Bus or coach public passenger transport	**Criteria** The project shall demonstrate a modal shift from a higher-carbon mode. **Guidance** • Modal shift includes prevention of future shifts to higher-carbon modes. • Both fleets and infrastructure that are fundamental to the operation of transport services are eligible. • Technology-substitution projects (without a modal shift) are addressed in activity 8.6.

Low-carbon mode and efficiency improvement in maritime transport	8.5. Water transport projects for freight or passengers, or efficiency improvement	**Criteria**
		• The project shall demonstrate
		  ○ a shift from a higher-carbon to a lower-carbon mode, or
		  ○ a substantial reduction in GHG emissions,
		except where the activity improves the efficiency of an existing eligible inland waterway or short-sea shipping system.
		• In all cases, activities dedicated to transport of fossil fuels or blended fossil fuels (where a high proportion of the blended fuel is a fossil fuel) shall not be eligible.
		Guidance
		• Modal shift includes the prevention of future shifts to higher-carbon modes.
		• Both fleets and infrastructure that are fundamental to the operation of transport services are eligible.
		• For the criterion excluding the eligibility of activities "dedicated to the transport of fossil fuels or blended fossil fuels," dedication refers to fleets or infrastructure being acquired or built with the explicit intention of transporting or storing fossil fuels, even if the actual use additionally serves other purposes.
		• Potentially eligible activities include inland waterway, short-sea-and deep-sea shipping infrastructure and fleets.
		• Potentially eligible efficiency improvements include technical efficiency measures (such as improvements in design, propulsion, machinery and operation), route optimisation services, ship-to-ship route exchanges, enhanced monitoring systems, introduction of digitisation, and port-call synchronisation.
		• Activities that improve the efficiency of an eligible existing inland waterway or short-sea shipping system are exempt from demonstrating either a modal shift or a substantial reduction in emissions.

Low-carbon vehicles and associated infrastructure	8.6. Land-based, airborne, or waterborne vehicles transporting	**Criteria** Activities dedicated to transport of fossil fuels or blended fossil fuels (where a high proportion of the blended fuel is a fossil fuel)

Category	Eligible activity	Screening criteria and guidance
	passengers or freight with zero or low direct emissions, or associated infrastructure	shall not be eligible. **Guidance** • Direct emissions refer to tailpipe emissions. • Vehicles and associated infrastructure cover all modes. Innovative low-carbon aviation activities are covered in Table 11: Research, development, and innovation. • Vehicles, trains or waterborne vessels, or infrastructure that is fundamental to the operation of transport services, are eligible. • For the criterion excluding the eligibility of activities "dedicated to the transport of fossil fuels or blended fossil fuels," dedication refers to any otherwise eligible vehicles or associated infrastructure being acquired or built with the explicit intention of transporting or storing fossil fuels, even if the actual use also serves other purposes. • Potentially eligible activities include electric, hydrogen, hybrid, and plug-in hybrid vehicles and associated infrastructure.
Low-carbon fuels for transport	8.7. Transport operations using biofuels or synthetic fuels with low lifecycle GHG emissions	**Criteria** • Lifecycle GHG emissions shall not exceed the level of GHG emissions from the current fuel mix. • GHG emissions shall be substantially lower than corresponding GHG emissions of transport relying on fossil fuels. • For eligibility of biofuels, see activity 2.1. • Projects involving biofuel vehicles shall target fuel blends with significant shares of biofuels. When blended, only the portion of non-first-generation biofuel shall be eligible as climate finance. • Both fleets and infrastructure that are fundamental to the transport operation are eligible. **Guidance** • For guidance on biofuels, see activity 2.1. • Synthetic fuels with low lifecycle GHG emissions (or e-fuels) are those that use low-carbon feedstocks of hydrogen and CO_2. Examples are hydrogen in activity 4.9, captured CO_2 in activity 12.5, and CO_2 from direct air capture.
Transport demand management policy and systems	8.8. Transport demand management policy or associated intelligent transport systems (ITS)	**Criteria** Investments related to policy actions or ITS that are expected to lead to substantially decreased overall travel demand or modal shifts to more efficient modes shall be eligible. **Guidance** Potentially eligible activities include policy or systems leading to reduction in use of personal or freight transport and shifting from private car use to mass transit NMT, for example, transit-oriented development (TOD), low- or zero-emission zone, mobile sharing application providing access to alternative modes such as bicycles and scooters, and investments in ICT to increase traffic operational efficiency or enable shared mobility.
Low-carbon fuels for transport	8.9. Use of waste gas as a transportation fuel	**Criteria** For eligible waste gas, see activities 2.5, 6.4, 6.5, 7.6, and 7.9.

Category	Eligible activity	Screening criteria and guidance
		Guidance For guidance on eligible waste gas, see activities 2.5, 5.10, 7.6, and 7.9.
Air traffic management	8.10. Efficient air traffic management	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions to ensure that an increase in air traffic that may result from the activity does not negate the GHG-emission-intensity benefits. **Guidance** There is no specific guidance.
Efficiency and renewable energy in aviation	8.11. Efficient airport system operations or on-site renewable energy generation	**Criteria** • The project demonstrate a substantial reduction in relative GHG emissions from energy efficiency or other GHG reduction measures. • For eligibility of on-site renewable energy generation, see activity 2.1. **Guidance** • Potentially eligible activities include: - higher operational efficiency of aircraft movements in the airfield and in the landing and take-off cycle, and - energy efficiency improvements in equipment. • Criteria for ground transport activities (such as bus fleets, car fleets and people-movers) are covered in activities 8.6 and 8.7 above. • Criteria for airport buildings are covered in activities 10.1 and 10.2.

Table 9. Buildings, public installations and end-use energy efficiency[9]

Category	Eligible activity	Screening criteria and guidance
Energy efficiency, on-site renewable energy, CO_2e emission reduction and carbon sinks in buildings	9.1. Measures that reduce net energy consumption, resource consumption or CO_2e emissions, or increase plant-based carbon sinks in greenfield and brownfield buildings and associated grounds	**Criteria** • The party executing the activity shall commit to adopting measures that substantially reduce net energy consumption, resource consumption, or CO_2e emissions, or increase carbon sinks in the project design. • Where the eligible activity produces renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in eligible activity 2.1 or 2.2. **Guidance** • The portion of the financing estimated to be dedicated to the above measures is eligible. • Potentially eligible activities include the following: - Building design for lower energy consumption or GHG emissions - The use of building materials with low embedded GHG emissions (including low-carbon cement, and sustainable timber, bamboo, and wood), - The construction of building structures for high energy efficiency, such as advanced thermal protection of the building envelope, windows with low thermal conductivity/low-emissivity façade glazing, passive energy design, green roofs and green walls partially or completely covered with vegetation, thermal mass storage systems, and active or passive façade shading elements - Energy efficiency improvement in assets in existing buildings, such as mechanical and electrical systems; heating, ventilation and air-conditioning (HVAC); induction stoves; indoor and exterior lighting; and pumping and heat exchanger stations - The installation of high-efficiency vertical (elevators, escalators) and horizontal (travellator) transport systems; on-site high-efficiency transformers and systems for compensation of reactive power; passive or active filters of harmonics; high-efficiency appliances and equipment; and high-efficiency motors, pumps, fans, and drives with variable speed drives - The adoption of energy-management systems - The substitution or retrofit of existing heating, cooling or distributed power generation sources for higher efficiency, such as replacement of existing heating or cooling with higher-efficiency boilers or chillers, recovery and use of waste heat, and conversion to cogeneration or tri-generation. - Digital or other smart solutions and electrification infrastructure (for example, charging stations for electric vehicles; see also activity 8.6) and smart electric meters - The addition of on-site renewable energy sources (for example, solar photovoltaic, solar thermal collector) - The installation of heat pumps - The prevention or reduction of use of cooling agents, or replacement of cooling agents with those with lower global warming potential, or adoption of technologies and practices that minimise hydrofluorocarbon (HFC) leakages - Measures to minimise methane leakages

[9] This table should be read in conjunction with Annex 5.2, which details the EBRD's specific GET eligibility criteria for buildings.

Category	Eligible activity	Screening criteria and guidance
Energy efficiency, renewable energy, CO_2e emission reduction and carbon sinks in green buildings	9.2. Measures that reduce net energy consumption, resource consumption or CO_2e emissions, or measures that increase plant-based carbon sinks in new or retrofitted buildings and associated grounds, enabling certification standards to be met	**Criteria** • The party executing the greenfield activity shall commit to meeting green building certification criteria, as established by a certification agency recognised by the financial institutions involved in financing. • The certification standards eligible for climate finance shall be characterised by the following: - a statement of clear, comprehensive and stringent climate performance requirements - quality control by at least two independent experts from certifying entities at each stage of certification - final certification post-construction. • The certification standards eligible for GET finance are presented in Annex 5.2. **Guidance** • A local benchmark may serve as the baseline for energy, resource or GHG emissions intensity. • Examples of internationally recognised certifications are: Excellence in Design for Greater Efficiencies (EDGE), Building Research Establishment Environmental Assessment Method (BREEAM), certificate issued by the German Sustainable Building Council (DGNB), Haute Qualité Environnementale (HQE), GREEN STAR and Leadership in Energy and Environmental Design (LEED). • National or international certification programmes (such as the EU Energy Efficiency Directive, EU Energy Performance Directive and EU Energy Performance Certificates) can be used as appropriate. • If the activity comprises a large number of small buildings, certification of every building may be replaced with certification of a representative sample of buildings in the activity, in combination with legally binding covenants – to follow equivalent technical specifications and design that ensure a comparable climate mitigation impact required for certification – for the remaining buildings not subject to certification.
Energy efficiency, on-site renewable energy, CO_2e emission reduction and carbon sinks in public areas and installations	9.3. Measures that reduce net energy consumption, resource consumption or CO_2e emissions, or increase plant-based carbon sinks in public areas or installations	**Criteria** • The party executing the activity shall commit to adopting measures that substantially reduce net energy, resource consumption or CO_2e emissions, or increase carbon sinks as part of the project design. • Where the eligible activity uses renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in eligible activity 2.1 or 2.2. **Guidance** • The portion of the financing estimated to be dedicated to the above measures is eligible. • Potentially eligible activities include efficient lighting in streets and public areas, the establishment of public parks with trees serving as carbon sinks and the efficient irrigation of local vegetation.
End-use energy efficiency	9.4. Brownfield stand-alone end-use energy efficiency improvement or CO_2e emission reduction in existing appliances or equipment	**Criteria** The project shall demonstrate a substantial reduction in net energy consumption, resource consumption or CO_2e emissions. **Guidance** This activity covers end-use efficiency improvement not covered in activity 9.1 or other sector tables.

Category	Eligible activity	Screening criteria and guidance
End-use energy efficiency	9.5. New or replacement stand-alone energy-efficient appliances or equipment	**Criteria** • The project shall demonstrate a substantial reduction in net energy consumption, resource consumption or CO_2e emissions. • The activity shall use the best available technology or match or surpass country-appropriate technology benchmarks in performance. • Where highly efficient new appliances or equipment use a fossil fuel as the source of energy, the project shall demonstrate that the activity represents the development solution with the fewest GHG emissions, does not create carbon lock-in (for instance, that the lifetime is short) and documents showing that neither electric nor lower-carbon alternatives are feasible. • The electrification of appliances or equipment previously combusting a fossil fuel shall be eligible without the need for a demonstration of a substantial reduction in net energy consumption, resource consumption or CO_2e emissions where electrification is relatively rare for that type of appliance or equipment. **Guidance** • This activity covers end-use efficiency improvement not covered in activity 9.1 or 9.2 or other sector tables. • Potentially eligible activities include installation of highly efficient refrigerators with refrigerants with low global warming potential.

Table 10. Information and communications technology (ICT) and digital technologies

Category	Eligible activity	Screening criteria and guidance
Energy efficiency, renewable energy and CO_2e emission reduction	10.1. Energy efficiency improvement, renewable energy deployment or CO_2e emission reduction in existing data centres	**Criteria** • The project shall demonstrate a substantial reduction in net CO_2e emissions or carbon intensity. • Where the eligible activity involves renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in eligible activity 2.1. **Guidance** Potentially eligible activities include installing efficient information technology (IT) equipment, improving the efficiency of cooling systems, enhancing data-centre insulation and switching to cooling agents with lower global warming potential.
Energy efficiency and renewable energy	10.2. Greenfield data centres that meet best international practices for energy efficiency or that are supplied largely by on-site renewable energy generation	**Criteria** The eligible activity shall meet at least one of the following criteria: 1. The energy efficiency performance of the data centre complies with internationally recognised best practice guidelines or is substantially better than market standards or benchmarks. 2. Data centre buildings meet the criteria provided for greenfield buildings in activity 9.2. 3. The activity does not meet the first criterion above but energy consumed is largely or entirely from on-site renewable energy generation that meets the same criteria for low lifecycle GHG emissions as in activity 2.1 or 2.2. **Guidance** • If the greenfield data centre meets both criteria 1 and 2, the entire financing for the greenfield data centre is eligible. • If the greenfield data centre meets criterion 1 only, the financing should be apportioned to reflect the share associated with costs of the IT equipment and auxiliary equipment, for example, cooling and power equipment. • If the greenfield data centre meets criterion 2 only, the criteria and guidance for activity 9.2 are applicable and the financing for the building itself, but not IT equipment and auxiliary equipment, is eligible. • If the greenfield data centre meets criterion 3 only, the financing should be apportioned to reflect the share associated with costs of the on-site renewable energy. • An example of internationally recognised best practice guidelines is 2019 Best Practice Guidelines for the EU Code of Conduct on Data Centre Energy Efficiency (JRC), available at https://e3p.jrc.ec.europa.eu/publications/2023-best-practice-guidelines-eu-code-conduct-data-centre-energy-efficiency.

Category	Eligible activity	Screening criteria and guidance
Energy efficiency	10.3. Telecommunications networks with energy efficiency levels that meet best international practices	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions or that energy efficiency performance is substantially better than best market standards or benchmarks. **Guidance** • Where feasible, analysis of GHG emissions should take account of material lifecycle sources, including where scope 3 emissions are expected to be material, such as additional energy consumption in data centres to deal with increased data traffic. • Potentially eligible activities include the adoption of emerging telecommunications technologies, changes in processes resulting in energy savings, resource-use efficiency measures, and the implementation of energy-efficiency plans leading to a reduction in relative GHG emissions. • Two examples of standards that can be used to assess energy efficiency improvement are: - Operational energy Efficiency for Users (OEU); Technical Global KPIs for Fixed Access Networks (ETSI), available at https://www.etsi.org/deliver/etsi_gs/OEU/001_099/012/01.01.01_60/gs_OEU012v010101p.pdf; and - ETSI ES 203 228 V1.2.1 (2017-04): Environmental Engineering (EE); Assessment of mobile network energy efficiency (ETSI), available at https://www.etsi.org/deliver/etsi_es/203200_203299/203228/01.02.01_60/es_203228v010201p.pdf.
Electronic service delivery	10.4. The digitalisation of service delivery or internal operations, leading to a substantial reduction in travel or material use	**Criteria** The project shall demonstrate either of the following: • The activity supports a large-scale transformation of service delivery or operations, leading to a substantial reduction in relative GHG emissions in the long term, taking into account material lifecycle sources such as where scope 3 emissions are expected to be material. • The activity is the first of its kind -- in other words, no similar activity has been implemented previously in a certain geographical area or for a targeted sub-group and the activity has the potential to enable a substantial reduction in relative GHG emissions in the long term, taking into account material lifecycle sources such as where scope 3 emissions are expected to be material. **Guidance** • If the former service delivery model is not terminated, the continued use of non-electronic service delivery should be accounted for in the determination of relative GHG emissions. • Potentially eligible activities include the application of e-government services, telemedicine, mobile money, and teleworking.

Table 11. Research, development and innovation

Category	Eligible activity	Screening criteria and guidance
Research, development and innovation	11.1 Research on or development of renewable energy, energy efficiency improvement, low-carbon technologies or other technologies instrumental in achieving full decarbonisation	**Criteria** • Research, development and innovation activities shall carry out at least one of the following: - Directly support other activities identified in the Common Principles for climate change mitigation. - Support activities with the principal objective of mitigating climate change but that are not on the current eligibility list because they are new, innovative technologies or practices that are still far from commercialisation. • In all cases, activities shall aim to promote substantially lower GHG emissions compared with current practices, except where the current practice is already low in carbon and activities focus on development of equally low- or lower-emission technologies with new advantages, such as lower cost. • Activities that support low-carbon technologies but also directly support exploration, extraction, processing or transport of fossil fuels, or fossil fuel power generation (with the exception of technologies for carbon capture and storage), shall not be eligible. **Guidance** For carbon capture and storage or utilisation, see activity 12.5.

Table 12. Cross-sectoral activities

Category	Eligible activity	Screening criteria and guidance
Energy and resource-use efficiency	12.1. An activity that enables a reduction in energy or material use across a supply chain (upstream or downstream) through energy efficiency or resource-use efficiency improvements in the existing supply chain, through a shift to a less carbon-intensive supply chain, or by implementing circular economy systems	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions, taking into account material lifecycle sources, such as where scope 3 emissions are expected to be material. **Guidance** The boundaries for GHG assessment can be limited by excluding stages or activities in the supply chain that are expected to leave emissions unchanged. Any exclusion should be justified.
Waste heat recovery	12.2. Recovery for use or utilisation of process waste heat	**Criteria** The project shall demonstrate a substantial reduction in relative GHG emissions, carbon intensity (for example, tCO_2e/unit of output), or energy intensity (for example, gigajoules/unit of output). **Guidance** • Waste heat utilised is a by-product of another activity, the primary output of which is not heat. Examples of activities from which waste heat is recovered include industrial processes, metro systems, wastewater treatment plants, and data centres. • The recovered waste heat may be used by the entity generating such heat; may be combined across more than one entity, such as through urban planning or district energy networks; or may be used by a third party. • Potentially eligible activities include installing new equipment or improving processes to recover or use waste heat.
Demand reduction	12.3. An activity aimed at demand-side management	**Criteria** The project shall demonstrate a link between the activity and a reduction in demand for energy or resources. **Guidance** • The activity may be an investment project, policy, programme or technical assistance. • The activity is for demand-side management measures not already covered in the first 10 tables. • Potentially eligible activities include: - restraints on vehicle movements through parking policies or location- or time-specific charges or bans on certain categories of vehicle - utilities' attachment of remote devices to air conditioning units to turn them off and cycle during peak demand.

Category	Eligible activity	Screening criteria and guidance
Energy transition	12.4. Direct financing, policy actions, programmes or technical assistance to support the closure of fossil-fuel plants or other activities involving fossil-fuel extraction, processing or transport, including support for workers or communities affected by such closure	**Criteria** • Decommissioning of a fossil-fuel plant shall take place well before the end of its economic life. • Where financing is provided to decommission a fossil-fuel plant and demand for the services or goods provided by the plant is not falling, the project shall demonstrate that the system, including the replacement for the decommissioned fossil-fuel plant, is on a path to reducing fossil-fuel intensity. • Where financing is provided to terminate fossil-fuel extraction, the project shall demonstrate that the relevant entity (country, state, province or company) will, overall, be producing less of the fossil fuel in question. • For activities in support of workers or communities affected by closures, the activity shall be explicitly linked to the closure of a fossil-fuel plant or termination of activities devoted to extraction, transport or combustion of fossil fuels. • The retraining of workers for comparable jobs in fossil-fuel plants or activities involving fossil-fuel extraction, processing or transport shall not be eligible. **Guidance** • The second criterion is intended to ensure that a decommissioned fossil-fuel plant will not be replaced by another plant with a comparable or higher GHG emissions intensity. For example, financing provided to help decommission a grid-connected coal-fired power plant well before the end if its economic life would be eligible if the fossil-fuel intensity of electricity generation in the grid were declining. • The third criterion is similarly intended to ensure an overall decline in the extraction of a given fossil fuel. For example, the government of a major coal-producing state may commit to reducing coal production despite having plentiful remaining reserves, resulting in many retrenched workers. Support provided to such workers would potentially be eligible. • Two examples of emissive activities being terminated are coal mining and railway dedicated to transporting fossil fuels.
GHG emission reduction	12.5. Carbon capture, transport, storage, or utilisation	**Criteria** • The carbon capture of emissions from the combustion of fossil fuels to generate electricity shall be eligible only if there is permanent storage of CO_2 or utilisation that enables long-term storage. • Where the activity involves utilisation, the project's output shall replace raw materials. Furthermore, the project shall demonstrate a substantial reduction in relative GHG emissions or carbon intensity (for example, tCO_2e/unit of output), taking account of material lifecycle sources such as where scope 3 emissions or scope 1 emissions during construction are expected to be material. • Where transport or storage is shared between captured CO_2 and other gases, financing shall be apportioned according to the percentage of stored or transported gases that is captured CO_2, provided that if its end-use is known, it is also eligible for climate mitigation finance. • Single-use utilisation of captured CO_2 without further conversion shall not be eligible. **Guidance** • The last bullet point under the "Criteria" section of 12.5 refers to such uses of CO_2 as in greenhouses and carbonated drinks.

Category	Eligible activity	Screening criteria and guidance
		• Potentially eligible activities include financing provided specifically to enable the separation of oxygen from air for oxyfuel with post-combustion capture and storage or eligible utilisation; and pre-combustion capture.
Policy support and technical assistance for climate change mitigation	12.6. National, subnational or territorial cross-sectoral policy actions that aim to lead to climate change mitigation actions or technical support for such actions	**Criteria** Policy actions or technical support shall be for activities that will lead to an increase in carbon sinks or a substantial reduction in relative GHG emissions or, if the sector concerned is already low in CO_2e emissions, at a minimum not increase the current level of emissions. **Guidance** • Policies that largely support activities not eligible in the Joint MDB Methodology are not eligible. • Policy actions should be excluded if, even if they refer to the mitigation of global warming, they are unlikely to have mitigation effects in practice. • Potentially eligible policy actions include those supporting Nationally Determined Contributions (NDCs), long-term emission-reduction strategies, climate action plans, Nationally Appropriate Mitigation Actions (NAMAs) and plans for scaling up zero- or low-emission technologies and measures.
Policy support and technical assistance for energy or resource-use efficiency	12.7. Policy actions, programmes or technical assistance for establishing more stringent energy or resource-use efficiency standards or the more stringent enforcement of efficiency standards	**Criteria** No specific criteria apply. **Guidance** Potentially eligible activities include setting new or tighter energy efficiency standards, certification schemes and procurement schemes.
Monitoring	12.8. Systems or transparency tools for monitoring GHG emissions	**Criteria** Systems or transparency tools shall be expected to lead to an improvement in gathering data and information on GHG emissions. **Guidance** Systems or transparency tools for monitoring GHG emissions can be implemented at the national, subnational, sector or entity level.
Energy efficiency and renewable energy	12.9. Energy audits aimed at identifying the scope for increasing energy efficiency or on-site renewable energy	**Criteria** • The project document shall show that the audit will have a specific focus on reducing energy consumption or GHG emissions. • Where the audit identifies renewable energy, it shall meet the same criteria for low lifecycle GHG emissions as in activity 2.1 or 2.2.

Category	Eligible activity	Screening criteria and guidance
	generation	**Guidance** • The energy audit can be either a dedicated energy audit or part of an overall entity audit. For the latter, only the portion of the audit dedicated to the energy audit will be eligible. This would also apply to auditing potential sources of direct GHG emissions with the objective of reducing them. • Potentially eligible audits include identification of: - potential sources of energy savings and implementation of measures for such savings - potential sources of reductions in direct GHG emissions and implementation of measures for such reductions - potential sources of energy savings or reductions in direct GHG emissions with a view to implementing measures to achieve such savings or reductions in follow-up or future activities - potential use of renewable energy (beyond what is currently dispatched to the local grid).
Policy support and technical assistance for low-carbon development	12.10. Policy actions, programmes or technical assistance for establishing fiscal incentives for scaling up investments in or the deployment of low-carbon technologies and measures	**Criteria** Fiscal incentives for the promotion of natural gas to replace coal or oil shall not be eligible. **Guidance** Fiscal incentives can be provided at the national, subnational or sector level.
Policy support and technical assistance for carbon pricing	12.11. Policy actions, programmes or technical assistance that target carbon prices or other payments that have equivalent effects	**Criteria** The activity shall increase the effective prices paid by end-users for or the costs of producing goods and services with high lifecycle GHG emissions. **Guidance** Potentially eligible activities include carbon taxes, cap-and-trade systems, fossil-fuel subsidy reforms, higher excise taxes on fossil fuels, and shadow carbon prices for sectoral planning purposes.
Policy support and technical assistance for lower-carbon urban development	12.12. Policy actions, programmes or technical assistance for reducing unplanned low-density urban development or promoting densification, leading to the avoidance of a long-term lock-in of a higher-carbon built environment	**Criteria** • The project shall demonstrate that the activity is undertaken specifically to reduce unplanned low-density urban development compared with a business-as-usual scenario. • The project shall demonstrate that the activity will reduce energy needs or increase carbon pools through more efficient urban systems, limit the expansion of urban land compared with the baseline, or both. **Guidance** • Compared with the urban development scenario without the policy, the eligible activity should be expected to: - reduce overall direct and indirect energy demand through more efficient urban systems and land use, or - increase carbon pools in surrounding undeveloped natural or agricultural land.

Category	Eligible activity	Screening criteria and guidance
		• Potentially eligible activities include: - the promotion of mixed use and high-rise compact development, for example, permitting higher floor-area ratios, removing existing development restrictions in core urban areas to allow higher density and mixed use, and the redevelopment or retrofit of underused urban districts using compact growth strategies - the containment of urban expansion, for example, integrated urban spatial or zoning plans identifying higher development potential for core urban areas, low or no development potential for peripheral areas and demarcated green zones.
Capacity building and information dissemination	12.13. Education, training, capacity building or awareness-raising focused on climate change mitigation	**Criteria** No specific criteria apply. **Guidance** • Capacity-building and awareness-raising activities can be provided at the national, subnational, community, sector or customer level. • Potentially eligible activities include consumer awareness campaigns about food waste, energy efficiency, recycling and fossil-fuel subsidies.
CO_2e emission reduction	12.14. Programmes or systems that provide incentives or tools to units or teams within entities to manage and minimise GHG emissions and contribute to the entity's decarbonisation goals	**Criteria** Programme goals shall aim at minimising CO_2e emissions and contributing to the goal of achieving full decarbonisation. **Guidance** Potentially eligible activities include green procurement, payment of a premium for products with low-carbon footprints, energy performance contracting, internal carbon budgets or prices, and targets for reducing CO_2e emissions at the entity or unit level.
Information dissemination	12.15. Articulation of entity-level climate action or decarbonisation plans	**Criteria** Plans shall pursue the goal of reducing relative CO_2e emissions substantially and ultimately achieving full decarbonisation. **Guidance** There is no specific guidance.
Support for climate change mitigation	12.16. Technical services required to develop or implement climate change mitigation finance projects	**Criteria** Technical services shall directly support other eligible activities in the Joint MDB Methodology. **Guidance**

Category	Eligible activity	Screening criteria and guidance
		There is no specific guidance.
	12.17. Carbon trading or financial services or instruments	**Criteria** • Carbon trading services shall directly support other eligible activities in the Joint MDB Methodology. • Carbon trading or financing instruments shall directly support carbon assets from eligible activities in the Joint MDB Methodology. **Guidance** • Carbon trading services involve the establishment of services required to develop or implement climate change mitigation finance projects. • Carbon trading or financing instruments include carbon funds and are for the purchase, sale, trade, finance and guarantee of, or technical assistance for, activities related to carbon assets. • Carbon assets may be defined under international regulatory frameworks and standards under Article 6 of the Paris Agreement. These may also be defined by mechanisms such as the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) of the International Civil Aviation Organization (ICAO) or by international independent standards (such as Climate Action Reserve, Gold Standard and Verra) eligible under CORSIA or the voluntary carbon markets.

Annex 3. Positive list of other environmental activities

Category	Environmental activity	Criteria and comments
1. Sustainable use and protection of water and marine resources	1.1. Improvement of water supply and demand efficiencies, including leak-prevention, water supply from alternative and sustainable water sources, and performance optimisation	To qualify as GET, the project will be expected to demonstrate a quantifiable reduction in water use compared with the pre-project baseline.
	1.2. Improvement of drinking-water quality	Projects should introduce EU standards in areas where they were not previously being met.
	1.3. Increased access to piped water supply	Projects should lead to the creation or expansion of the water supply network and an increase in the number of people connected to it.
	1.4. Improvement of wastewater quality, including wastewater treatment and the efficiency of the wastewater collection network	Projects should introduce EU standards in areas where they were not previously being met.
	1.5. Optimisation of water use in the agricultural sector, including water-efficient irrigation	To qualify as GET the project will be expected to demonstrate a quantifiable reduction in water use compared with the pre-project baseline.
	1.6 Sustainable use and protection of marine resources	To qualify as GET, projects need to demonstrate additionality. Offsets or mitigation measures that address the negative impacts of a project will not qualify as GET unless they go substantially beyond legal requirements and normal good practice standards for the sector in that country.
2. Resource efficiency and transition to a circular economy	2.1. Sustainable waste management	Projects should introduce waste management practices compliant with EU standards in areas where they were not previously being met. The category includes waste minimisation, recovery, recycling, re-use and disposal activities as well as associated equipment and facilities that are required for the operation of a waste management plan.
	2.2. Sustainable supply-chain management activities that reduce environmental footprint	To qualify as GET, the project will be expected to demonstrate a quantifiable reduction in resource or energy use compared with the pre-project baseline.
	2.3. Sustainable building developments that reduce the environmental footprint of the buildings	To qualify as GET, the building developments will be expected to demonstrate a quantifiable reduction in materials and/or resources compared with the baseline.
	2.4 Transition to a circular economy	To qualify as GET, the project will be expected to meet the criteria of the European Commission's "Categorisation system for the circular economy" and to demonstrate physical environmental benefits
3. Pollution prevention and	3.1. Clean transportation, including green or SMART systems	Projects should result in a modal shift from a more polluting alternative compared with a viable baseline

control		scenario. Projects that improve local air quality will qualify as GET (for example, bus projects that lower the use of diesel and reduce particulate emissions).
	3.2. Air pollution management	Projects should tackle problems associated with air pollution and result in improved ambient air quality compared with the baseline scenario
	3.3. Industrial pollution prevention and control	For brownfield sites, the introduction of additional pollution prevention and control measures will qualify as GET if they are not introduced for regulatory compliance. The EU standard will normally be the benchmark. Greenfield projects will not normally qualify as GET under this category, unless they go substantially beyond good practice standards for that industry.
	3.4. Development and manufacturing of green products or environmental technologies	To qualify as GET, green products must have clear environmental benefits over equivalent products readily available in that market. See more information in Annex 5.6. The manufacturing of environmental technologies can qualify as GET if: (i) the purpose of the technology is to reduce pollution; and (ii) the technology is not linked one-to-one with a particular use that is required for regulatory compliance.[10]
	3.5. Environmental remediation, including: • regeneration of contaminated sites, and disused brownfield sites • rehabilitation and tailings management for abandoned mines • soil remediation	To qualify as GET, remediation must be associated with clear environmental benefits that result directly from the use of EBRD funds. Such benefits may include the removal or isolation of contaminants or a reduction in long-term risks to human health. Projects should normally be benchmarked to a recognised good-practice guideline or standard (such as the Dutch Target and Intervention Values, 2000).
	3.6. Environmental services and environmental management systems (EMS)	To qualify as GET, activities must be associated with clear environmental benefits that result directly from the use of EBRD funds. Associated equipment that is required for the provision of the environmental service, is also eligible. For EMS, only the capex related to setting up the system is eligible.
4. Protection and restoration of biodiversity and ecosystems	4.1. Sustainable land use (including sustainable forestry, agriculture and farming inputs)	To qualify as GET, projects need to demonstrate a quantifiable reduction in the use of fertilisers, energy or other resources compared with the pre- project baseline.[11] Greenfield projects will qualify as GET if they introduce innovative methods or go substantially beyond legal requirements and normal good practice standards for the sector in that country. Where possible, the project should be benchmarked to a recognised good practice guideline or standard.

[10] For example, the production of catalytic convertors for cars (a technology for air pollution abatement) cannot be considered GET as it is a technology linked one-to-one with use in conventional cars for regulatory compliance.

[11] Projects involving the conversion of land to certified organic farming need to demonstrate a strong link between the EBRD's financing and the conversion of land to certified organic farming. In particular, for projects with traders or retailers of organic products, this should be demonstrated through: i) a commitment covenanted in the EBRD's legal agreement in relation to a) the additional amount of certified organic products that will be purchased or traded and b) the size of the agricultural land to be converted from conventional farming practices to certified organic practice and the timeframe for the conversion (if the EBRD client is directly involved in the conversion); and ii) a strong post-signing MRV plan that will make it possible to confirm whether the conversion of land to certified organic farming has indeed occurred.

	4.2. Protection or improvement of ecosystems	To qualify as GET, projects need to demonstrate additionality. Offsets or mitigation measures that address negative impacts of a project will not qualify as GET unless they go substantially beyond legal requirements and normal good practice standards for the sector in that country.
	4.3. Projects aiming to reverse the ongoing depletion or decline of natural assets (such as natural capital, ecosystems or soil)	To qualify as GET, projects need to demonstrate additionality. Offsets or mitigation measures that address negative impacts of a project will not qualify as GET unless they go substantially beyond legal requirements and normal good practice standards for the sector in that country.

Annex 4. Approach to climate change adaptation activities

This Annex describes how the EBRD tracks and reports GET climate change adaptation activities and was updated in 2023 following the publication of the updated MDB joint methodology for tracking climate change adaptation finance.[12]

Annex 4.1. Tracking GET finance for climate change adaptation

Background and guiding principles

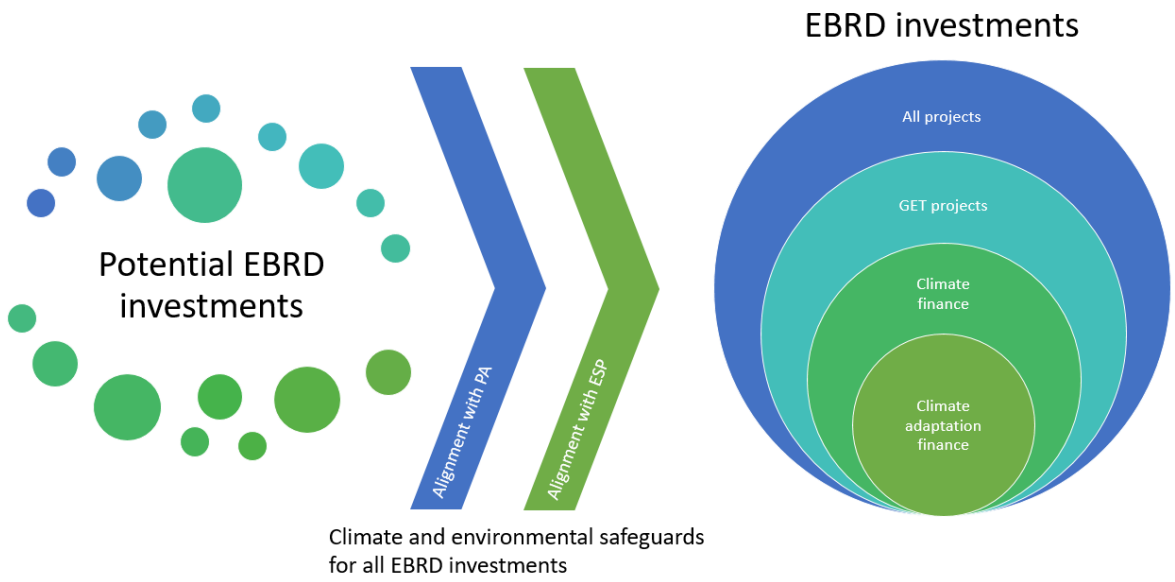
Adaptation finance is calculated in line with the joint MDB approach to tracking adaptation finance. This method uses a context-specific, location-specific and granular approach to identify adaptation activities. It is also conservative, which reduces the scope for over-reporting adaptation finance and establishes which elements of development operations are carried out in response to current or expected impacts of climate change.

In line with the overall MDB methodology for tracking climate finance, this granular approach considers the "sub-project" or "activity" level to be appropriate for tracking.[13] The following two categories of activities are considered: activities that are **adapted** to anticipate the impacts of climate change and activities that **enable** adaptation in a wider system. Further information on these categories is provided in the section: **Step 4 – Estimating GET adaptation finance.**

All projects financed by the EBRD need to show alignment with the adaptation and mitigation goals of the Paris Agreement (PA), following the approach set out in the *Methodology to determine the Paris Agreement alignment of EBRD investments*. As part of this commitment all potential investments are screened for exposure to physical climate risks. Furthermore, all projects need to demonstrate alignment with the EBRD's Environmental and Social Policy (ESP). As such, alignment with the goals of the PA and the Bank's ESP are requirements for receiving EBRD investments. Figure A.4.1.1 illustrates the positioning of GET adaptation finance allocation in relation to the Bank's PA and ESP frameworks.

[12] AfDB, ADB, AIIB, CEB, EBRD, EIB, IDB, IsDB, NDB and World Bank (2022) Joint Methodology for Tracking Climate Change Adaptation Finance. Available at: https://www.ebrd.com/mdb-joint-methodology-for-tracking-climate-change-adaptation-finance.pdf
[13] An activity is typically an economic activity or a distinctly different project element, for example, a sub-project within a PIP. Projects are not disaggregated to the level of individual capex line items or "measures".

Figure A.4.1.1: Illustration of the environmental and climate safeguards preceding GET adaptation finance attribution



Source: EBRD.

GET adaptation finance is attributed for activities that are identified as adaptation activities following the methodology set out below.

Applying the methodology for tracking adaptation finance

Climate change adaptation is context- and location-specific. Adapting to climate change requires a process-based approach to assess climate change vulnerabilities and identify and implement the activities needed to reduce such vulnerabilities, either at a system or project level, and/or maximise opportunities that may arise from a changing climate. Tracking adaptation finance therefore requires a similar process-based approach to identify adaptation activities within investments and attribute finance accordingly. The following sections describe how this process-based approach is applied to three different financial instruments: (i) investment and programme loans and grants; (ii) working capital; and (iii) intermediated financing, to identify adaptation activities and estimate adaptation finance. The approach to other financial instruments is applied on a case-by-case basis following the same principles.

Application in investment and programme loans and grants with known use of proceeds

Investment loans and grants with known use of proceeds are financial instruments where the project's sectoral and geographical scope is typically known in advance. With these financial instruments, the following three key steps should be followed to identify adaptation activities.

1. **Context of vulnerability:** The context of climate change vulnerability should be clearly set out for the activity using a robust evidence base. Project documents may refer to existing analyses and reports or to original, bespoke assessments of climate change vulnerability.[14, 15] Note that the context of vulnerability relates to the project boundary for activities that are adapted and the wider system for

[14] Good practice in conducting original, bespoke analyses entails using information from trusted sources that document the vulnerability of communities, physical assets and/or ecosystems to climate change, as well as using recent climate trends including any departures from historic means. These may be combined with climate change projections drawn from a range of climate model simulations, with high and low greenhouse gas emission scenarios, to explore the full range of projected impacts and uncertainties. Climate projection uncertainties should be presented and interpreted transparently. The timescale of projected climate change impacts should match the intended lifespan of the activities being financed through the project. For activities without clear lifespans (for example certain types of nature-based solutions or investments in operational expenses), an appropriate timescale of projected climate change impacts should be considered. Such assessments should be proportional to the vulnerabilities identified.

[15] The project's context of climate change vulnerability should be consistent with the Paris alignment BB2 screening (stage 1). Where there are differences from this screening they should be documented and explained.

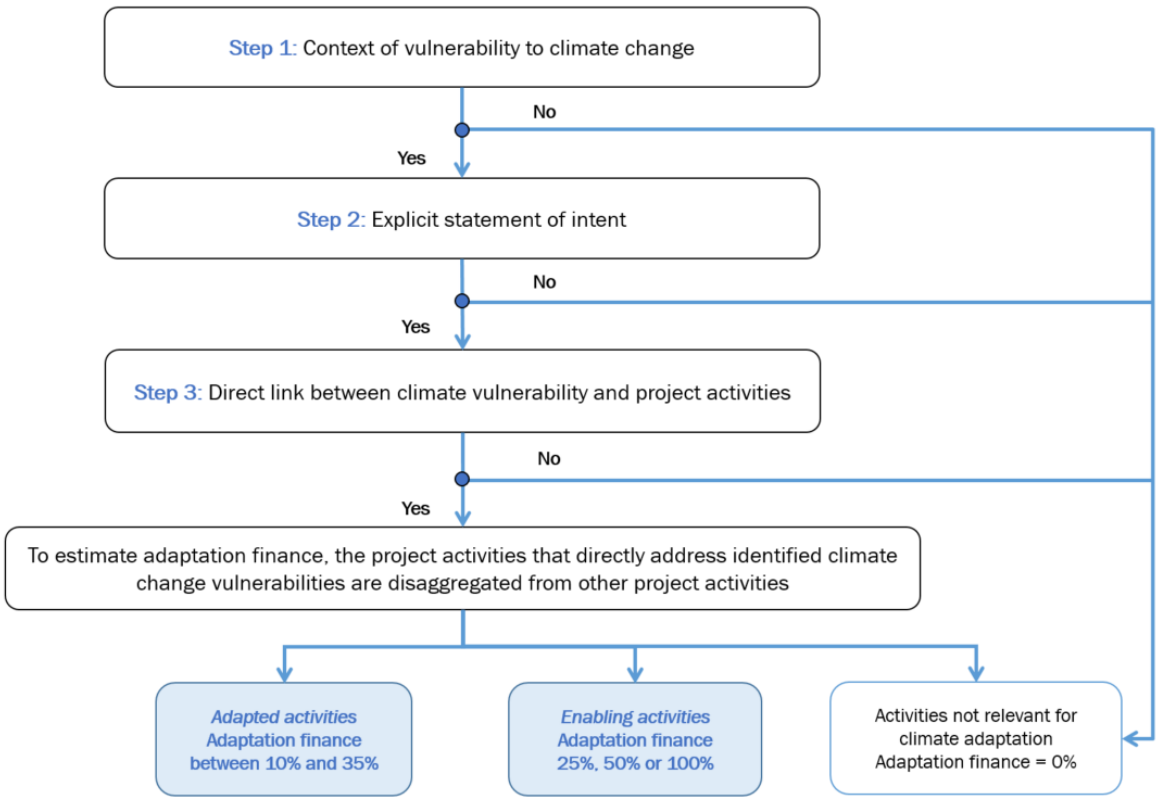
activities that enable adaptation. For further guidance see the section: Step 4 Estimating GET adaptation finance.

2. **Statement of intent:** The project documentation should set out the Bank's explicit intention to address the identified context-specific and location-specific climate change vulnerabilities (and potential opportunities). The methodology is flexible about the location and form of this statement of intent in the project documentation, as long as it is possible to record and track the rationale for each adaptation element linked to the climate vulnerability context described. A climate change adaptation activity's intention to reduce vulnerability is typically stated in the final technical document, documents for Board approval, internal memos and/or other project documents.
3. **Clear and direct link between climate change vulnerability and project activities:** In line with the principles of the overall MDB climate finance tracking methodology, the estimation of GET adaptation finance is based on finance allocated for specific project activities that are clearly linked to the identified context of climate vulnerability. Therefore, where possible, projects are disaggregated into discrete activities. Adaptation finance is attributed only to the activities that clearly respond to the context of climate change vulnerability. Each project activity can then be assessed as either an adaptation activity or not relevant for adaptation. When it is not possible to break a project down into activities, the project should instead be treated as a whole.

If these three steps are met, then adaptation finance is estimated following the approach set out in Step 4: Estimating GET adaptation finance.

Figure A.4.1.2 summarises the three steps for tracking adaptation finance in investment and programme loans, as outlined above.

Figure A.4.1.2: Tracking adaptation finance in investment and programme loans and grants



Source: EBRD.

Application in working capital transactions

Working capital is finance provided by the EBRD to an entity for operational expenditure. Working capital is considered to contribute to climate adaptation if it leads to, enables or supports the implementation and operation of adaptation activities.

The methodology on tracking adaptation finance in working capital identifies adaptation activities using the following three steps:

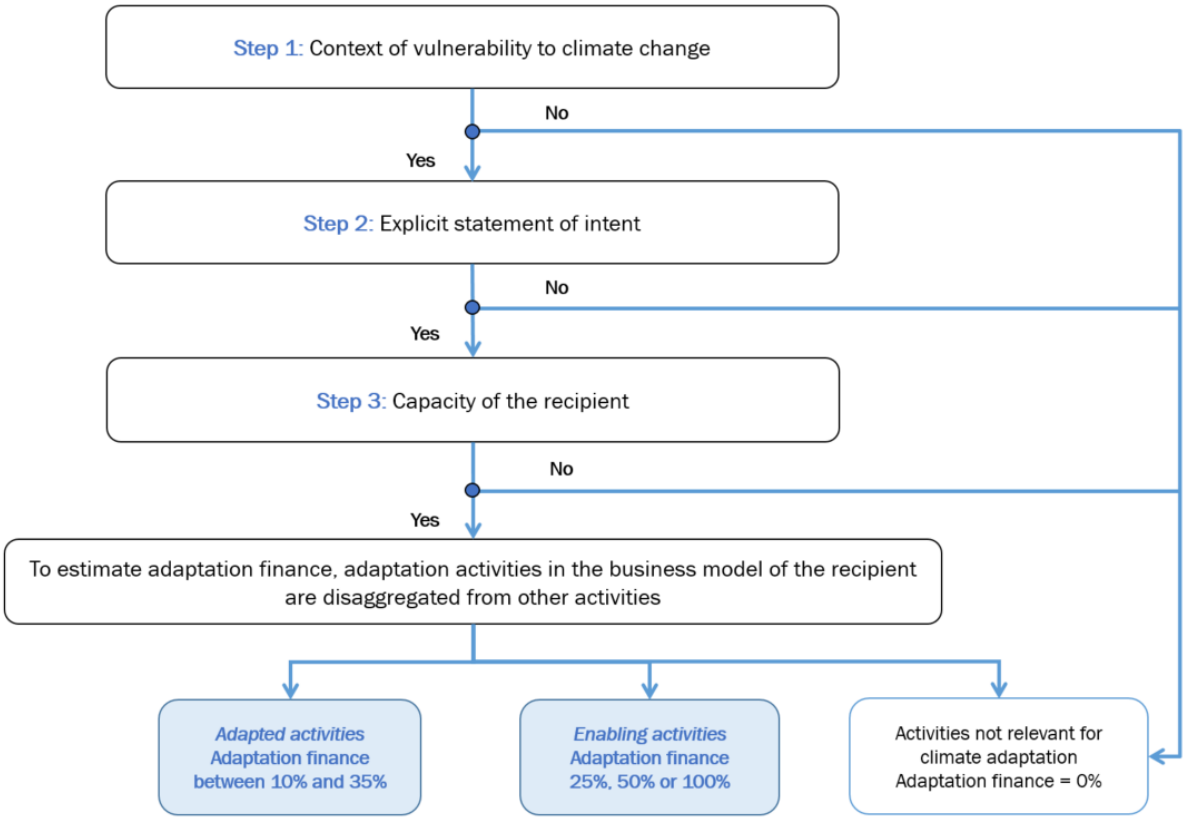
1. **Context of vulnerability:** The context of climate change vulnerability should be clearly set out for the recipient's business model or stakeholders of influence.[16][17]
2. **Statement of intent:** The recipient conducts adaptation activities and/or produces products or provides services that enable adaptation. This may, for example, include the use of sustainability certifications that require practices associated with reducing climate change vulnerabilities and maximising potential opportunities.[18] There must be a demonstrable link between the adaptation activities and the operations of the recipient, for example, they take place at the same business location or are part of a connected production process
3. **Capacity of the recipient:** The recipient has the institutional capacity to report on related adaptation activities, sustainability certifications that include adaptation practices, and/or information related to products or services that enable adaptation, or should otherwise commit to strengthening that capacity. Evidence of such capacity could include dedicated responsibility for climate change adaptation, corporate climate governance programmes, the disclosure of physical climate risk, or other evidence of processes that can support reporting on adaptation and climate resilience, for example via existing sustainability certification.

If these three steps are met, then the adaptation activities are disaggregated from other activities in the business model of the recipient. Adaptation finance is estimated by applying the percentages set out in Step 4 to the disaggregated adaptation activities. The approach to disaggregation is based on either the operational expenditures associated with adaptation activities, or other relevant proxy values such as revenues from adaptation activities and products.

Figure A.4.1.3 summarises the three steps for tracking adaptation finance in working capital transactions, as outlined above.

[16] The project's context of climate change vulnerability should be consistent with the Paris alignment BB2 screening (stage 1). Where there are differences from this screening, they should be documented and explained.
[17] 'Stakeholders of influence' may include stakeholders throughout the value chain that may have a direct or indirect influence on the climate change resilience of the borrower/investee, for example, agricultural suppliers, other water users in the same watershed or logistics organisations.
[18] Application of the relevant sustainability certifications should show that climate resilience criteria have been included, for example, agricultural certifications such as the Better Cotton Initiative (BCI) principles or buildings certifications such as BREEAM and LEED.

Figure A.4.1.3: Tracking adaptation finance in working capital transactions



Source: EBRD.

Application in intermediated financing

Intermediated financing is financing that the EBRD provides through banks, non-banking financial institutions, funds or other financial intermediaries. For intermediated operations there is often a high level of uncertainty about the use of proceeds in advance. In this case, estimating adaptation finance relies on a robust understanding of the activities that can contribute to adaptation within the geographical and sectoral scope of the transaction, and the capacity of the recipient to use this information to scope, implement and monitor these activities.

The process for tracking adaptation finance in intermediated financing identifies adaptation activities using the following three steps:

1. **Context of vulnerability:** The recipient has an understanding of climate change vulnerabilities and adaptation activities within the geographical and sectoral scope of the transaction, based on existing national/regional/local adaptation plans, other relevant information sources or an assessment developed by the EBRD.
2. **Statement of intent:** The recipient has a preliminary project pipeline or an initial list of activities covering the scope of the EBRD's transaction. If such a pipeline does not exist, the intermediary undertakes to develop and deliver one. In both cases, such a pipeline contributes to reducing climate change vulnerabilities and does not undermine relevant adaptation strategies and plans. This commitment should be reflected in project documentation and realised by the time the EBRD's finance is fully utilised.
3. **Capacity of the recipient:** The recipient has the institutional capacity to identify and report on adaptation activities, or should otherwise commit to strengthening that capacity. Evidence of this capacity could include dedicated responsibility for climate change adaptation, a climate risk management system, the

disclosure of physical climate risk, or other evidence of processes that can support the identification of physical climate risk and adaptation activities.[19]

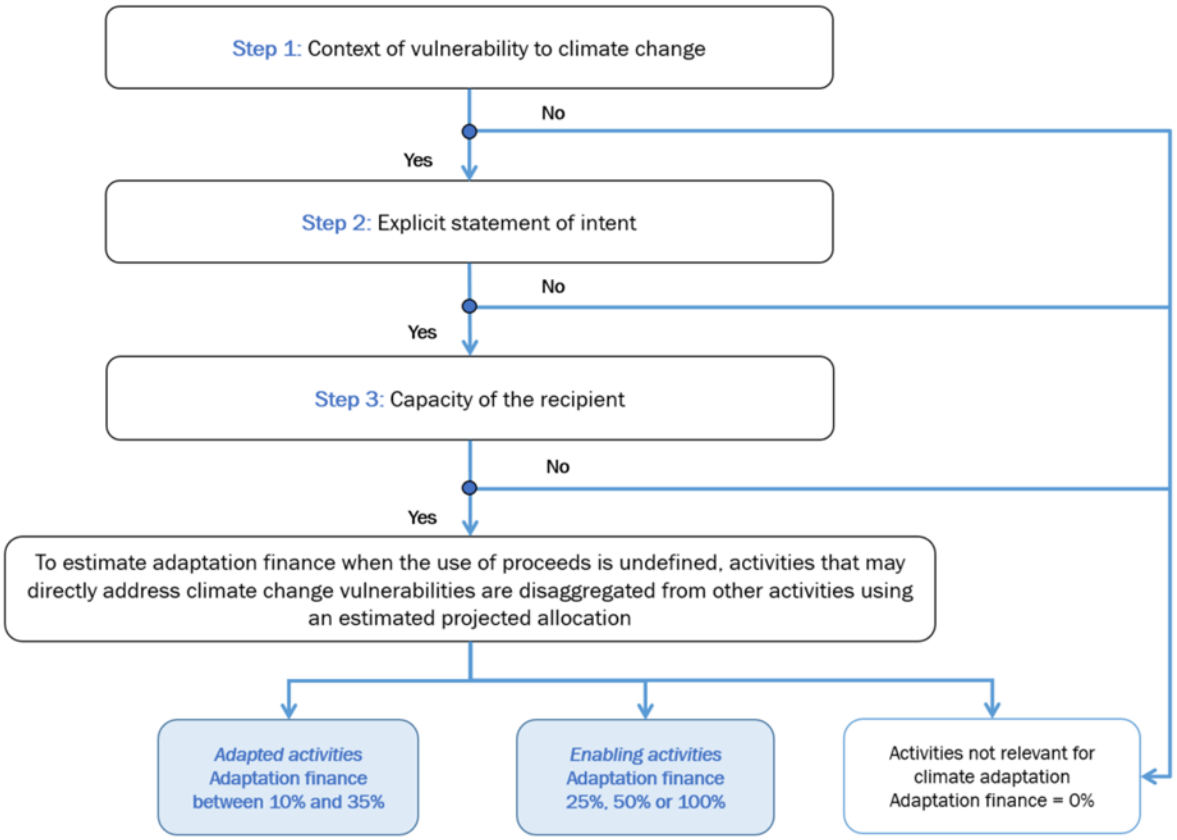
If these three steps are met, then the adaptation activities are disaggregated from other activities in the transaction and adaptation finance is estimated following the approach set out in the section Step 4: Estimating GET adaptation finance. The approach to disaggregation depends on whether the project pipeline is known or undefined as follows:

- When adaptation activities in the project pipeline are known: adaptation finance is estimated by disaggregating adaptation activities from other activities included in the initial project pipeline and applying the percentages set out in step 4 to those adaptation activities.
- When adaptation activities in the project pipeline are undefined: adaptation activities are estimated using a projected allocation of activities that contribute to adaptation.[20] The projected allocation can be based on the percentage of the recipient's existing investment portfolio financing adaptation activities, a client survey, a market assessment or experience from previous similar operations. The EBRD will periodically review actual disbursements to inform future transactions of a similar nature.

The percentages set out in Step 4 are then applied to the disaggregated adaptation activities to determine the adaptation finance share.

Figure A.4.1.4 summarises the three steps for tracking adaptation finance in intermediated financing, as outlined above.

Figure A.4.1.4: Tracking adaptation finance in intermediated financing



Source: EBRD.

[19] See also Section 3 of the methodology to determine the Paris Agreement alignment of EBRD investments. Institutional capacity considerations may also reflect Paris Agreement transition planning for financial institutions.
[20] Where feasible, the projected allocation should be reflected in the policy statement.

Estimating GET adaptation finance

If the previous three steps have been properly applied as per the relevant financial instrument, GET adaptation finance may then be estimated for the adaptation activities within the project. The following two categories of activities are considered: activities that are **adapted** to anticipate the impacts of climate change; and activities that **enable** adaptation in a wider system.[21]

Activities that are adapted: activities that integrate measures to manage physical climate risks and ensure that the project's intended objectives are realised despite these risks. These activities include adjustments or improvements required to ensure that the project performs well against experienced and anticipated impacts of climate change. Adaptation is not the primary objective of the activity.[22]

Activities that enable adaptation: activities that directly reduce physical climate risk and/or build the adaptive capacity of the system within which the activity takes place[23] and activities that contribute to reducing the underlying causes of vulnerability to climate change at the systemic level and/or removing barriers to adaptation such as knowledge, capacity, technological and other barriers. These activities are typically identified based on a robust understanding of the system within which the project takes place and the physical climate risks that it faces. Furthermore, these types of activities support adaptation beyond their immediate scope[24]. They are themselves adjusted to cope with the experienced and anticipated impacts of climate change. Adaptation is either the primary objective[25] or one of the objectives[26] of the activity.

Table A.4.1.1: A summary of the categories of adaptation activities

	Activities that are **adapted**	Activities that **enable** adaptation
Description	Activities that integrate measures to manage physical climate risks and ensure that the project's intended objectives are realised despite these risks.	Activities that directly reduce physical climate risk and build adaptive capacity of the system within which the activity takes place and activities that contribute to reducing underlying causes of vulnerability to climate change at the systemic level and/or removing barriers to adaptation such as knowledge, capacity, technological and other barriers.
Objective	Adaptation is **not the primary objective** of the activity.	Adaptation is **one of the objectives** or **the primary objective** of the activity.
Scope	Adaptation at the project level.	Adaptation at the system level.
MDB adaptation activity type(s)	Type 1.	Type 2 and Type 3.

Project activities are disaggregated into the two categories of adaptation activities based on whether they are adapting their own activities or enabling adaptation in a wider system and whether adaptation is the primary goal or one of the goals of the activity. GET adaptation finance is then attributed on a proportional basis[27] that reflects the achievement of qualitative criteria related to the two categories as follows.

[21] These two categories encompass the three types of adaptation activities described in the joint MDB approach to tracking adaptation finance.
[22] As per Type 1 activities in the 2022 MDB joint methodology.
[23] The system within which the activity takes place can include the project or programme it is part of, surrounding geographic areas and landscape, and/or the socioeconomic entities and groups benefiting from the project.
[24] Such as by creating enabling conditions for policy and regulatory environment developments, physical or natural asset enhancements, capacity strengthening, technology developments or knowledge enhancements
[25] As per Type 3 activities in the 2022 MDB joint methodology.
[26] As per Type 2 activities in the 2022 MDB joint methodology.
[27] The GET adaptation finance attributed is estimated as a proportion of the EBRD finance that corresponds to the adaptation activities included in a project and to the adaptation that they deliver, considering inputs, outputs and outcomes.

Estimating GET adaptation finance for activities that are adapted

For activities that are adapted, the adaptation focus is on enhancing climate resilience at the project or asset level. In these activities, adaptation is not the primary objective. Adaptation finance is attributed for adapted activities as follows:

10 per cent GET adaptation finance is attributed where the activity can show that:

a) the three steps have been followed as per the financing type, at the project level:
    1. climate change vulnerability(ies) have been identified for the project,
    2. there is a commitment to address the identified vulnerability(ies) within the project, and
    3. there is a direct link between the climate change vulnerability(ies) and project activities, or the recipient has the institutional capacity to report on adaptation activities, and
b) the activity is expected to deliver a physical Climate Resilience Outcome[28] in response to the identified climate risk(s), which can be clearly described.

Further additional increments of GET adaptation finance can be attributed in the following cases:

i. Where the project documentation demonstrates that a dedicated climate risk and vulnerability assessment has been undertaken, referencing relevant international standards and guidance, going beyond the level of assessment that the Bank routinely carries out,[29] (either stand-alone or integrated into other project preparation documents) an additional 5 per cent GET adaptation finance is attributed.
ii. Where the client has shown a commitment to assess and manage physical climate risks on an ongoing basis (using tools such as Corporate Climate Governance, climate risk monitoring and response plans, flexible adaptation approaches, and so on) and this commitment is reflected in project documentation,[30] an additional 10 per cent GET adaptation finance is attributed.
iii. Where the activity delivers significant Climate Resilience Outcome(s) (for example, a Climate Resilience Outcome to Total Project Value ratio of 10 per cent or greater) that have been identified, quantified and valorised, an additional 10 per cent GET adaptation finance is attributed.

The range of GET adaptation finance that can be attributed for activities that are adapted is between 10 per cent and 35 per cent.

Examples of activities that are **adapted**:

- A road impacted by flooding which has integrated resilience measures to ensure that traffic can still flow during flood events.
- An office located in a heat stressed region that increases thermal comfort for its occupants.
- A financial product aimed at farmers using climate resilient technologies in their practices to increase yields.

[28] Six categories of physical Climate Resilience Outcomes are considered relevant: increased availability of water; increased availability of energy; increased agricultural potential; improvements to human health and/or productivity; reduced weather-related disruption; and reduced weather-related damage. See Annex 4.2 for further information on the identification, quantification and valorisation of Climate Resilience Outcomes.
[29] Relevant standards and guidance include guidance such as JASPERS (2017) and standards such as ISO 14090 (ISO, n.d.), as well as industry-specific guidance for the activity.
[30] Such commitments will also be reflected in Green Project Monitoring Plans.

Estimating GET adaptation finance for activities that enable adaptation

This category of adaptation activities enable adaptation at the system level and have an objective of adaptation.

For activities where the primary objective is to enable adaptation within the wider system, these activities are attributed 100 per cent GET adaptation finance where the activity can demonstrate that:

a) the three steps have been followed as per the financing type, at the system level:
    1. climate change vulnerability(ies) or adaptation opportunity(ies) have been identified at the systemic level through an assessment of both current weather variability and future climate change, including uncertainty, based on robust climate data,
    2. the activity reduces material physical climate risk in other economic activities and/or addresses systemic barriers to adaptation,[31] and
    3. there is a direct link between the climate change vulnerability and activities at the system level, or the recipient has the institutional capacity to report on adaptation activities.
b) the activity is expected to deliver a physical Climate Resilience Outcome,[28] in response to the identified climate risk(s), which can be clearly described, and
c) the client's project documentation clearly states that the primary objective of the activity is adaptation to climate change.

For activities that have shared objectives of adaptation and development, the share of adaptation finance attributed is linked to the extent of the objectives for adaptation or whether adaptation is a co-benefit[32] of the activity. Adaptation finance in these activities is attributed as follows:

All these activities must demonstrate that:

a) the three steps have been followed as per the financing type, at the system level,
    1. climate change vulnerability(ies) or adaptation opportunity(ies) have been identified for the system within which the activity takes place,
    2. there is a commitment to address the identified vulnerability(ies) or build adaptive capacity at the system level, and
    3. there is a direct link between the climate change vulnerability and activities at the system level, or the recipient has the institutional capacity to report on adaptation activities.
b) the activity is expected to deliver a physical Climate Resilience Outcome[28] in response to the identified climate risk(s), which can be clearly described, and

where an activity can either demonstrate that:

c) the client's project documentation clearly states a specific objective to deliver system-wide adaptation,[33] 50 per cent GET adaptation finance is attributed.

Or

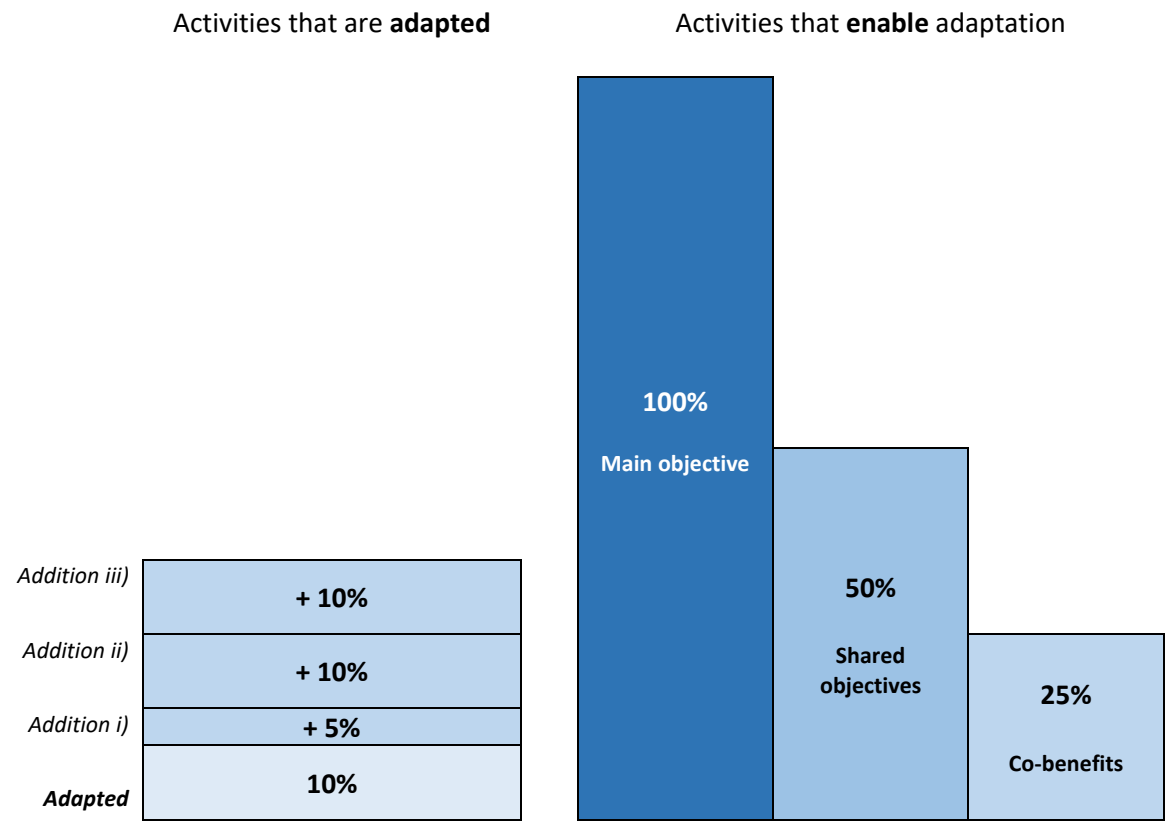
d) the adaptation delivered by the project is a system-wide co-benefit of the activity,[32] 25 per cent GET adaptation finance is attributed.

The range of GET adaptation finance that can be attributed for activities that enable adaptation is either 25 per cent, 50 per cent or 100 per cent.

[31] Supported by an assessment of the effectiveness of the contribution of the activity to reducing those risks, taking into account the scale of exposure and the vulnerability to them.
[32] A system-wide co-benefit is defined when climate resilience outcomes are delivered to the wider system as a consequence of the activity. For example, water savings are considered as system-wide co-benefits in the case of significant water returned to the wider system resulting from water-intensive economic activities operating in water-scarce contexts.
[33] Such documentation may include feasibility studies, technical due diligence, climate risk assessments, client business and operational plans, etc. This should reference specific climate risks and explain how the activities have an objective to deliver adaptation to them.

Examples of activities that **enable** adaptation include:
• A flood defence system for a city. Such an activity would be attributed 100 per cent GET adaptation finance. • Research and development of drought-resilient crop breeds. Such an activity would be attributed 100 per cent GET adaptation finance. • A fund that provides finance to SMEs specifically to accelerate the development, application and transfer of adaptation solutions. Such an activity would be attributed 100 per cent GET adaptation finance.
• Water supply infrastructure needed to meet the demand of increased population and with an objective to reduce risks to the system from drought. Such an activity would be attributed 50 per cent GET adaptation finance. • A food security project that has been designed to address risks related to pricing and supply shocks from both geopolitical instability and climate change. Such an activity would be attributed 50 per cent GET adaptation finance. • Cash transfer activities for underserved and vulnerable communities with clear objectives to strengthen social protection and improve preparedness for and recovery from climate shocks. Such an activity would be attributed 50 per cent GET adaptation finance.
• Solar PV and wind projects in water-scarce contexts, which reduce the reliance on water-intensive energy production and save water as a co-benefit. Such an activity would be attributed 25 per cent GET adaptation finance. • Water efficient agricultural irrigation schemes in a water-scarce location, which provide water back to the wider system as a co-benefit. Such an activity would be attributed 25 per cent GET adaptation finance.

Figure A.4.1.2: GET adaptation finance shares per adaptation category and type



Source: EBRD.

A range of information sources has informed the proportional GET climate adaptation finance attributions for adapted and enabling activities, including: a review of GET adaptation finance attributed to the EBRD's portfolio of similar project types; valorisation of Climate Resilience Outcomes to relevant TPV ratios; the cost of adaptation in similar investment types; and expert knowledge.[34] These percentages will be periodically reviewed (after two years of implementation), to ensure their relevance and to reduce the potential for misreporting adaptation finance.

Activities that are adapted and activities that enable adaptation are not mutually exclusive, Projects may include both categories of adaptation activities as well as non-adaptation activities.[35] To estimate the total GET adaptation share of the project, the shares for each activity are aggregated. When it is not possible to break a project down into activities, the project should instead be treated as a whole and a GET adaptation share attributed based on the main category of adaptation activity that the project represents.

The GET finance attribution is capped at 100 per cent of the Bank's finance for the relevant investment, so that no more than 100 per cent of EBRD finance is attributed to GET adaptation finance.

[34] Further information on the sources used to determine these proportional GET adaptation finance attributions can be found in the document *Methodological considerations in determining GET adaptation finance attributions, EBRD 2023.*
[35] For projects with adaptation activities (both activities that are adapted and activities that enable adaptation), ex-post reporting and monitoring will focus on implementation of these activities rather than quantitative outputs, outcomes or impacts.

Annex 4.2. Reporting results for GET climate resilience

Principles

In addition to reporting GET adaptation finance (see Annex A.4.1), the GET approach also includes reporting the climate resilience results of GET projects. This reporting is in line with the joint approach of the MDB climate finance group on climate resilience metrics,[36] as Figure A.4.2.1 shows.

Table A.4.2.1 gives simplified examples of how these indicators could be used in climate change adaptation projects.

Figure A.4.2.1. Project-level monitoring and evaluation indicators used by the MDB Climate Finance Group

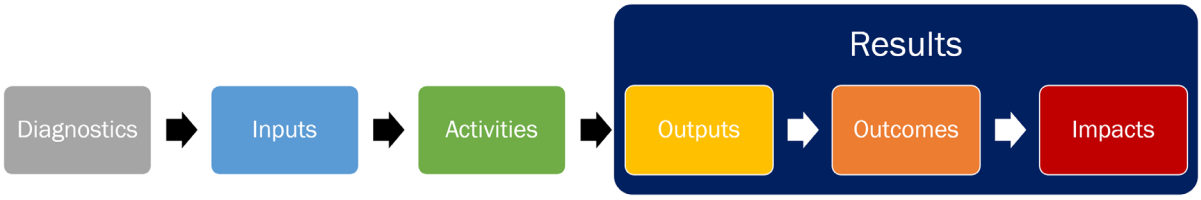


Table A.4.2.1. Examples of how monitoring and evaluation indicators may be applied in an adaptation project

	Inputs	Activities	Outputs	Outcomes	Impacts
Example project: climate-resilient port upgrade	€120 million GET adaptation finance Detailed technical studies	Design and construction of improved breakwater	Breakwater heightened by 2 metres	Days of downtime due to extreme weather conditions reduced by 10 per year	Contribution to resilience to longer- term impacts of climate change

Ex ante outcomes are described and, where possible, quantified for adaptation projects, in the manner described in the Methodology section below. Such outcomes are not measured and reported ex post, as an ex post cause and effect attribution is not possible. However, where feasible, relevant activities per the table above will be monitored ex post for the EBRD's adaptation investments and included in the Green Project Monitoring Plan (see GET Handbook Section 6.2 on project monitoring).The EBRD continues to work with the joint MDB climate finance group on developing a common framework for measuring the results of adaptation finance through climate adaptation and resilience metrics.

Methodology

As with the approach to tracking adaptation finance (see Annex 4.1), the starting point for assessing climate resilience results is to determine the **context of climate change vulnerability** for the project in question. This makes it possible to identify the key **climate change risks** that are relevant to the project. It is entirely conceivable that more than one climate risk may be relevant to a given project, at either the project level in the case of adapted activities or the wider system and systemic level for activities that enable adaptation. It is important to base this step on a robust assessment of climate change risk and climate change resilience.

Once the relevant climate risks have been identified, they are used to determine the physical **climate-resilience outcomes** that the project is intended to deliver in response to each climate risk, on an annualised basis. These physical climate resilience outcomes express, in measurable units, the adjustment that the project achieves in response to the climate risk identified. For each climate risk, it is possible to have more than one intended physical climate resilience outcome.

Physical climate resilience outcomes may then be valorised over the assumed economic lifespan of the assets or systems being financed (and may be summed if there is more than one intended climate resilience outcome) to give a total valorised climate resilience outcome for each project. This gives a measure of the value that is

[36] See the joint MDB publication: *A Framework and Principles for Climate Resilience Metrics in Financing Operations* (2019).

generated by the adaptation adjustment, which the project delivers in response to climate stimuli. Figure A.4.2.2 summarises this.

Figure A.4.2.2. Process for identifying appropriate indicators of climate resilience outcomes.

Climate hazards

Climate hazards are categorised as either **acute** or **chronic**.[37] Acute climate hazards are associated with extreme and often unpredictable weather events. Chronic climate hazards are associated with longer- term, progressive shifts in climate or weather patterns.

The EBRD has identified 11 types of climate hazard that are relevant for its investment operations:

Table A.4.2.2. Acute and chronic physical climate hazards

Temperature-related			Wind-related	Water-related					Solid mass-related	
Chronic	**Acute**		**Acute**	**Chronic**		**Acute**			**Chronic**	**Acute**
Increasing mean temperatures	Extreme heat event	Wildfires	Extreme wind event	Increasing water stress	Sea-level rise	Drought	Flood	Heavy rainfall event	Erosion	Extreme mass movement

Climate change is fundamentally a physical process, driven by processes in the global climate system that result in physical phenomena, such as changes in temperature and patterns of precipitation. The EBRD therefore considers that it is appropriate to define climate resilience results in physical terms. The Bank has identified six types of intended physical climate resilience outcomes as being relevant to its investment operations in the face of growing variability in climate:

- increased **availability of water**
- increased **availability of energy**
- increased **agricultural potential**
- improvements to **human health and/or productivity**
- reduced **weather-related disruption**
- reduced **weather-related damage**.

Table A.4.2.3 demonstrates how each of the 11 climate hazards is indicatively linked to one or more of the six climate resilience outcomes.

Table A.4.2.3. Indicative links between climate hazards and climate resilience outcomes

Climate hazards	Physical climate resilience outcomes
Increasing water stress	**Increased availability of water**
Drought	

[37] Climate risk = sensitivity x exposure

All climate hazards	**Increased availability of energy**
Erosion	**Increased agricultural potential**
Increasing water stress	
Drought	
Increasing mean temperatures	
Extreme heat event	
Extreme heat event	**Improvements to human health and/or productivity**
All acute climate hazards	**Reduced weather-related disruption**
All acute climate hazards	**Reduced weather-related damage**

As the Bank aims to increase the volume of finance that it commits to climate change adaptation, there is a corresponding and growing need to report on the adaptation results that these investments are expected to deliver. In response to this need, projects with adaptation activities must be able to describe how they will deliver at least one of these outcomes in order to qualify as a GET climate adaptation investment. Furthermore, the climate resilience outcomes (CROs) of climate adaptation projects should be quantified and valorised where possible (for example, where relevant data can be gathered to calculate climate resilience outcomes). These quantifiable outcomes are measured, on an annualised basis, as the change (delta or Δ) that the project delivers relative to the 'without-project' baseline, using physical units per year as described in Table A.4.2.3.

Table A.4.2.3. Units used to measure physical climate resilience outcomes

Family of physical climate resilience outcome	Description	Physical outcome (units)
Increased water availability	Additional water made available as a result of the project, either through water savings or through the provision of additional usable water	Δ m^3/year
Increased energy availability	Additional energy made available as a result of the project, either through energy savings or through increased energy generation	Δ MWh/year
Increased agricultural potential	Additional capacity for agricultural potential achieved as a result of the project through improvements in soil quality, for example reduced soil erosion, increased soil carbon content or reduced soil salinity	Δ tonnes/hectare/year (soil erosion)
Improvements to human health and/or productivity	Improvements in human productivity due to improved health and well-being as a result of the project	Δ quality-adjusted life years (QALYs)
Reduced weather-related disruption	Reduction in the amount of time that a system or elements of a system are rendered inoperable (in other words, lost operational expenditure) due to acute climate risks such as increasing numbers of extreme weather events, or chronic climate risks such as increasing hydrological variability or increasing heat stress	Δ days/year
Reduced weather-related damage	Reduction in the damage to assets (in other words, lost capital expenditure), acute climate risks, such as more frequent extreme weather events, or chronic climate risks, such as increasing hydrological	Δ risk frequency (of a damaging weather or climate event – acute risks only)

	variability or greater heat stress	Δ service life (chronic risks only)

It is vital to establish clear boundaries for reporting GET climate resilience results. These boundaries should reflect the intended use of proceeds for EBRD financing, but in some cases, may also need to reflect any supporting or interconnected systems on which the project or system being financed may depend (for example, the electricity supply for a port). Boundaries for activities that are adapted will be more closely related to the project boundaries at the asset level, while boundaries for activities that enable adaptation will need to consider the wider system in which the adaptation is delivered.

Establishing a realistic and viable **baseline** is an important initial step in assessing the physical climate resilience outcomes of a project.

- In the case of adapted activities in a rehabilitation or brownfield project, the baseline will usually be the without-project state of a system that has not yet been rehabilitated.
- In the case of adapted activities in a new-build or greenfield project, the baseline will usually be a hypothetical scenario of project development that does not take into account climate change projections, in other words, a 'no-adaptation' scenario.
- In the case of adapted activities in a project that expands operations or capacity, the baseline will be a scenario of the resources that would be required to match the level of production achieved using the unimproved without-project system or technologies (for example, a specific level of water efficiency). For the additional output that is related to increased capacity and/or extended operation, the system should be treated as a greenfield project. The baseline should be a benchmark for the climate resilience performance or non-performance of existing production.
- In the case of enabling activities, the baseline will usually be a hypothetical scenario of a system where there are no activities that enable adaptation (in other words, a counter-factual 'no-adaptation' scenario).

A given project or system may be exposed to more than one climate risk, and may deliver more than one climate resilience outcome. However, in projects with **multiple climate resilience outcomes**, each outcome should typically belong to a different family of outcome (such as water, energy, agricultural potential, health or productivity, disruption or damage). Having more than one outcome from the same family may lead to double-counting and may only be permitted in exceptional cases.

Physical climate resilience outcomes are calculated on an **annualised basis** against a 'without-project' baseline. It is important to note that this reporting is based on current climate conditions and does not attempt to predict future climate conditions. However, robust information about climate change projections must be an integral part of project design and of setting out the context of climate vulnerability. Therefore, the climate resilience outcomes that the project delivers should be viewed as conservative measures of the adjustment to the climate stimuli.

Valorised climate resilience outcomes

The final step in the process entails valorising the physical climate resilience outcomes. This step is carried out differently for each 'family' of physical climate resilience outcomes in order to arrive at a comparable monetary value, as shown in Table A.4.2.4.

The valorised climate resilience outcomes are calculated over the assumed economic lifespan of the asset(s) or system(s) being financed, using standardised economic lifespans (as set out in Table A.4.2.5) and the application of a standardised annual discount rate of 6 per cent. In projects with more than one physical climate resilience outcome, the outcome values should be summed to give a single CRO for the project.

Table A.4.2.4. Application of the valuation step for different families of physical outcome

Family of physical climate resilience outcome	Application of valuation step	Valorised outcome
Increased water availability	Annual additional water, measured on a volumetric basis (for example, m^3), is assigned a value using a shadow price of water (in €/m^3) that takes into account the full cost of production plus resource use and environmental externalities. The use of a shadow water price is important, as water prices in the EBRD regions are often highly distorted and are not cost-reflective. In cases where increased water availability is estimated based on reduced effluent emissions, a suitable dilution factor should be used to estimate the expected increased availability of usable raw water.	Value of additional water (€)
Increased energy availability	The value of annual additional energy, measured in MWh, is determined using an appropriate energy price (€/kWh) that takes into account any distortions resulting from energy subsidies.	Value of additional energy (€)
Increased agricultural potential	Increased agricultural potential as a result of improved soil quality is estimated based on the annual increases in crop yield that can be expected as a result of improvements in soil quality. These estimations should be calculated on a project-by-project basis that takes into account both the specific improvement in soil quality and the crop or crops being produced. The Food and Agriculture Organization of the United Nations (FAO) provides useful methodologies and information on this subject (for example at http://www.fao.org/faostat/en/#data).	Value of additional potential agricultural production (€)
Improved human health and/or productivity	Annual improvements to human health or productivity may be measured using quality-adjusted life years (QALYs) which are valued using the World Health Organization guidance that a QALY may be worth up to three times the per-capita GDP of a given country.	Value of additional QALYs (€)
Reduced weather-related disruption	Reduced disruption (measured in units of time such as days per year) may be assigned a value by using the estimated unit costs of an hour or day of downtime (such as €/hour or €/day). This will be highly industry-specific or business-specific and should be estimated on a project-by-project basis, taking into account project-specific circumstances.	Value of avoided downtime (€)
Reduced weather-related damage	Reduced risk of damage (measured as a change in the risk frequency of a damaging extreme-weather event) in the context of acute climate risks may be assigned a value by first determining what constitutes an extreme weather event in the specific context of the project, and then multiplying the difference in risk frequency by the total value of the asset in question. Reduced damage (measured as the change in the service life of an asset) in the context of chronic climate risks may be assigned a value by comparing the decrease in annual depreciation of the asset using estimations of pre-project and post-project service lives and the value of the asset.	Value of avoided damage (€) Value of extended asset lifespan (€)

Table A.4.2.5. Assumed economic lifespans[38]

Sector	Reference period (years)
Railways	30
Roads	25-30
Ports and airports	25
Urban transport	25-30
Water supply or sanitation	30
Waste management	25-30
Energy	15-25
Broadband	15-20
Research and innovation	15-25
Business infrastructure	10-15
Other sectors	10-15

The valorised climate resilience outcomes may then be used to calculate a **climate resilience outcome ratio**, expressed as a percentage, which expresses the valorised climate resilience outcome per euro invested. This ratio should be calculated using the total project value (TPV) of the project concerned. For the purposes of this calculation only, in certain cases the project TPV may be adjusted to determine the **CRO-relevant TPV**, which includes only the project costs that are directly associated with the assets or systems that deliver the climate resilience outcome. Cost items that are not directly associated with the climate resilience outcome (for example, land acquisition costs in building projects) are excluded.

[38] European Commission's reference periods by sector: https://op.europa.eu/en/publication-detail/-/publication/120c6fcc-3841-4596-9256-4fd709c49ae4.

Annex 5. Guidance on specific project categories

The aim of Annex 5 is to provide some guidance and clarifications on how to attribute GET finance to projects or project components falling under certain categories:

- Annex 5.1. GET finance for energy efficiency projects
- Annex 5.2. GET finance for building developments
- Annex 5.3. GET finance for transport projects
- Annex 5.4. GET finance for desalination projects
- Annex 5.5. GET finance for projects to prevent gas flaring
- Annex 5.6. GET finance for environmental products, technologies and services
- Annex 5.7. GET finance for hydropower projects
- Annex 5.8. GET finance for financial intermediary operations
- Annex 5.9. GET finance for bonds
- Annex 5.10. Enabled GET finance methodology
- Annex 5.11. GET finance for funds

Annex 5.1. GET finance for energy efficiency projects

General

In energy efficiency projects, drawing the boundary between increasing production and reducing energy consumption and associated emissions is critical. In order to qualify brownfield energy efficiency projects for GET, old technologies must be replaced with substantially more efficient new technologies. Capacity increase of an existing facility may have a combination of brownfield and greenfield project activities.

Brownfield energy efficiency projects

For brownfield energy efficiency projects to qualify for GET the following is required:

- **Old technologies or equipment are replaced well before the end of their lifetimes with new technologies that are substantially more efficient**. The baseline scenario for the project must demonstrate that the existing installation would continue to operate for at least another three to seven years.[39] Only if technically and economically feasible, the baseline scenario may include maintenance programmes and replacement of worn-out equipment parts.
- **New technologies are consistent with best practice in industry** (EU BAT or other internationally recognised standards).

Greenfield energy efficiency projects

For greenfield projects to be consider GET eligible, new technologies or processes must enable substantially higher systems efficiency compared with those normally used in greenfield projects. Further guidance on greenfield efficient manufacturing is provided under activity 3.3 of Annex 2.

Mixed greenfield and brownfield projects

In some projects, there may be both greenfield and brownfield components. Where there is physical expansion of an existing site, a significant increase in output capacity or a significant extension of the expected life of a site, facility or equipment, the activity should be disaggregated into brownfield and greenfield components. The component(s) corresponding to the increase or extension should be deemed greenfield development and must meet defined criteria for greenfield activities. Where possible, the proportion of the project that is considered as greenfield should be based on the incremental investment costs associated with the increase in cumulative outputs. Where this approach is not possible, the shares of investments in greenfield and brownfield may be apportioned by comparing cumulative outputs before and after the project. The GET finance will be attributed pro rata.

Resource efficiency and energy efficiency

Projects that reduce the use of resources other than energy, for example, activities in water and materials efficiency, can also have significant climate mitigation impacts. This is particularly the case for activities aimed at waste minimisation and loss prevention in production chains. For GET qualification, it should be taken into account that the major GET benefits, including energy efficiency improvements, might not be within the physical boundaries of the project and might also occur elsewhere in the product life cycle.

[39] Typically three years for industrial equipment, five years for power sector and seven years for infrastructure sector investments.

Annex 5.2. GET finance for building developments

The following table summarises the criteria for GET qualification in building projects based on a review of national and international performance standards, regulations and market development in the economies where the EBRD invests. A more detailed analysis and guidance are provided in the document entitled *Performance Standards and GET Criteria Review*. The follow issues are worth highlighting:

Buildings that will be certified at minimum levels of LEED, BREEAM, DGNB and EDGE, as presented in the following table, the GET allocation will be 100 per cent to climate mitigation and 40 per cent to other environmental activities. Teams will have to report both climate mitigation and environmental benefits for the full GET allocation to the project. For any other green certification, environmental finance, where applicable, will be calculated as an overrun.

For new buildings in non-EU countries without EPC regulations in place, GET eligibility needs to be based on an assessment undertaken by in-house EBRD experts or external consultants, indicating minimum performance requirements for the building envelope. These minimum performance requirements need to be covenanted in the loan agreements.

As an exception to the general rule, the acquisition and refinancing of green buildings are considered GET eligible, as they i) aim to increase the availability of finance for high-performing buildings and send signals to markets about the need to lift the overall energy performance of the whole building stock; and ii) are explicitly mentioned as an eligible activity under the EU Taxonomy for Sustainable Finance.

Table A.5.2.1. (continued overleaf)

	New buildings	Existing buildings
EU	1) Certification of BREEAM 'very good', LEED 'gold', EDGE 'standard' or other equivalent green certifications is eligible for 100 per cent GET. 2) Energy performance that is at least 10 per cent better than national nZEB standard is eligible for 100 per cent GET. 3) Energy performance better than national nZEB standards but below NZEB-10 per cent (GET calculated pro rata).	1) Certification of BREEAM 'very good', LEED 'gold', EDGE 'standard' or other equivalent green certifications is eligible for 100 per cent GET. 2) Energy demand that is reduced by at least 30 per cent compared to baseline performance is eligible for 100 per cent GET. 3) Individual measures comply with applicable national regulations (cost-optimal requirements for building envelope) 4) Components are from the EBRD Technology Selector.
	1) Certification of BREEAM 'good', LEED 'silver', EDGE "standard" or other equivalent green certification is considered 100 per cent GET.	
Non- EU	2) In countries with EPC regulations in place, minimum energy performance one EPC class above national requirements (subject to minimum EPC class B) is eligible for 100 per cent GET. 3) In countries without EPC regulations in place, minimum energy performance equivalent to EPC class B (based on an EPC country with similar building typology and climatic conditions) is eligible for 100 per cent GET.	2) Energy demand that is reduced by at least 30 per cent compared to baseline performance, via any combination of energy efficiency and renewable energy measures, is eligible for 100 per cent GET. 3) Individual measures comply with applicable EU regulations/standards (a pro-rata approach may be applied for performance above national standards but below that of the EU). 4) Components are from the EBRD Technology Selector.

Acquisitions and refinancing

EU countries

1) For buildings built before 31 December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15 per cent of the national stock performance, in terms of calculated primary energy demand during operation. Top 15 per cent is qualified through the EPC database or compliance with certifications. Land value is excluded, where it is part of the acquisition transaction.
2) Refinancing of lower performance assets, where performances are improved to the level of the top 15 per cent of the national stock, would qualify as 100 per cent GET. Top 15 per cent is qualified through EPC database or compliance with certifications.

Non EU: Eligibility is determined as per criteria (1) and (2) for new buildings instead of qualifying the top 15 per cent of national stock.

Portfolio of buildings

1) Must comply with a set of well-defined criteria:
   - **a.** **EU** - three out of six criteria, of which at least one compulsory criterion
   - **b.** **Non-EU** - two out of six criteria, of which at least one compulsory criterion
   - c. In case of physical upgrades leading to a portfolio-level saving ≥ 30 per cent of the project qualifies for 100 per cent GET if meeting in addition of at least one of the additional criteria (both EU/non-EU)
2) The GET attribution is defined for each criteria for EU and non-EU countries and is cumulative up to 100 per cent GET.
3) **Compulsory criteria** include: advanced design and construction practices, physical upgrade of assets, resource-efficient operations and maintenance; **additional criteria** include: governance on climate change and reporting under recognised international schemes, engagement with occupants and/or visitors, certification of a representative sample of assets.

Annex 5.3. GET finance for transport projects

A.5.3.1. Main principle of GET for transport projects

GET transport projects aim to advance the transition to sustainable mobility and low or zero-emission transport.

A.5.3.1.1. Zero-direct-emissions fleet and related infrastructure

Projects involving new vehicles with zero tailpipe emissions and infrastructure for zero-carbon transport systems (for example, electric and hydrogen) are 100 per cent GET. Examples of such projects include financing:

- electric or hydrogen road vehicles and related infrastructure, such as charging and fuelling stations
- electric rolling stock (for example, locomotives, wagons and carriages) and trams
- electric vessels (for example, ferries, barges, tugboats and passenger craft) and related infrastructure, such as charging stations
- rail electrification projects that may include the electrification and expansion of the network
- electric non-road machinery such as cargo-handling equipment and forklifts

Financing non-motorised vehicles and active mobility measures, such as walking and cycling (for example, the pedestrianisation of areas or the creation of cycling lanes) is 100 per cent GET.

A.5.3.1.2. Transport projects with direct emissions (fleet and related infrastructure)

Projects involving fleets with direct emissions must meet both the minimum performance requirements and the minimum emission standards in order to qualify for GET.

Minimum performance requirements

These types of transport project must achieve at least 15 per cent environmental benefits (for example, GHG savings, air pollutants reduction) compared with the baseline, in order to be GET eligible. This minimum performance requirement can be achieved in a number of different ways, as follows:

- The project leads to a reduction in transport demand (in terms of passenger kilometres per year or tonne kilometres per year) and reduced emissions through integrated transport and urban development, including intermodality and logistics, and intelligent transport systems.
- The project reduces emissions through modal shift from higher to lower carbon modes. This includes infrastructure, systems or fleet investments on urban mass transit, inter-urban rail, ports, inland waterways, and ro-ro vessels, as well as intermodal and facilities for short sea shipping. Further details on the determination of modal shift GHG impacts can be found in the IFI Joint Approach to GHG assessment in the Transport Sector (see Reference 7).
- For urban transport projects only, including fleet renewal or infrastructure rehabilitation, the project assessment may consider modal shift avoidance where the 'without project' situation would result in significant loss of existing public transport users to higher-carbon modes (notably cars). This is particularly relevant in cities with rapidly increasing car ownership and with significant public transport systems already in place.
- The retrofit of vehicles, rolling stock and ships to achieve better energy efficiency or better energy efficiency or better environmental performance is eligible if the retrofit is not required for compliance with legislation. In addition, the resulting emissions and energy efficiency performance should be consistent with the application of best-available technologies to the retrofit.

Minimum emission standards

Projects involving the financing of road vehicles, locomotives, railcars and maritime vessels that produce tailpipe emissions must meet the following standards.

Road vehicles

- Euro 6 emission standards in countries where 10 ppm sulphur fuel is mandated and available, or
- at least Euro 4 emission standards in countries where 50 ppm sulphur fuel is mandated and available.

For projects involving public transport buses in countries outside the EU where 10 ppm sulphur is mandated, financing vehicles of Euro 5 standard is GET eligible but will be accounted as 50 per cent GET.

Vehicles meeting emissions standards lower than those of Euro 4 will not be considered GET eligible, even if 50 ppm sulphur fuel is unavailable in the country.

Locomotives and railcars

- Stage V emissions standards in countries where 10 ppm sulphur fuel is mandated and available, or
- Stage IIIA emissions standards in countries where >10-300 ppm sulphur fuel is mandated and available, or
- the best available technology for railcars and locomotives that is compatible with the fuel quality available in the country, where only >300 ppm sulphur fuel is available.

For countries outside the EU, flexibility in terms of achieving EU air emission standards may be granted for rail projects that result in material environmental benefits, but that cannot be structured to achieve full compliance with EU air emission standards, due to limited financial resources and constraints on affordability.

Maritime vessels

New vessels or the refurbishment of vessels must meet requirements as set out in Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL).[40] These include:

- vessels operating in Emission Control Areas (ECAs designated by IMO[41]): 0.10 per cent[42] sulphur in fuel and Tier III nitrogen oxides (NOx) limits[43]
- vessels operating in other areas: 0.50 per cent[44] sulphur in fuel and Tier II NOx limits.[45]

MARPOL Annex VI contains mandatory energy efficiency standards for new ships (the Energy Efficiency Design Index (EEDI)[46]) and the obligation to apply ship energy-efficiency management plans (SEEMPs) to all ships. New ship designs need to meet the reference level for their ship type.[47] Phase II requirements are in force for 2020-24 and phase III comes into effect for the 2025-30 period.

A.5.3.1.3. Exclusions

Vehicles and transport infrastructure that will be used exclusively to transport fossil fuels are not GET eligible. Vehicles and infrastructure that might be used to transport fossil fuels along with other products are GET eligible on a pro-rata basis. The share of fossil fuel out of the total freight transported should be removed from the overall GET share (for example, the financing of vessels, on which 20 per cent of the freight carried is coal, will be 80 per cent GET).

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[40] See http://www.imo.org/en/About/Conventions/ListOfConventions/Pages/International-Convention-for-the-Prevention-of-Pollution-from-Ships-(MARPOL).aspx

[41] Currently include the Baltic Sea, the North Sea and North America.

[42] Effective from 1 January 2015. This requires a switch from high-sulphur fuel oil (HSFO) to marine gas oil (MGO) or distillates, retrofitting vessels to use alternative fuels such as LNG or other sulphur-free fuels, or installing exhaust gas cleaning systems (scrubbers), which allows operation on regular HSFO.

[43] The NOx control requirements apply to installed marine diesel engines whose output power exceeds 130 kW, other than those used solely for emergency purposes, irrespective of the tonnage of the ship into which such engines are installed.

[44] Effective from 1 January 2020.

[45] Same as footnote 18.

[46] A review of EEDI is carried out in order to take into account the status of technological developments. IMO approved, for adoption in April 2020, amendments to MARPOL Annex VI to significantly strengthen the EEDI Phase 3 requirements by bringing forward from 2025 to 2022 the date when phase 3 will enter into effect for several ship types, including gas carriers, general cargo ships and LNG carriers.

[47] See http://www.imo.org/en/KnowledgeCentre/IndexofIMOResolutions/Marine-Environment-Protection-Committee-%28MEPC%29/Documents/MEPC.308%2873%29.pdf

Fuelling stations for road vehicles that are exclusively for fossil fuels (for example, diesel and petrol) and related equipment (for example, pumps) are not GET eligible. Vapour recovery units that are required for compliance with legislation are not GET eligible.

Vessels with open loop scrubbers (allowing for SOx emissions to the sea in liquid form) will not be considered for GET financing due to the potential for significant seawater pollution and risk to marine biodiversity.

Projects which involve financing trucks that produce tailpipe emissions are not GET eligible.[48]

A.5.3.2. Specific provisions

This section includes GET-eligibility criteria for specific categories of transport projects. All other types of transport project that are not covered in this section should use the main principles for GET in transport projects in order to justify their GET eligibility.

A.5.3.2.1. Fleet

GHG emissions requirements for GET-eligible transport projects

<table>
<tr><th colspan="2"></th><th colspan="2">Passenger</th><th>Freight</th></tr>
<tr><td rowspan="3">Light-duty vehicles</td><td>EU member states in the EBRD regions</td><td colspan="3"><50 g/km CO_2</td></tr>
<tr><td>EU accession countries in the EBRD regions</td><td colspan="3"><50 g/km CO_2

or 15 per cent lower GHGs with scrappage</td></tr>
<tr><td>Other economies in the EBRD regions</td><td colspan="3">Hybrids <75 g/km CO_2

All vehicles <50 g/km CO_2 in 2021

or all vehicles with 15 per cent lower GHGs with scrappage</td></tr>
<tr><td rowspan="2">Heavy-duty vehicles</td><td>EU member states in the EBRD regions</td><td>Public

<50 g/pkm CO_2</td><td>Non-public

Not eligible</td><td rowspan="2">Not eligible</td></tr>
<tr><td>Non-EU economies in the EBRD regions</td><td><50 g/pkm CO_2 or 15 per cent lower GHGs</td><td>15 per cent lower GHGs with scrappage</td></tr>
<tr><td colspan="2">Rail</td><td colspan="2"><50 g/km CO_2 or 15 per cent lower GHGs</td><td>< 50g/tkm CO_2

or 15 per cent lower GHGs</td></tr>
<tr><td colspan="2">Maritime</td><td colspan="2">15 per cent lower GHGs</td><td>Refer to section about maritime transport (sections relevant to freight)</td></tr>
</table>

Passenger heavy-duty vehicles

Passenger heavy-duty vehicles (HDVs) include buses and coaches, typically with a mass above 3.5 tonnes. In "Implementing the Green Economy Transition – Technical Guide", public transport (also known as public transportation, public transit or mass transit) is defined as a travel system available for use by the general public, typically managed on a schedule, operated on established routes, and that charges a posted fee for each trip. Examples of public transport include city and inter-city buses, trolleybuses, trams (or light rail) and passenger trains, rapid transit (metro, subway, underground and so on) and ferries. Tourist buses, school buses and employee transportation buses are not considered to be public transport.

Public transport HDVs

Even in EU countries where public transport networks are well developed and efficient, diesel and petrol cars still represent the majority of the road fleet and the penetration of electric vehicles will materialise at an unknown

[48] This is due to high levels of emissions compared to those of other freight transport modes. Practical implementation of the previous GET-eligibility guidelines has shown that scrappage measures are not available in order to ensure replacement. Trucks that are being replaced tend to be Euro 1, 2 or 3 and no longer operational (beyond their technical lifetime).

pace. A lack of investment in the fleet renewal of public transport can lead to behavioural changes, such as a modal shift to private cars, which would be significantly more difficult to reverse in the future. In addition, in many economies in which the EBRD invests that are not in the EU, the public transport network is limited. The population has to use other modes of transport, such as private cars and diesel minibuses that are usually very old, inefficient and emit large amounts of air pollutants, such as NOx and particulate matter (PM). In those economies, the EBRD should support public transport projects that could lead to a modal shift from private cars and minibuses and the reduction of GHG and air emissions (such as NOx and PM).

All economies in the EBRD regions

The financing of public transport road vehicles that produce tailpipe emissions is counted as 100 per cent GET finance if the criteria of the EU taxonomy for sustainable finance are met. Currently the threshold is <50 gCO_2e/pkm of direct emissions. Those projects need to meet the emissions standards but they do not need to demonstrate a performance improvement of 15 per cent.

Non-EU economies in the EBRD regions

Alternatively, projects that finance public transport road vehicles with tailpipe emissions and are located in non-EU economies in the EBRD regions are GET eligible if they meet the minimum performance requirements and emissions standards and are counted as:

- 100 per cent GET finance if zero tailpipe emission vehicles are either (i) economically unviable due to limited financial resources and constraints on affordability or (ii) unsuited to operating requirements due to technical or physical constraints (such as the length or steepness of the route).
- 50 per cent in any other case.

Other passenger HDVs

In non-EU economies in the EBRD regions, projects that involve financing non-public transport passenger buses (for example, tourist buses, school buses, employee buses and coaches) with tailpipe emissions are counted as 100 per cent GET finance if they meet all of the following requirements:

- The project replaces old buses and includes scrappage measures[49] to prevent emissions occurring elsewhere due to the continued use of the old vehicles that are replaced.
- Zero tailpipe emission vehicles are either (i) economically unviable due to limited financial resources and constraints on affordability or (ii) unsuited to operating requirements due to technical or physical constraints (such as the length or steepness of route).
- The new buses meet the minimum performance requirements and emissions standards.
- If zero tailpipe emission vehicles are economically viable and suited to operating requirements, the GET share will be 50 per cent.

Light-duty vehicles

Light duty vehicles (LDVs) include passenger cars, minibuses and vans, typically with a mass of less than 3.5 tonnes.

All economies in the EBRD regions

Projects financing new light-duty vehicles are counted as 100 per cent GET finance if:

- all eligible vehicles have tailpipe CO_2 emissions at or below 50 g/km (including electric vehicles), without the need to demonstrate a performance improvement of 15 per cent
- the minimum emissions standards are met.

Projects financing minibuses can be considered as public transport and use the provisions for public transport HDVs only if:

- the minibuses are used by a licensed public transport company operating specific routes (this is demonstrated by the appropriate licence)

[49] This should be through a public or private scrappage scheme that ensures proper management of end-of-life vehicles (ELVs).

- the physical condition of the road network (for example, narrow streets) does not allow the use of HDV buses on certain routes, and
- no other means of public transport (metro, tram, and so on) is available in the service area.

Non-EU economies in the EBRD regions

Furthermore, in non-EU economies in the EBRD regions, projects financing new light-duty vehicles with tailpipe CO_2 emissions exceeding 50 g/km are counted as 100 per cent GET finance if:

- the new vehicles directly replace old vehicles, which includes scrappage of the old vehicles to prevent emissions occurring elsewhere due to the continued use of the replaced vehicles
- the new vehicles meet the minimum performance requirements and emissions standards.

In countries outside the EU that are not EU accession countries but are in the EBRD regions, projects financing new hybrid light-duty vehicles are counted as 100 per cent GET finance if:

- all eligible hybrid vehicles have tailpipe CO_2 emissions at or below 75 g/km without the need to demonstrate a performance improvement of 15 per cent, and
- the minimum emissions standards are met.

Rail

Projects which involve financing diesel or hybrid freight and passenger rail transport are counted as 100 per cent GET finance if they have direct CO_2 emissions at or below 50 gCO_2e per tonne- kilometre for freight rail or per passenger-kilometre for passenger rail without the need to demonstrate a performance improvement of 15 per cent.

Projects which involve financing diesel or hybrid freight and passenger rail transport with direct CO_2 emissions exceeding 50 gCO_2e per tonne-kilometre for freight rail or per passenger- kilometre for passenger rail can still be counted as 100 per cent GET if they can demonstrate a performance improvement of 15 per cent through modal shift from higher to lower carbon modes.

Maritime transport

New vessels

Projects which involve financing new vessels are counted as 100 per cent GET finance if one or more of the following conditions are met:

- the vessel has a lower EEDI Index (designed, verified and certified) compared to the specific current minimum requirements for the ship type according to MARPOL Annex VI
- the vessel is certified as a Tier III (according to MARPOL regulations and Annex VI amendments) vessel, but its main operational geography is not an emission control area (ECA)
- the vessel is a new liquefied natural gas (LNG), methanol or hybrid vessel (for example, ferries, barges, tugboats or passenger craft); related infrastructure, such as charging or fuelling stations, are also 100 per cent GET
- the vessel replaces an older vessel in the client's fleet (with scrappage of the old vessel), has a larger capacity and the minimum performance requirements and emissions standards are met.

Projects that involve financing research and development (R&D) of new certified Tier III vessels (according to MARPOL regulations and Annex VI amendments) in economies where the Bank invests, where R&D for the relevant technology is not available in the country, are counted as 100 per cent eligible for GET finance.

Refurbishment of vessels

With regard to the refurbishment of vessels, GET finance relates to the capex for the components that are refurbished. The vessel acquisition cost is not GET eligible. These components include:

- vessel refurbishment to change propulsion systems, changes in fuel and improvements to the hydrodynamics of the vessels that lead to savings in both fuel consumption and GHG emissions, if the minimum performance requirements and emissions standards are met

- vessel refurbishment to improve the vessel's EEDI index below specific current minimum requirements for the ship type according to MARPOL Annex VI
- vessel refurbishment to convert the vessel into a Tier III (according to MARPOL regulations and Annex VI amendments) vessel to prepare it to work outside of an ECA
- refurbishment of vessel into a LNG, methanol or hybrid propulsion system (for example, ferries, barges, tugboats or passenger craft) and related infrastructure, such as charging or fuelling stations
- vessel refurbishment which increases capacity and reduces the number of trips necessary, if the minimum performance requirements and emissions standards are met
- vessel refurbishment to equip it with ballast water management (BWM) or cold ironing.

New vessels and refurbishments

Projects which involve financing new vessels or refurbishing existing vessels can be also counted as 100 per cent GET finance if they can demonstrate an improvement of at least 15 per cent through modal shift from higher to lower carbon modes and meet the minimum emissions standards. An illustrative example is a ro-ro vessel, which takes trucks off the roads.

Modal shift is especially important in maritime freight transportation, as this mode of transport can be the greenest in terms of GHG emissions per tonne-kilometre. Cargo that would otherwise be transported using more polluting or higher-carbon- intensity transport systems (for example, trucks) is therefore diverted to maritime transport.

Passenger mass transport vessels (ferries)

Projects which involve financing passenger mass transport vessels (ferries) that produce tailpipe emissions are counted as 100 per cent GET finance if they meet the minimum performance requirements and emissions standards.

The provisions above do not apply to projects which involve financing cruise liners. These projects need to demonstrate that the provisions for new or existing vessels are met in order to qualify for GET finance.

A.5.3.2.2. Infrastructure

Projects which involve financing the construction and operation of transport infrastructure that is dedicated to low-carbon transport are 100 per cent GET eligible. Examples of projects that may fall into this category include dedicated infrastructure (metro, urban rail, trams, bus rapid transit (BRT), priority bus lanes, junctions and traffic management systems), related facilities (depots, overhead wires for trolleybuses, terminals, stops, interchanges) and rehabilitation or expansion of rail networks.

Projects which provide user, information and management systems that enable the efficient use of infrastructure and encourage the use of public transport are also considered to be infrastructure projects. This notably comprises intelligent transport systems (ITS) (traffic management that prioritises public transport, automated fare collection, real-time information and operational management, enterprise resource planning, and so on). These projects may be **GET eligible only if they can demonstrate an improvement in environmental terms of at least 15 per cent compared to the baseline**.

Road-based projects that aim to eliminate bottlenecks are eligible for GET only if they can achieve at least a 15 per cent reduction in local air pollutants and do not increase GHG emissions, based on an assessment that includes:

- identification of a local air pollution problem
- long-term traffic forecasts that take into account the induced traffic
- impacts of air pollutants on human health
- a leakage analysis to ensure that the projects actually lead to reductions in emissions and do not shift congestion and emissions to secondary or side roads.

GET opportunities in the transport infrastructure sector

Further GET opportunities may be available in the transport infrastructure sector that could be investigated by the teams. The list is non-exhaustive but provides ideas of potential investments that are GET eligible.

All transport infrastructure projects

- Road projects in particular will incorporate GHG emissions from the induced or reduced traffic in the overall calculation of the GET benefits.
- Certification of the terminal buildings or energy efficiency measures – see provisions about buildings in Annex 5.2.
- Proactive habitat enhancement considers the opportunities to protect and improve habitats and biodiversity during the design phase of a project. It may include the management of the physical, chemical or biological characteristics of an environment.
- Building materials involves the selection of environmentally friendly materials (also known as green or sustainable building materials) that have a lower environmental impact compared to traditional materials. Examples include warm-mix asphalt and onsite use of crushed bricks and concrete.
- Construction and demolition waste considers the principle of re-using and recycling construction and demolition waste and falls under broader principles of the circular economy. It also considers the reduction in waste that arises from the 'modular' design of structures.
- CEM 2 and CEM 3 cement are cement alternatives to traditional CEM 1 Portland cement. They contain a higher proportion of cement substitutes from recycled materials and are less energy intensive to make.

Rail

- Application of rail-mounted ballast recycling. Track ballast is an engineered structure made of selected aggregates that supports and locates the track, aids drainage and keeps down vegetation. Its lifecycle is 20-30 years, over which time it wears out due to the constant pounding from passing trains. A maintenance solution involves using a rail-mounted plant that cuts the ballast out from under the track.
- Water and wastewater management and drainage. The use of sustainable drainage systems (SuDS) alleviates flooding and water contamination by storing or re-using surface water and decreasing flow rates. This may be GET eligible in economies where the Bank invests in which SuDS are not required by the legislation.
- Recycling of used railway infrastructure. Certain elements of railway infrastructure can be recycled and/or re-used to enhance resource efficiency and help reduce the amount of materials sent to landfill. Elements such as ballast, rails, concrete sleepers, cabling and switching can be re-used, either for their original purpose or for alternative uses.

Ports

Electric cargo handling equipment

- **Silt curtains**, which are applicable to ports, shipping, docks and shipyards, are a form of geotextile sheeting that can be attached to floats and anchored in maritime and inland waterways. They are vertical installations which extend from the surface of the water downwards and work by capturing suspended sediments in the water, reducing turbidity and pollution risks from works on or in the seabed or riverbed.
- **Shore-side power for berthed vessels**, which is applicable to ports, shipping, docks and shipyards, enables ships at dock or in dry-dock to use electricity (usually from a local grid through a substation at the port or generator) instead of its main and/or auxiliary engines for lighting, heating, galley activities and small- scale activities on board.
- **Hybrid engines and electric-powered vessels** are applicable to the port subsector. Most engines in ships run on fossil fuels, such as heavy fuel oil, low-sulphur fuel oil or diesel, which results in polluting

emissions and deteriorating air quality. There is now an emerging market for the use of hybrid and all-electric engines in vessels.

- **Beneficial re-use of dredged materials** is applicable to the port subsector. Dredging involves the excavation and collection of sand and aggregates from the seabed in the approaches and berths of ports, harbours, docks and wharves. The uncontaminated dredged materials can be re-used in environmentally beneficial ways through circular economic principles and approaches.
- **Vehicle booking systems** (VBSs) are applicable to the port subsector. VBSs are an online booking system, created with the aim of better managing the arrival of external trucks at a port or cargo terminal. These systems aim to improve efficiency and productivity by speeding up port collections and drop-offs, avoiding congestion.
- **Enhanced sustainable remediation activities** include bioremediation, chemical oxidation, stabilisation and solidification.

Airports

- **Water efficiency measures** in the terminal building.
- **Water and wastewater management and drainage** – see details in 'Rail' section.
- **Enhanced sustainable remediation activities** – see details in 'Ports' section.
- **Energy from waste**. This involves the utilisation of waste for generating energy, either through 'energy from waste' technologies or anaerobic digestion, which can produce biogas.

Annex 5.4. GET finance for desalination projects

In water-stressed areas vulnerable to climate change, desalination technologies may be eligible for GET under climate change adaptation activities. In addition to the guiding principle for adaptation finance tracking (see Annex 4) further eligibility criteria apply for desalination projects.

The energy used for the desalination must fall within one of the following categories:

- renewable energy
- energy from the valorisation of waste heat (cogeneration)
- other forms of energy (such as grid electricity, fossil fuels),[50] as long as the criteria in Table A.5.4.1 are fulfilled.

Table A.5.4.1. GET eligibility criteria for "Other forms of energy" used in desalination projects

Criterion	Proposed benchmark	Notes
1	Energy demand per unit of fresh water generated must not exceed 5 kWh/m^3	Based on the review of desalination technologies and their respective typical energy efficiency performance.
2	CO_2 intensity per unit of fresh water generated must not exceed 1.9 kg CO_2/m^3	Based on a CO_2 emission factor of 380g CO_2/kWh[51] and an energy consumption of 5 kWh per m^3 of fresh water produced.

Furthermore, the following three eligibility criteria apply for desalination projects in order to qualify for GET finance:

Table A.5.4.2. Additional GET eligibility criteria for desalination projects

Criterion	Proposed benchmark	Notes
1	Will the additional water be delivered to a water-stressed area where water stress is expected to increase as a consequence of climate change? For example, is annual water availability per capita **less than 1,700 m^3/cap/year?**	Based on the Falkenmark index of water stress. This step could be adjusted for specific project circumstances, for example in cases where the additional water is for purely industrial or agricultural use.
2	Does the amount of additional water make a significant contribution towards alleviating local water stress? For example, providing at least **25 per cent** of the local water deficit (m^3/year).	Verification if the project is making a sufficiently significant contribution towards alleviating water stress to justify the energy use and emissions identified in step 1.
3	Is the water produced used in an efficient manner? Does it not fuel additional, non-essential water demand, for example, due to inadequate water pricing?	Verification to ensure efficient water use, avoid incentivising excessive water use and avoid maladaptation.

[50] Excluding coal.
[51] Reference emission factor of 380 g CO_2/kWh is based on typical emissions from the use of natural gas in air-cooled CCGT in a hot climate.

Annex 5.5. GET finance for projects to prevent gas flaring

Investments aimed at reducing gas flaring in the oil and gas industry are considered to be 100 per cent eligible for GET in countries where gas flaring and venting is common practice and provided that it is not effectively prohibited by national law.

These countries, presented in Table A.5.5.1, typically have high flaring intensities (m^3 gas flared per barrel of oil produced, m^3/bbl) compared to the reference benchmark (United States of America, 2.6 m^3/bbl).

Table A.5.5.1. Gas flaring intensity in EBRD countries of operations and reference countries (2015 data)[52]

Country	Gas flaring (million m^3/year)	Gas flaring intensity (m^3/bbl)	High
Russia	21,244	5.3	Yes
Kazakhstan	3,694	6.1	Yes
Egypt	2,826	10.7	Yes
Turkmenistan	1,843	19.3	Yes
Uzbekistan	1,115	47.7	Yes
Tunisia	496	21.6	Yes
Azerbaijan	193	0.6	
Ukraine	235	16.1	Yes
Romania	34	1.1	
Poland	19	2.7	
Serbia	15	2	
Mongolia	19	2.5	
Hungary	4	0.4	
Belarus	9	0.8	
Turkey	17	0.8	
Reference benchmark (United States of America)	11,852	2.6	
Best international practice (Saudi Arabia)	2,153	0.5	

[52] Gas flaring intensity is expressed as m^3 of gas flared per barrel of oil produced. Source: Global Gas Flaring Reduction Partnership (GGFR), 2016.

Annex 5.6. GET finance for environmental products, technologies and services

A.5.6.1. Environmental products

To be eligible for GET, environmental products will need to meet the criteria of internationally recognised eco-labels or energy, eco-efficiency or other relevant environmental certifications (such a Nordic Eco-label, EU eco-label, FSC, labelled/certified green bonds and PEFC) that are awarded to products that have a smaller environmental footprint over their life-cycle than other products serving the same use.

A.5.6.2. Environmental technologies and practices

In industry sectors for which EU BAT has been defined under the Industrial Emissions Directive, the eligible technologies and techniques should be consistent with EU BAT and the relevant associated performance levels (BAT-APLs). Other technologies or techniques not included in the EU BAT could be eligible for GET as long as it can be shown that they provide at least the same level of environmental protection as the ones included in the EU BAT. When the environmental regulations or standards of the host country are more stringent than those of the EU BAT, the projects will be expected to meet the more stringent requirements.

In industry sectors for which EU BAT has not been defined, internationally recognised environmental technologies, practices and standards will be identified in accordance with good international practice (for example, World Bank Group or World Business Council for Sustainable Development). This identification of eligible technologies and practices could include reference to market penetration of technologies (for example, based on the joint work that the EBRD is conducting with IEA or FAO) and benchmarking methodologies (such as EU ETS).

In other sectors, green technologies and practices will be defined on a case-by-case basis, taking into consideration the principle that the pollution prevention and control techniques minimise potential adverse impacts on human health and the environment while remaining technically and financially feasible and cost effective. This applies to the release of pollutants due to routine, non-routine or accidental circumstances. The eligibility assessment of the proposed technology will consider technically and financially feasible and cost-effective options to avoid or minimise environmental impacts. In sectors for which no internationally recognised reference standards can be identified, the eligible technologies and practices are expected to result in an environmental improvement of at least 15 per cent compared with the baseline scenario.

Eligible technologies and practices may also consist of technically and financially feasible and cost-effective measures that integrate resource efficiency measures and the principles of cleaner production into product design and production processes, with the objective of conserving raw materials, energy and water. At the same time, they should reduce the release of pollutants into the environment.

A.5.6.3. Environmental services

Projects where the material environmental benefits arise mainly from the provision of services such as energy services and waste management companies are eligible for GET if the EBRD's investment will result in incremental environmental benefits and is consistent with the GET principles and criteria. In this case the GET finance will be the total amount of finance that is instrumental for the provision of the environmental services (namely, working capital) and not necessarily used for capex. Acquisition finance is not GET eligible. In projects involving acquisition finance, the teams could look into the enabled GET finance methodology for potential GET (see Annex 5.10).

Annex 5.7. GET finance for hydropower projects

A.5.7.1. Climate change mitigation in greenfield projects

The net environmental benefit of greenfield hydropower projects will be estimated by taking into consideration the environmental impacts of the project as well as a baseline scenario for achieving the same economic output. For example, a new hydropower plant project will help avoid GHG emissions compared with a conventional power plant, but it may also result in potentially significant GHG emissions. Therefore, a hydropower scheme qualifies for GET if it emits significantly less than a thermal power plant with the same capacity over the first 10 years of operation.

A.5.7.2. Climate change adaptation

Teams could investigate the climate resilience angle of existing and new hydropower projects. The Hydropower Sector Climate Resilience Guide published by the International Hydropower Association could show teams how to incorporate climate resilience into hydropower project planning, design and operations from the early stages of project development.[53]

The justification of the climate adaptation angle should be based on the climate change adaptation assessment, following the criteria described in Annex 4 of "Implementing the Green Economy Transition – Technical Guide" (Approach to climate change adaptation activities).

[53] https://www.hydropower.org/publications/hydropower-sector-climate-resilience-guide.

Annex 5.8. Financial intermediary operations

This Annex provides guidance on the GET eligibility of operations financed through financial intermediaries and typically addressing multiple eligible small or medium-scale investments ("sub- projects") in specific target sectors, for example, residential, commercial, industrial or public sectors. These types of operation include the following:

- Green Economy Financing Facilities (GEFFs), which are credit lines provided by the EBRD to local financial institutions so that they can finance the green investments of a large number of eligible end-beneficiaries.
  A GEFF typically includes a technical cooperation programme implemented by a team of local and international experts ("the consultant") procured by the EBRD and may include financial incentives, blended concessional finance and/or risk mitigation components, for example, first loss cover, guarantees, and so on.

- Lines of finance made available through local financial institutions whose primary purpose is not green investment but whose sub-projects may include GET components. Examples include the Regional SME Competitiveness Support Programme, which primarily aims to support SMEs in implementing EU standards. Financed investments are likely to include GET- eligible technologies.

The Annex does not cover GET eligibility of bonds issued by financial institutions and the Trade Facilitation Programme (TFP), as these will be covered in separate annexes. Other financial products, including equity, unfunded instruments and risk-sharing frameworks (RSFs) are not currently covered by Annex 5.8.

A.5.8.1. Eligibility criteria for sub-projects

In order to be GET-eligible, financial intermediary operations use technical eligibility criteria to restrict the use of proceeds by the financial intermediary.

Eligibility criteria are defined in an annex to the financing agreement between the EBRD and the financial intermediary (for example, in the form of a policy statement). The standard generic GEFF Annex A: Technical Eligibility Criteria should be used for FI transactions that include GET components. The eligibility criteria meet the qualifying principles and criteria of the Bank's GET approach and performance requirements (PRs) 2, 4 and 9 of the EBRD Environmental and Social Policy (ESP) of May 2019.

Where a financial intermediary operation includes innovative products not covered by, or deviating from, either the eligibility criteria in the standard GEFF Annex A: Technical Eligibility Criteria or the principles in "Implementing the Green Economy Transition – Technical Guide", its GET eligibility will be discussed and confirmed by the EBRD during early stages of project development.

A.5.8.2. GET finance allocation

GET finance is determined on the basis of the use of proceeds.

According to the Board-approved Financial Sector Strategy 2016- 2020, GEFFs are classified as 100 per cent GET.

For other FI transactions that are not fully GET eligible but include GET components, the GET share will be:

- determined based on the percentage of proceeds that are used for GET eligible components, or
- predetermined based on the expected portfolio of sub-projects. Any assumptions for the determination of the GET share shall be well founded and based on either experience of similar portfolios or on market assessments. Other requirements:
  - post-signing verification of GET-eligible projects by the consultant or the EBRD
  - annual reporting of the GET-eligible projects (after verification by the consultant or EBRD teams). The report should be shared with the EBRD.

A.5.8.3. Determination of GET eligibility of sub-projects

The GET eligibility of sub-projects can be determined by the methods detailed below.

(a) **Determination of GET eligibility at Framework level**

Where 100 per cent GET share and expected GET impacts can be confirmed at the Framework level, 100 per cent GET share will be attributed to all sub-operations, subject to none of the agreed GET attribution criteria being breached. This includes:

- the green annex includes confirmation that sub-operations fully meet relevant GET criteria
- the specific Policy statement for the sub-project incorporates relevant measures, and
- all GET impacts are recorded, have references and supporting impact calculations.

(b) An open list of high-performing technologies that have been pre-assessed as GET eligible

The technologies on the list are pre-assessed by consultants contracted and managed by the EBRD. The technologies exceed minimum performance requirements (as determined in section 3.3 of "Implementing the Green Economy Transition – Technical Guide") and perform beyond current market practices, resulting in measurable benefits, and environmental improvements. The extent to which the performance requirements go beyond the reference baseline differs for each technology and is set according to four major principles:

- technological progress
- maturity of market supply
- market penetration rates
- technology costs

The list of technologies and minimum performance requirements is published on the website of the respective operation (for example, https://ebrdgeff.com/ts).

The EBRD will review minimum performance requirements on a regular basis and adjust them to reflect market developments regarding the four principles listed above.

(c) Assessment of sub-projects against eligibility criteria

Sub-projects will be assessed against the eligibility criteria detailed in the financing agreement between the EBRD and the financial intermediary.

An assessment of eligibility may be performed by a technical consultant hired by the EBRD or made available by the financial intermediary, in a form agreed beforehand with the EBRD. The eligibility is evidenced by an assessment report.

A.5.8.4. GET performance indicators

Financial intermediary operations that are fully GET eligible or include GET investment components should include performance indicators aligned with "Implementing the Green Economy Transition – Technical Guide" (see section 5.5) that allow the assessment of the GET impacts for the relevant FI operations. An operation can have a single or multiple environmental benefits, so the appropriate indicators should be selected.

A.5.8.5. Post-signing monitoring and benchmarking

The performance of the sub-projects under financial intermediary operations that are fully GET eligible or include GET investment components must be regularly monitored, reported on and evaluated. The financial intermediary will report to the EBRD on the portfolio of eligible sub-projects at least on an annual basis. Consultants or the financial intermediary will also provide relevant technical data confirming the eligibility of the sub-project, based on which the performance of sub-projects will be evaluated and benchmarked against similar portfolios.

Annex 5.9. GET finance for bonds and sustainability-linked loans

This Annex provides guidance related to the GET eligibility of bonds and sustainability-linked loans. It covers the following categories:

- green bonds
- sustainability bonds
- sustainability-linked bonds (SLBs)
- sustainability-linked loans (SLLs)
- bonds with GET-eligible use of proceeds.

The sustainability-linked loans (SLLs) have been included in Annex 5.9 as a similar approach to SLBs is used for the GET attribution. This guidance does not cover climate resilience bonds (in other words, as defined by the Climate Bond Initiative's **Climate Resilience Principles**),[54] which may be updated accordingly in the future if there is any demand for the EBRD to participate in issuances of climate resilience bonds.

A.5.9.1. Green bonds and sustainability bonds

Green bonds are a type of bond instrument where the proceeds are exclusively applied to finance or refinance, in part or in full, new and/or existing eligible projects with green-eligible uses of proceeds (green projects) as defined in the 'Uses of proceeds' section below.

A bond issued by EBRD clients is considered a green bond if the following criteria are met:

- the bonds are or will be issued fully in line with the **Green Bond Principles** (GBPs)[55]
- the alignment with the GBPs is confirmed by an external review provider, and
- the EBRD has reviewed the information and deems that the bonds have been issued in alignment with the GBPs.

EBRD investments in green bonds are considered 100 per cent GET eligible if the following conditions are met:

- the green bond is meeting the criteria as outlined above
- the proceeds are not allocated to projects that are on the exclusion list (see section below)
- the green bond framework and use of proceeds are aligned with the GET eligibility criteria.[56]

Teams will need to provide for review:

- the issuer's green bond framework and
- a comparison of the use-of-proceeds standards and benchmarks against the eligibility criteria in "Implementing the Green Economy Transition – Technical Guide".

Green bonds that are not fully aligned with the GBP can still be reviewed for their GET eligibility according to the guidance for "Bonds with GET-eligible use of proceeds" (see section 5.9.2).

When estimating the GET impacts of green bonds, attention should be paid in order to avoid double counting in case the EBRD has also directly financed projects included in the green bond.

[54] https://www.climatebonds.net/files/page/files/climate-resilience-principles-climate-bonds-initiative-20190917-.pdf
[55] Green Bond Principles (GBP) are voluntary process guidelines under the secretariat of the International Capital Market Association (ICMA): https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf
[56] Green bonds in which the use of proceeds are aligned with the Climate Bonds Standard of the Climate Bonds Initiative (CBI) can be reviewed on a case- by-case basis by ESD and the team will need to provide a comparison of the CBI standard(s) used with the GET eligibility criteria. Other international standards may be added in the future after assessing their level of ambition compared to GET eligibility criteria.

A similar approach to green bonds will be used for the determination of the GET eligibility of green loans that are fully in line with the Loan Market Association's (LMA) Green Loan Principles (GLPs).[57] GLPs build on and refer to the Green Bond Principles (GBPs) administered by ICMA, with a view to promoting consistency across financial markets.

Sustainability bonds are a type of bond instrument where the proceeds are exclusively applied to finance or refinance a combination of green and social projects and are aligned with the GBPs and/or the Social Bond Principles (SBPs) and/or the Sustainability Bond Guidelines (SBGs). Social projects directly aim to address or mitigate a specific social issue and/or seek to achieve positive social outcomes, especially, but not exclusively, for a target population. For a sustainability bond to be GET eligible, green projects have to adhere to the same criteria established for green bonds. The GET share of sustainability bonds will be determined based on the share of green projects.

In the following, reference is made to green bonds only, however, it is understood that the criteria apply to all green projects, whether they are part of a green or a sustainability bond.

Uses of proceeds

The uses of proceeds financed by green projects underlying the green bond must be in line with at least one of the three main categories of environmental benefits (in line with the Board approved GET approach):

- climate change mitigation (reducing greenhouse gas emissions)
- climate change adaptation (enhancing climate change resilience), or
- other environmental benefits (including improving resource efficiency, reducing local pollution, improving resilience and restoring ecosystems).

External reviews

An external review is defined as:

- a second-party opinion (including advice from consultants and/or institutions with recognised expertise in environmental sustainability or other aspects of the issuance of a green bond), or
- a verification (bonds, associated framework or underlying projects are independently verified by suitably qualified parties, such as auditors with expertise in this area), or
- a certification (bonds, associated framework or use of proceeds are certified by an external and recognised expert in green assessment standards, tested by qualified third parties or certifiers), or
- a bonds scoring or rating (bonds or associated framework rated by qualified third parties such as specialised research providers or one of the international rating agencies).

together or by itself called the External Review.

- The EBRD will require an External Review of any green bond ahead of issuance.
- An External Review may be partial, covering only certain aspects of the client's green bonds or associated frameworks, or a full review, assessing alignment with all four core components of the GBPs/SBGs/SBPs.
- For clients who have already obtained an External Review for outstanding green bonds or their green bond framework, an additional External Review is optional.
- The External Review must be publicly disclosed. In cases where this is not feasible, the client must make publicly available at least an executive summary of the External Review.
- It will be at the client's discretion to select an External Review provider and type of review.

The timing of an External Review may depend on the nature of the use of proceeds and publication of reviews can be constrained by business confidentiality requirements.

[57] https://www.lma.eu.com/application/files/9716/1304/3740/Green_Loan_Principles_Feb2021_V04.pdf

Exclusions

For the avoidance of any doubts, the green bonds must not allocate proceeds to:

- activities listed on:
  - GET exclusion list (see Section 4.4)
  - the EBRD's Environmental and Social Exclusion List (included in Appendix 1 of the EBRD's Environmental and Social Policy)[58]
  - the indicative list of Category A projects (included as Appendix 2 in the EBRD's Environmental and Social Policy).
- Projects associated with the following type of high environmental and social risk or carbon-intensive activities or assets will not be eligible to be funded by a green bond:
  - large dams, large water reservoirs or large hydropower projects associated with potentially significant environmental and social risks and impacts,[59] and
  - fossil-fuel extraction, transportation and power generation projects (including 'clean coal projects') and energy efficiency projects associated directly with coal or oil extraction, transportation and power generation
  - liquid biofuel production (pending the adoption of internationally recognised sustainability criteria)
  - large infrastructure and extractive industry projects exposed to considerable environmental and social risks, such as significant resettlement, impacts on critical habitat, impacts on indigenous peoples, significant impacts on local communities or impacts on critical cultural heritage.

This list of non-eligible areas is non-exhaustive and may be adjusted by the EBRD from time to time.

Refinancing existing projects

There is no cap on the cumulative proceeds of a green bond used to refinance existing eligible green projects. An estimate of the share of refinancing should be provided to the Bank.

Reporting

- **Uses-of-proceeds reporting**: Clients will provide the EBRD and all other investors with a list and a clear description of all the projects to which the green bond proceeds have been allocated and their expected impacts, at least once a year. Where confidentiality agreements, competitive considerations, local regulatory environment or a large number of underlying projects limit the amount of detail that can be made available, the information should be presented on an aggregated portfolio basis (for example, percentage allocated to certain project categories).
- **Impact reporting**: Clients should provide the EBRD and other investors with an impact report on the mitigation, adaptation and environmental benefits of the green projects with the underlying methodology used to estimate the impacts, or alternatively should provide sufficient information to estimate their relative positive environmental impact and absolute environmental impact. The impact report should be based on the Handbook - Harmonized Framework for Impact Reporting. If an impact report is not available at the time of issuance, the EBRD will require a commitment from the client to provide this report.
- Furthermore, clients should commit to providing sufficient information to estimate the positive environmental impact of the projects and promote a set of environmental key performance indicators (KPIs). The reports (both use-of-proceeds and impact reporting) will have to be made publicly available by the clients, to an extent that the local regulatory framework allows.
- In case of the ex-post reporting, it is recommended that the relevant results are included in the report. The ex-post impact report should illustrate the achieved outcomes (for example, capacity, electricity

[58] See https://www.ebrd.com/cs/Satellite?c=Content&cid=1395282231140&d=Default&pagename=EBRD%2FContent%2FDownloadDocument

[59] The International Commission on Large Dams (ICOLD) defines a large dam as: (i) a dam with a height of 15 metres or more from the foundation and (ii) a dam that is between 5 and 15 metres high and has a reservoir volume of more than 3 million cubic metres.

generation, GHG emissions reduced or avoided and absolute GHG emissions, and so on) as a result of green projects to which proceeds have been allocated. The divergences between ex-ante and ex-post assessments should be analysed to the extent possible.

A.5.9.2. Sustainability-linked bonds (SLBs) and sustainability-linked loans (SLLs)

Sustainability-linked bonds and loans are financial instruments for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined sustainability or ESG objectives. The issuers are thereby committing explicitly (including in the documentation disclosed to investors/financiers) to future improvements in sustainability outcome(s) within a predefined timeline. SLBs and SLLs are forward-looking performance-based instruments.

Sustainability objectives derive from the sustainability strategy of the issuer as outlined in the SLB/SLL Framework (or the framework that may be disclosed by the issuer) and are (i) measured through predefined KPIs and (ii) assessed against predefined sustainability performance targets (SPTs). The proceeds of SLBs/SLLs are, in most cases, intended to be used for general purposes, so the use of proceeds is not a determinant in its categorisation. SLBs are not to be confused with sustainability bonds, presented in section A.5.9.1.

Sustainability-linked bonds that are issued fully in line with the ICMA **Sustainability-Linked Bond Principles**[60] (SLBPs) or sustainability linked loans fully in line with LMA Sustainability-Linked Loan Principles[61] (SLLPs) and whose alignment with the SLBPs/SLLPs has been confirmed by an external reviewer can be considered 100 per cent GET if all of the following conditions are met:

- The sustainability outcome(s) targeted by the issuer relate solely to climate mitigation, climate adaptation or other environmental objectives
- The external review confirms that the selected KPIs are relevant and material from an environmental standpoint in the context of issuer's operations and its environmental impact and the SPTs fall within the external review provider's two highest ratings. For example, the SPTs should be "ambitious" or "highly ambitious".[62] Bonds with KPIs that are not fully relevant and materials and SPTs that have lower ratings are not considered GET eligible.
- The EBRD has reviewed the SLB/SLL framework and deems that:
    - the KPIs and SPTs are sufficiently ambitious.
    - the actions proposed for achieving the SPTs are GET eligible. In case of a mixed investment plan (GET eligible and non-eligible), the client will commit to invest an amount equivalent to EBRD's participation in GET eligible investments.
    - in cooperation with the client, the Bank will monitor the delivery of the KPIs and the associated GET eligible actions and capex delivering those objectives.
- If the SLB/SLL are targeting multiple sustainability objectives (for example, they include social, gender, inclusion KPIs/SPTs in addition to green) or encompass use of proceeds that are neither related to GET nor eligible for GET, a proportional attribution of GET is applicable based on expected finance for green versus non-green activities.

A.5.9.3. Bonds with GET-eligible uses of proceeds

GET eligibility is determined based on the utilisation of the use of proceeds towards GET eligible components or projects. The use of proceeds will be reviewed component by component for their GET eligibility, the determination of the GET share and expected benefits. The GET share of the bond will be based on the proportion of the expected GET-eligible uses of proceeds.

In cases where the EBRD's investment participation results in additional GET-eligible components or projects for the entire issuance, the GET share of those components could be allocated to the EBRD's participation. Otherwise, the GET share will be based on the share of GET-eligible components or projects in the bond as a

[60] ICMA Sustainability-Linked Bond Principles, 2020.
[61] LMA Sustainability-Linked Loan Principles, 2020.
[62] Different SPO providers use different labels in their rating scale but in most cases they are using a 4-tier rating scale.

whole. Non-GET eligible components or projects must not include activities or projects that fall under the EBRD's exclusions (for example, general EBRD exclusions, environmental and social exclusions and GET exclusions).

For bonds with GET-eligible use of proceeds, refinancing of existing assets does not qualify for GET.

When estimating the GET share and impacts, attention should be paid in order to avoid double counting, in case the EBRD has also directly financed projects included in the bond.

Annex 5.10. Methodology for tracking and reporting enabled GET investments

Summary

The GET contribution of projects financed by the EBRD is determined by the portion of the Bank's investment that targets GET-eligible activities. According to "Implementing the Green Economy Transition – Technical Guide" (section 3.5: Attribution of GET finance), the attribution is based on the **direct link** between the EBRD's finance and the use of proceeds agreed with the client within the **project boundaries**. This includes time-bound implementation periods and the EBRD monitoring of project implementation.

Beyond the above definition, the Bank has been broadening the range of financing instruments it uses – for example, green bonds, guarantees and unfunded risk participation, as well as equity investments – to achieve direct GET outcomes. These instruments can be classified as GET Annual Bank Investment (ABI) because of the links between the EBRD financing and the green outcome.

The EBRD's ability to leverage its financing to influence clients' climate corporate governance, capital investment plans and environmental commitments is seen as an opportunity to engage with clients to **catalyse additional green investment**. For example, as part of the Bank's Covid-19 response the EBRD has provided liquidity support to a power utility and, at the same time, secured a commitment for the decommissioning of thermal generation assets ahead of the end of their physical lifetimes. Such decommissioning will have major environmental benefits, creating "space" for new renewable energy capacity.

This justifies the expansion of the GET attribution principles to investment components that are not immediately financed from the proceeds of the EBRD transaction, but which are, however, directly enabled by the Bank's financing transaction. As reflected in "Implementing the Green Economy Transition – Technical Guide", the approach follows the principles of the joint MDB methodology for climate mitigation finance by identifying financial flows that enable green outcomes.

This annex outlines the approach to recognising such enabled GET elements and proposes a methodology for attributing a GET share of **enabling transactions** based on specific GET-eligible commitments. **Enabled GET investments constitute investments in GET-eligible projects and activities that are confirmed as being a result of the Bank's involvement** as part of the underlying financing transaction.

This methodology recognises the GET contribution of *enabling* investments, in line with the categories included in the EU taxonomy for sustainable financial activities.[63] It applies where the GET-eligible investments lie outside the EBRD project boundaries (in other words, they do not constitute use of proceeds directly financed by the Bank), but are enabled by and linked to the EBRD transaction.

Definitions

Enabled GET investment – investment that **meets the criteria of "Implementing the Green Economy Transition – Technical Guide"**, is a result of the involvement of the EBRD, and is implemented by a client (project's borrower/investee company/sponsor) or a third party following a formal commitment under the underlying (enabling) EBRD financing transaction.

Enabling transaction – a financing transaction undertaken by the Bank, enabling a formal commitment by the client to implement GET-eligible investments.

Requirements

For attribution as enabled GET finance, the Bank's projects must comply with all of the following criteria:

- They must feature an investment plan (capex) that is GET eligible as specified in "Implementing the Green Economy Transition – Technical Guide".
- That investment plan should be confirmed as being a result of and/or enabled by the Bank's involvement in the underlying (enabling) financing transaction.
- GET-enabled investments should result in quantifiable positive environmental outcomes that are estimated relative to a specified baseline. Where the enabling transaction results in a greater negative impact (such as

[63] European Commission (2020), EU taxonomy for sustainable activities, Brussels.

higher GHG emissions or increased water consumption), the aggregated net benefits (enabling plus enabled environmental outcome indicators) will need to be estimated.

- They must feature a commitment from the client to implement the enabled GET investments within the tenor of the enabling transaction (or within the anticipated investment-holding period for equity transactions). This will be achieved through relevant provisions in the EBRD financing agreements.
- The projects must feature relevant public disclosure(s) (such as those made by the Bank's client) communicating the EBRD's role in enabling the GET-eligible investments.
- The projects must feature the client's commitment, in legal agreements, to reporting on the implementation and environmental outcomes of GET-enabled investments throughout the life of the enabling transaction, in line with the provisions on post-signing monitoring of the GET MRV process.

The EBRD Board document shall contain a GET annex explaining the GET rationale for the transaction, prepared in line with the guidelines in "Implementing the Green Economy Transition – Technical Guide".

Attribution rules

The GET attribution in the context of an enabling transaction will follow the process set out in "Implementing the Green Economy Transition – Technical Guide". However, the calculation of the GET finance differs from the cases of investments financed directly by the Bank as follows:

1. GET project boundaries include both the enabling transaction and the enabled GET investments.
2. The GET share is calculated as follows:

   [GET share, %] =

   [GET eligible investments] / ([enabled GET investments] + [enabling transaction])

   Where

   [GET eligible investments] are defined as the sum of investments meeting the criteria of "Implementing the Green Economy Transition – Technical Guide".in both enabled GET investments and enabling transaction:

   [GET eligible investments] = [enabled GET investments] + [GET investments in enabling transaction]

When estimating the finance and impacts of enabled GET activities, attention must be paid to GET accounting and reporting. This should be conducted in compliance with established internal policies and international reporting standards,[64] as well as the joint MDB methodology for tracking climate change mitigation for the accounting of climate finance.[65]

For the EBRD, reporting financial flows and physical outcomes is essential to informing its stakeholders of the nature and impact of the Bank's activities. In this regard, it is important to make a distinction between double reporting and double counting, as well as between reporting on financial flows and reporting on physical indicators.

Double reporting: Different organisations report separately on their financing. If multiple organisations are co-financing the same project, they may report the same investment volume. For example, when the EBRD provides a green credit line to a local partner bank, the Bank, the local institution and the individual investors all report separately on the financial flows and their impact. This is common practice across MDBs, financial institutions and project developers. EBRD GET reporting is always linked to its own investment volume and, therefore, can never exceed the amount of EBRD finance provided.

Double counting: The same numbers are aggregated to assess the impact of joint efforts, leading to over-counting of total investments and/or physical outcomes. This can happen in joint reporting and should be avoided and corrected.[66] For this reason, when formally accounting for the physical impacts of its investments, the Bank only reports Scope 1 (project-emission) net GHG savings.

[64] OECD (2018), "Reporting by multilateral agencies and figures on their outflows", Paris.
[65] AfDB, ADB, AIIB, the EBRD, EIB, IADB, IsDB and World Bank (2021), *2020 Joint Report on Multilateral Development Banks' Climate Finance*, London.
[66] EBRD (2019), Mobilisation, London.

Annex 5.11. GET finance for funds

Projects involving the Bank's participation in generalist (sector-agnostic) equity funds

The GET finance of the Bank's equity commitment will be based on the minimum amount of green investment that the fund manager commits to implementing within its portfolio companies as outlined in the two cases below:[67]

1. In cases where the EBRD has played an instrumental role in incorporating green investment considerations in the fund's investment and/or value-creation strategy, the GET share will be calculated based on the minimum amount of green investment that the fund has committed to compared with the amount of the EBRD's investment in the fund. The instrumental role of the EBRD can be confirmed if:
    - the fund manager adopts green investment policies or criteria consistent with the EBRD GET approach or which the Bank otherwise deems to be satisfactory (for example, the EU Taxonomy criteria for substantial contribution to one of the six environmental objectives) and which include relevant GET exclusions
    - the fund manager commits, in the legal documentation for the fund, to implementing a minimum amount of green investment, and
    - the fund manager agrees to report on green investments and associated GET impacts in line with the provisions on post-signing monitoring following the GET MRV process.
2. In other cases (in other words, where the fund is pursuing green investment without the EBRD playing an instrumental role) the GET share will be calculated by dividing the green investment commitment of the fund by the total fund capital.

Projects involving the Bank's participation in thematic funds

For projects involving the participation in thematic funds with a core, if not exclusive, focus on assets/projects/companies that substantially contribute to green economy objectives (such as renewable energy infrastructure, clean tech or sustainable agriculture), the Bank's commitment will be considered 100 per cent GET-eligible provided that:

- the fund manager commits to delivering green investments (as defined in footnote 44) of at least the amount of EBRD's investment in the fund consistent with either the EBRD GET approach or green/sustainable investment policies which the Bank otherwise deems to be satisfactory (for example, the EU Taxonomy criteria for substantial contribution to one of the six environmental objectives) and which include relevant GET exclusions, unless already envisaged by policies referred to above[68]
- The fund manager agrees to report on green investments and associated GET impacts in line with the provisions on post-signing monitoring following the GET MRV process.

[67] For Annex 5.11, green investments may include both investments by the fund in green companies/assets such as renewable energy or green technologies, or green capex implemented at the investee-company level during the holding period of the fund (for example, resource- and energy-efficiency measures) irrespective of the financing source for such capex (equity, external debt or internally generated cash).
[68] For example, Article 9 Funds under the EU Sustainable Finance Disclosure Regulation (SFDR) must comply with the principle of not causing significant harm ("do no significant harm", or DNSH) to any environmental or social objective and investee companies are to follow good governance practices and thus meet this criteria by default.

Annex 6. EBRD protocol for assessment of greenhouse gas emissions

Background

The EBRD first published an assessment of the impact of its investments on greenhouse gas emissions in 2003. The purpose was to see climate change impacts in the wider context of the transition impacts of EBRD projects. The assessment also aimed to answer the simple question: "What impact is the Bank having, through its investments, on the build-up of greenhouse gases in the atmosphere?"

The EBRD GHG assessment methodology developed for this purpose provided a framework for the integration of GHG assessments into project due diligence and for the annual reporting of the forecast impact of the new direct investment projects added to the portfolio.

The Bank's focus on climate change mitigation, through promoting investments in energy efficiency, renewable energy and emission reduction projects, grew substantially via the Sustainable Energy Initiative (SEI) in 2006 and later through the Sustainable Resource Initiative (SRI). In 2015, the EBRD's Board approved the Green Economy Transition (GET) approach, which was replaced by GET 2.1 in 2020. GET 2.1 aims to reach a green finance ratio of more than 50 per cent by 2025 and also achieve to achieve net GHG emission reductions of 25 to 40 million tonnes over the GET 2.1 period, based on cumulative ex-ante estimates.

The MDBs have agreed common principles for GHG accounting and are continuing to work towards more harmonised, sector-specific approaches. The harmonisation process has led to the IFI Framework for a Harmonised Approach to GHG Accounting and the sector approaches for Renewable Energy, Energy Efficiency and Transport. Additional sector approaches will be agreed between the IFIs.

Objectives and basic principles

The EBRD is committed to estimating the future GHG impact of the projects that it finances on an ex-ante basis where these are likely to result in significant increases or reductions in emissions. Consistent with the Bank's transition mandate, the principal objectives are:

- to provide a fit-for-purpose estimate of the change in GHG impact that each year's newly signed projects will have, once fully implemented
- to demonstrate the broader climate change mitigation benefits that an increasing number of EBRD projects are designed to achieve.

Where possible, the assessment is undertaken during project appraisal.

In developing a GHG assessment methodology aimed at meeting these objectives, a wide range of choices in approach is available. Several basic principles, identified below, exist to help narrow such choices and these have been applied in shaping the EBRD approach:

Transparency and clarity of definition: In any project, some choices may remain subjective. A project may be assessed in different ways for different purposes. It is thus essential that choices and assumptions are clearly stated to preserve the usefulness of the assessment. Most important in this context is a clear understanding of what a project comprises, in terms of geographical and operational boundaries.

Conservatism: To minimise the risk of understatement of emissions or overstatement of savings, a conservative approach to assumptions should be made wherever significant uncertainty exists.

Fitness for purpose: Where a GHG assessment is required to form the basis of financial transactions – for example, carbon trading – greater resources will generally be required in order to apply the more complex approaches demanded. Where the assessment is carried out for information purposes only, simpler, less resource- intensive approaches may be acceptable.

Project specificity versus general applicability: It may be necessary to strike a balance between the desire to achieve as much project-specific accuracy as possible and the benefit of comparability that the use of common, consistent approaches provides across many projects of a given type.

Alignment of the EBRD approaches to GHG accounting with the agreed IFI Framework for a Harmonised Approach to GHG Accounting

The IFI Framework for a Harmonised Approach to GHG Accounting (November 2012) has been approved by the following IFIs: the Agence Française de Développement (AfD), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), UK Green Investment Bank, Inter-American Development Bank (IDB), International Finance Corporation (IFC), KFW Development Bank, Nordic Environment Finance Corporation (NEFCO) and World Bank (WB). In December 2015, these IFIs agreed sector approaches for the renewable energy, energy efficiency and transport sectors.

A number of common principles have thereby been agreed but, for justifiable reasons, important differences in detail remain to be resolved. As a result a variety of alternative methodological options are included in the framework text.

Grid emission factors for economies in the EBRD regions

The values of the grid emission factors for the economies where the EBRD invests can be found on the UNFCCC IFI TWG – List of Methodologies page. The values are derived from the Dataset of Harmonised Grid Factors (Version 2.0). The dataset is calculated using the methodology GHG Accounting for Grid Connected Renewable Energy Projects, which was developed by the IFI Technical Working Group (TWG) on GHG Accounting. The TWG has agreed to use a common set of emissions factors for GHG accounting of electricity production from renewable energy (RE) projects. The purpose is to harmonise GHG accounting through the application of common emissions factors to RE-GHG calculations. Further iterations of this approach will include the treatment of off-grid RE activities. The TWG will update the common dataset of emission factors at least once every two years.

Annex 7. EU taxonomy

The GET 2.1 approach recognises the need to incorporate sound and internationally recognised standards into the Bank's assessment, to reflect increasing financial-sector standardisation in the assessment and tracking of green financial flows (see Reference 9 in "Implementing the Green Economy Transition – Technical Guide"). Taking into account regional considerations, the Bank will adopt and apply: (i) external and widely recognised methodologies and taxonomies for GET finance attribution and impact assessment; and (ii) external disclosure and reporting frameworks.

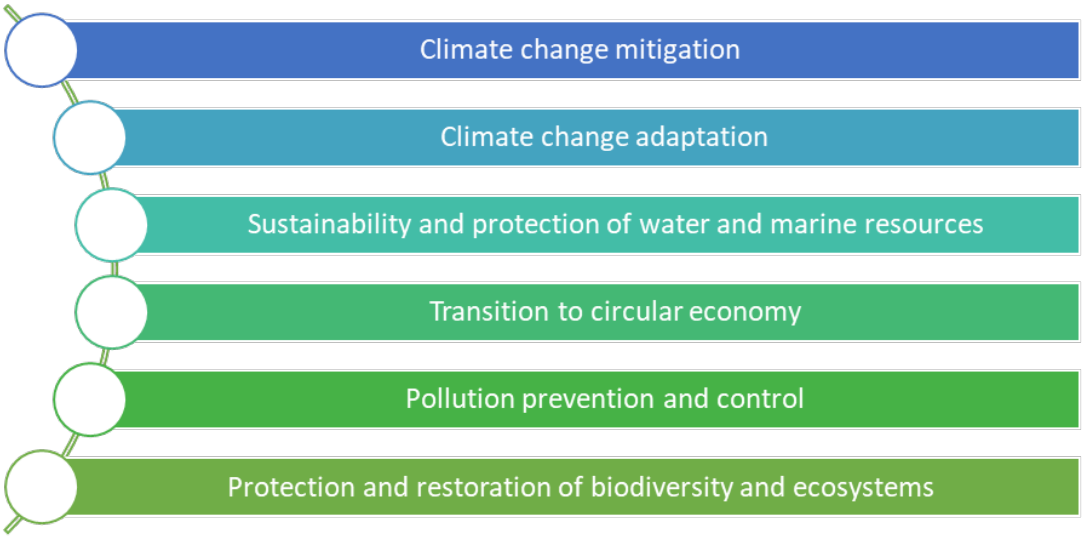
A relevant external taxonomy is the EU Taxonomy for sustainable finance. It is a tool to help investors, companies, issuers and project promoters navigate the transition to a low-carbon, resilient and resource-efficient economy. It includes six environmental objectives (shown in Figure A.7.1) and sets performance thresholds (called "technical screening criteria") for economic activities, which:

1. substantially contribute to at least one of the six environmental objectives
2. do no significant harm (DNSH) to any of the other five environmental objectives
3. comply with minimum safeguards.

Even though certain areas of the Taxonomy are still under development, the performance thresholds for climate change mitigation and climate change adaptation have been adopted in June 2021 under the EU Taxonomy climate delegated act (see Reference 10 in "Implementing the Green Economy Transition – Technical Guide").

The revised Technical Guide is aligned with the EU Taxonomy in terms of categorisation and the aim in the future is to incorporate the thresholds for climate mitigation and adaptation (when applicable) in the guidance for the various sectors. Taxonomy thresholds have already been incorporated in the guidance for buildings and transport and the annexes will continue to be revised sector by sector. The DNSH principle is addressed in the GET approach through the requirement about net environmental benefits from the project and also compliance with EBRD's ESP and PRs. ESP and PRs also cover the minimum safeguards that are required by the EU Taxonomy.

Figure A.7.1. Environmental objectives of the EU Taxonomy Regulation



Annex 8. The blue economy

Oceans and seas present vast opportunities for economic development and work creation. The blue economy, defined as the sustainable use of ocean resources for economic growth, improved livelihoods and jobs while preserving the health of ocean ecosystems,[69] has the potential to outperform the growth of the global economy by 2030 in terms of both value added and employment.[70]

The unsustainable use of the marine environment is putting these prospects at risk, as well as the livelihood and welfare of billions of people in coastal communities. For example, 90 per cent of the world's fisheries are already fully exploited or overfished, while more than 8 million tonnes of plastic end up in our oceans every year. Oil spills, eutrophication, harmful invasive species, nitrite pollution from agriculture, and plastics pollution are further pressures on marine ecosystems.

Thanks to its experience, the EBRD is in an ideal position to find synergies across sectors and stakeholders to develop innovative blue-economy solutions in coastal zones.[71] All of the major sectors in which the Bank invests have the potential to contribute to the blue economy, including:[72] offshore renewable energy, decarbonised shipping and climate-resilient ports, the circular economy, pollution prevention (including plastics in manufacturing and services), and sustainable production and processing of marine foods. To support the Bank's role in responsible investment in the blue economy, the EBRD became a signatory to the Sustainable Blue Economy Finance Principles (SBEFPs)[73] in December 2020.

The SBEFPs are expressly intended to further the implementation of the Sustainable Development Goals (SDGs), especially those that contribute to the management of the ocean, in particular, SDG 6 and SDG 14 (to conserve and sustainably use the oceans, seas and marine resources for sustainable development). This is in line with objective 3 of the EU Taxonomy for Sustainable Finance on the "sustainable use and protection of water and marine resources".[74] Operationally, the Sustainable Blue Economy Finance Principles are aligned with EBRD Performance Requirements and other internal mechanisms for project appraisal.

The market has been seeking guidance on project eligibility criteria, translating general blue economy financing principles, such as the Sustainable Blue Economy Finance Principles and the Sustainable Ocean Principles, into guidelines for sustainable lending. Below is an indicative list of blue economy sectors, related activities and industrial sectors and references in which blue economy projects may be aligned with the GET approach and eligible for GET finance in accordance with the relevant annexes and eligibility criteria of the Technical Guide (for example, Mitigation (Annex 2), Other Environmental (Annex 3) and Adaptation (Annex 4) Annexes.

[69] World Bank (2017), https://www.worldbank.org/en/news/infographic/2017/06/06/blue-economy
[70],OECD (2016), The Ocean Economy in 2030.
[71] Per the Millennium Ecosystem Assessment 2005, projects with an impact on the near-coastal zone, which are easy to identify and track, are considered within the 100 km zone.
[72] For the purposes of "Implementing the Green Economy Transition – Technical Guide", the sustainable blue economy is a goal for the wider blue economy and, therefore, excludes non-renewable extractive industries (such as offshore oil and gas and deep-sea mining) as well as unsustainable practices in other sectors.
[73] https://ec.europa.eu/oceans-and-fisheries/ocean/sustainable-ocean-finance_en.
[74] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

Table A.8.1. Indicative list of blue economy sectors and activities with GET eligibility criteria

Activity	Related industries and sectors	GET eligibility criteria	Investment examples
Generation of offshore renewable energy	Renewables Wave energy Floating solar PV Offshore Hydrogen generation Floating offshore wind	Climate change mitigation	Energy infrastructure and equipment
Freshwater generation	Desalination	Climate change adaptation	Desalination infrastructure and equipment, with conditions stipulated in Annex 5.4 Improvement of water supply and demand efficiencies, including leak prevention, water supply from alternative and sustainable water sources, and performance optimisation Improvement of drinking-water quality Increased access to piped water supply (see Annex 3)
Maritime transport	Shipping and shipbuilding	Climate change mitigation	New vessels or vessels retrofitted to achieve modal shift, improved EEDI, use of alternative marine fuels (see Annex 5.1)
		Other environmental activities: Protection and restoration of biodiversity and ecosystems Sustainable use and protection of water and marine resources	Vessel-based ballast water and biofouling facilities and services (see Annex 5.3): • Barge-based ballast water systems for small ships and for contingency

		Other environmental activities: Pollution prevention and control Air emission reductions (SOX, NOX, PPM) Solid waste reduction, including hazardous waste Safe and environmentally sound recycling of ships Reduction of oil, persistent organic pollutants (POPs) and others	New vessels or vessels retrofitted to meet ECA requirements when operated outside of emission control areas (ECAs) (see Annex 5.1) Connection to onshore power supply Bilge-water management systems that exceed MAPROL Annex I requirements Membrane bioreactor-type water-treatment equipment and facilities for all blackwater and greywater generated from shipping and cruising vessels; this equipment must meet requirements for passenger ships in special areas (regardless of the area in which they operate)
	Ports and related services	Climate change mitigation	See Annex 5.1 Investment in ports showing modal shift Investments in renewable energy generation and use at the port Energy efficiency of port equipment and cargo handling equipment Alternative fuel-bunkering infrastructure Onshore power supply for vessels Intelligent traffic management systems (sea and land side) Alternative building materials
		Climate change adaptation	See Annex 4
		Other environmental activities: Protection and restoration of biodiversity and ecosystems Sustainable use and protection of water and marine resources Proactive habitat enhancement	Silt curtains Beneficial reuse of dredged materials Enhanced sustainable remediation activities Port-based ballast-water and biofouling facilities and services: • in-port, in-water hull cleaning services • port-based ballast water systems for small ships and for contingency

		Other environmental activities Pollution prevention and control Reduction of local air pollutants, reduction of water pollutants	Electrical port equipment, onshore power supply for vessels Intelligent traffic management systems (sea and land side) Wastewater treatment plant (where achieving results beyond compliance with EU requirements)
		Other environmental activities: Circular economy	Solid waste receiver facilities at ports and terminals for the collection of garbage Reuse of construction and demolition waste Beneficial reuse of dredged materials
Coastal development and protection	National planning ministries and departments, private sector	Climate change mitigation	Carbon sequestration Blue carbon
		Climate change adaptation	Nature-based solutions in flood protection (see Annex 4)
		Other environmental activities: Protection and restoration of biodiversity and ecosystems Sustainable use and protection of water and marine resources Proactive habitat enhancement	Natural capital Nature-based solutions Sustainable management and protection of coastal resources and ecosystems (such as wetlands and estuaries, marine habitats, coastal forests and woods and dunes)
Tourism and recreation (in coastal areas	Hotels, tourism, and so on Cruise ship tourism not included	Climate change mitigation	See Annex 5.2 Advanced energy- and resource-efficient buildings and engineering infrastructure Use of passive engineering systems Wider use of natural or low-carbon and locally sourced materials, low-carbon transportation and access to site
		Climate change adaptation	Rainwater harvesting Water-saving technologies Nature-based solutions for water and waste water treatment Thermal storage Free cooling (night cooling or earth tubes) Solar walls Natural balanced ventilation Extra load-bearing capacity of horizontal structures (roofs)

			Better wind modelling and reshaping of structural components Stronger anchors for roofing, facades and shielding structures Insulation of areas with negative wind pressure stress (roofs)
		Other environmental activities: Protection and restoration of biodiversity and ecosystems	Nature-based solutions Coral reef nurseries Provision of tourism services protecting natural habitats and ecosystems
		Other environmental activities: Pollution prevention and control Sustainable use and protection of water and marine resources	Reduction of noise levels and light pollution Strict management of solid waste, wastewater and air-pollution
		Other environmental activities: Circular economy	Replacement of single-use plastic products Onsite recycling and waste minimisation achieving targets above EU goals
Wastewater treatment	Municipal (urban) or industrial wastewater treatment, including sludge management, that discharges into the environment	Climate change adaptation	Wastewater treatment and sludge management including industrial, agribusiness, commercial, residential or at city level, in areas connected to rivers or coastal water basins Climate adaptation projects related to sea-level rise, increased precipitation, drought, land and groundwater/surface-water contamination Water recovery and reuse as a resource for irrigation purposes
		Climate change mitigation	Wastewater treatment and sludge management including industrial, agribusiness, commercial, residential or at city level, in areas connected to rivers or coastal water basins Biogas projects that capture or combust methane emissions Energy-recovery and heat-exchange systems from sewage sludge Water recovery and reuse as a resource for irrigation purposes
		Other environmental activities: Protection and restoration of biodiversity and ecosystems	Wastewater treatment and sludge management , Reduction of organic discharges into natural water bodies to prevent or reduce eutrophication, reduce untreated or poorly treated discharges into sensitive water bodies (such as rivers and sea basins) Removal of pollutants, including POPs and heavy

		Sustainable use and protection of water and marine resources Pollution prevention and control	metals, through treatment
		Other environmental activities: Circular economy	Reuse of sewage sludge in agriculture Water recovery and reuse as a resource
Waste management	Waste management systems that treat, dispose of, recover, recycle, reuse and eventually reduce marine litter and plastic pollution from all sea- and land-based sources (defined as the land within 100 km of the coast)	Climate change adaptation	Waste-management climate adaptation projects related to minimising the effects of sea-level rise, increased precipitation, increased wind and wildfires, which may result in groundwater contamination, air pollution and risks to biodiversity
		Climate change mitigation	See Annex 2 (projects within 100 km of the coast)
		Other environmental activities: Sustainable use and protection of water and marine resources Protection and restoration of biodiversity and ecosystems	Solid waste projects to reduce sea water dumping practices Improvement of waste management practices in coastal areas Reduction of dumping of fishing nets, ropes and other debris from fishing, ships, oil rigs and other sources
		Other environmental activities: Pollution prevention and control	Reduction in plastic entering the ocean from rivers Reduction of beach litter Reduction in fish waste and organic materials from processing facilities from sea- and land-based sources Reduction in hazardous substances entering the seas: POPs, mercury Reduction in airborne hazardous substances from industrial and transport sources in coastal areas Reduction in hazardous substances from ship-recycling facilities and dockyards
		Other environmental activities: Circular economy	Phasing out single-use plastics from vessels and economic activities in coastal areas. Sustainable alternative solutions to plastic and plastic packaging Production of biodegradable plastic Plastics collection and recycling facilities and reusing or repurposing of plastics in areas connected to rivers or coastal water basins

Harvesting of and trade in marine living resources	Fisheries (primary fish production)	Other environmental activities: Sustainable use and protection of water and marine resources Protection and restoration of biodiversity and ecosystems	Projects supporting sustainably managed fishing to meet, keep or exceed the Marine Stewardship Council certification standard Sustainable land-based aquaculture production of high-value niche products, such as crustaceans, sea urchins, ornamental corals and fish Sustainable cultivation of bivalves for algae and nutrient removal in eutrophic coastal waters
	Secondary fisheries and related activities (such as processing, net and gear making, ice production and supply, boat construction and maintenance, manufacturing of fish-processing equipment, packaging, marketing and distribution) Trade of seafood products (retail and wholesale) Trade of non-edible seafood products	Climate change mitigation	Energy efficiency in production and processing, low-carbon transport Traceability systems to ensure sustainability of operations, facilities and supply chains in the fishing industry (this investment should meet, keep or exceed the Marine Stewardship Council certification for chain-of-custody certification for suppliers of seafood products)
		Other environmental activities: Pollution prevention and control	Waste and wastewater minimisation in production
		Other environmental activities: Sustainable use and protection of water and marine resources Circular economy	Phasing-out and replacement of plastic packaging, nets and other equipment
	Aquaculture: used as food, feed or fertiliser	Other environmental activities: Sustainable use and protection of water and marine resources Protection and restoration of biodiversity and ecosystems	Projects supporting the reduction of harmful chemicals or pesticides in response to more sustainable production and reducing antimicrobial resistance High levels of biosecurity Investments in aquaculture to meet, keep or exceed the globally benchmarked standards (such as the Aquaculture Stewardship Council, Seafood Certification and Ratings Collaboration)
Use of marine living resources for pharmaceutical products and chemical applications	Marine biotechnology and bioprospecting New commercial applications are under development: the extraction of high-value bioactive compounds has high market potential, for example, for nutraceuticals, pharmaceuticals	Other environmental activities: Sustainable use and protection of water and marine resources Protection and restoration of biodiversity and ecosystems	Projects supporting reduction of harmful chemicals or pesticides in response to more sustainable production and reducing antimicrobial resistance High levels of biosecurity Application of globally benchmarked standards

	and cosmetics Other innovative applications are also in the pipeline, such as for the production of biomaterials and biofuel (third and fourth generation) and for biomitigation services		
Ocean-friendly chemicals and plastics-related sectors	Manufacturing (cars, textiles, and so on), chemicals, cosmetics and plastics industry, food and other packaging	Other environmental activities: Circular economy	Use of recycled or reused plastics for manufacturing in a circular economy approach, in areas connected to rivers or coastal water basins Phasing-out and replacement of plastics Sustainable alternative solutions to plastic and plastic packaging Production of biodegradable plastic
		Other environmental activities: Protection and restoration of biodiversity and ecosystems Pollution prevention and control	Research, design, manufacturing, trade or retail of household products, with a sustainable supply of raw materials that can displace existing harmful products or reduce nitrogen and phosphorus loads in the aquatic environment: • Biodegradable and phosphate-free cosmetic and cleaning products and cosmetics without plastic packaging • Microbead-free toothpaste in non-plastic containers

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