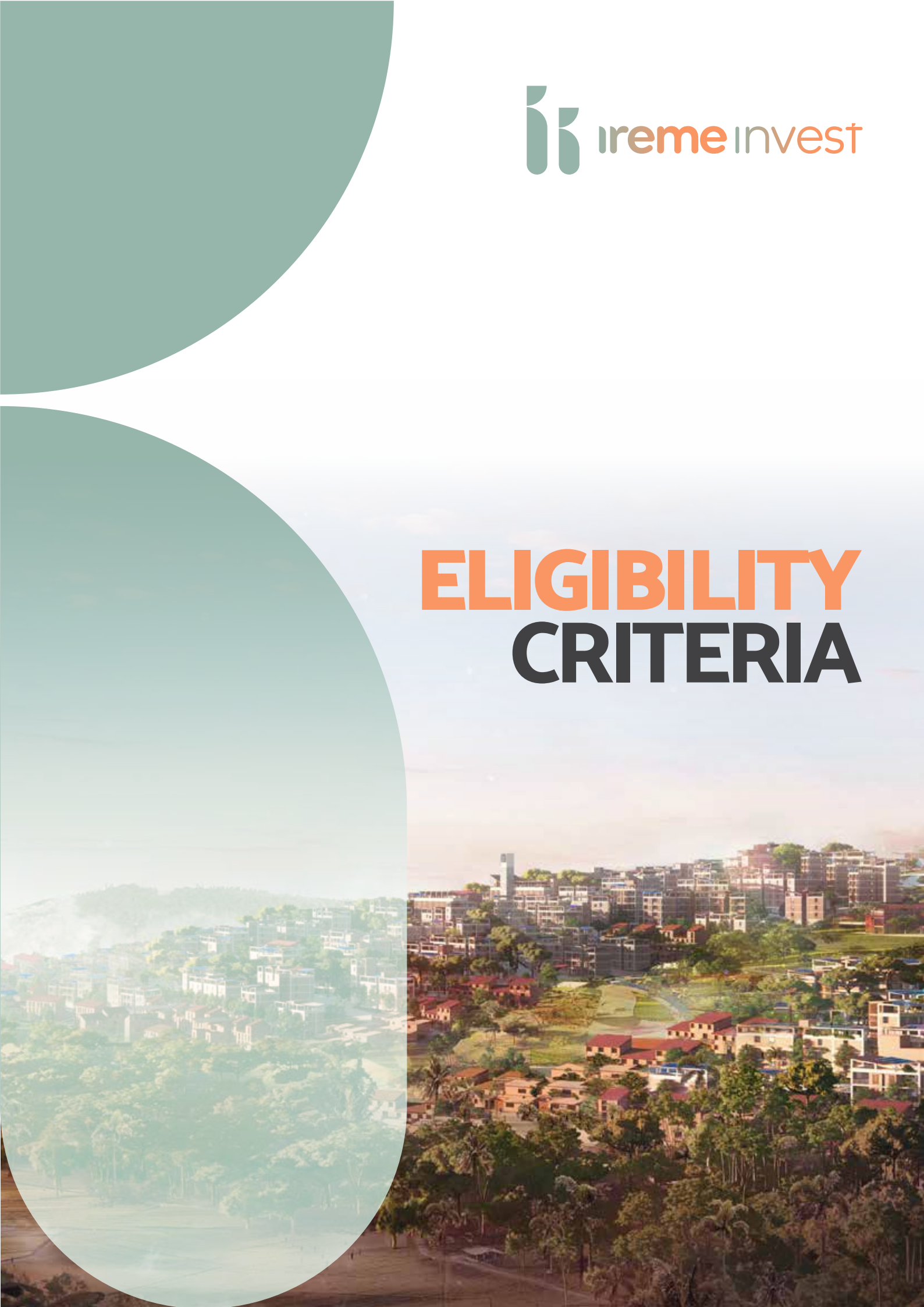




# ELIGIBILITY CRITERIA





## ABOUT IREME INVEST

In November 2022, H.E. President Paul Kagame launched Ireme Invest – Rwanda’s green investment facility. Powered by the Rwanda Green Fund and the Development Bank of Rwanda, the facility aims to put the private sector at the heart of Rwanda’s bold climate action targets and journey to becoming a carbon neutral economy.

Ireme Invest aims to address market gaps in the financing of green and climate resilient investment to promote sustainable and inclusive economic growth led by Rwanda’s private sector. The facility’s vision is to enable private sector-led green investments to access finance through a world-class and vibrant green investment facility.

Ireme Invest offers a range of tailored financial products and services to fast-track private sector-led green investment. It has two facilities that work together in an integrated fashion, including a Project Preparation Facility implemented by the Rwanda Green Fund and a Credit Facility implemented by the Development Bank of Rwanda (BRD).

The **Project Preparation Facility** supports private sector projects from ideation to bankability through incubation and acceleration and creating a sustainable project pipeline for the Credit Facility, local financial institutions, and investors. The Project Preparation Facility will offer grants, recoverable grants and equity to eligible projects and companies to support green business development.

The **Credit Facility** will avail loans with favourable terms to small and medium sized enterprises (SMEs) either directly through BRD, or through their own financial institution as BRD will provide lending to other financial institutions to incentivise them to co-invest in green and climate resilient projects. In the future, the credit facility may also provide leasing products.

### Investment Areas



CLEAN ENERGY



SMART MOBILITY



SUSTAINABLE CITIES



CLIMATE SMART  
AGRICULTURE



WASTE AND  
CIRCULAR ECONOMY

## ABOUT THE ELIGIBILITY CRITERIA

The Ireme Invest eligibility criteria provide guidance for the kinds of support and investments that the facility will offer. The criteria aim to be a resource for both businesses when developing application proposals to Ireme Invest, and the Rwanda Green Fund and the Development Bank of Rwanda in the management of Ireme Invest.

For more information about these criteria, please contact either [info@greenfund.rw](mailto:info@greenfund.rw) or [secretariat@brd.rw](mailto:secretariat@brd.rw).

## SECTORAL COVERAGE

### Context setting for sectoral and sub-sectoral criteria

The Ireme Invest criteria have been developed on the basis of the Government of Rwanda's guiding principles and priorities, as established in the 2011 Rwanda Green Growth and Climate Resilience Strategy; the 2020 Nationally Determined Contributions; Vision 2050; National Adaptation Plan (2019) and the National Strategy for Transformation (NST1) 2017–2024. These policies outline areas, sectors and sub-sectors where economic activities, including in green finance, need to be further developed. The critical point of this work is to raise the ambitions of tackling climate change and environmental degradation.

Climate change is contributing to Rwanda losing 1% of GDP per year<sup>1</sup>. Adaptation and mitigation activities are considered as enablers to support GDP growth and any potential GDP losses due to extreme weather events<sup>2</sup>. In this context, Ireme Invest must support the additionality element in climate and green finance. This work also aims at aiding resource mobilisation. Ireme Invest resources from blended finance, as well as from commercial investors, will be needed to counter the issues of slow disbursements of loans and the general lack of skills in the private sector to implement green processes and technologies.

The 2011 Rwanda Green Growth and Climate Resilience Strategy (GGCRS)<sup>3</sup> provided important first guidance to the Government on how to implement green growth by fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services vital to the Rwandan community. Further, the strategy was the first attempt at plotting a climate-resilient and low-carbon development pathway for Rwanda.

In 2018 an evaluation was conducted to determine the key achievements, shortcomings, and lessons learned in implementing the 2011 GGCRS, with the aim of ensuring it continues to serve as a relevant, effective, and implementable guiding national document.

1 SEI, The Economics of Climate Change in Rwanda, 2009.

2 <https://openknowledge.worldbank.org/entities/publication/6b410886-99f8-555e-a884-0695218a8458>

3 Available online: [www.rema.gov.rw/rema\\_doc/RGG&CRS%202011/Rwanda%20Green%20Growth%20Strategy%20FINAL%20high%20res.pdf](http://www.rema.gov.rw/rema_doc/RGG&CRS%202011/Rwanda%20Green%20Growth%20Strategy%20FINAL%20high%20res.pdf)

One of the recommendations was a call to revise the Strategy with a view to ensuring it remains adaptable to rapidly evolving conditions spurred by development demands. GGCRS has also been revised to align with Vision 2050 to ensure that it defines a development pathway for Rwanda that is a climate-resilient and low-carbon economy and harnesses green economic innovation by 2050. GGCRS has considered global and regional development agendas to ensure the harmonisation of targets and indicators. These include: The Sustainable Development Goals (SDGs), African Union Agenda 2063, East African Community (EAC) Vision 2050, and Nationally Determined Contributions (NDCs) under the Paris Agreement among other instruments.

There are three strategic objectives:

- To achieve energy security and a low carbon energy supply that supports the development of green industry and services.
- To achieve sustainable land use and water resource management that results in food security, appropriate urban development and preservation of biodiversity and ecosystem services.
- To achieve social protection, improved health and disaster risk reduction that reduces vulnerability to climate change.

The design and implementation of those strategic objectives are guided by five overarching principles:

- Economic Growth and Poverty Reduction
- Good Regional and Global Citizenship
- Sustainability of the Environment and Natural Resources
- Gender Equality and Equity
- Welfare and wellness of all citizens in a growing population

### Nationally Determined Contributions<sup>4</sup>

In May 2020, Rwanda submitted its revised NDC, in which the country committed a greenhouse gas (GHG) emissions reduction target of 38 % from the Business as Usual (BAU) levels projected from 2015. The NDC indicated that GHG emissions will more than double under the BAU projection from 5.3 MtCO<sub>2</sub>e in the base year (2015) to around 12.1 MtCO<sub>2</sub>e in 2030. With the domestically supported unconditional mitigation measures, 2030 emissions are forecast to instead rise to around 10.2 MtCO<sub>2</sub>e, representing a reduction against BAU of around 16%. With both domestic and conditional mitigation measures, emissions are forecast to instead total around 7.5 MtCO<sub>2</sub>e, equal to a reduction of 38% by 2030 against the same baseline.

4 Available online: [www.ndcs.undp.org/content/ndc-support-programme/en/home/impact-and-learning/library/rwanda-enhanced-ndc.html?utm\\_source=EN&utm\\_medium=GSR&utm\\_content=US\\_UNDP\\_PaidSearch\\_Brand\\_English&utm\\_campaign=CENTRAL&c\\_src=CENTRAL&c\\_src2=GSR&gclid=CjwKCAiAzp6eBhByEiwA\\_gGq5LeA3uzgVIBYJNkOkVwOcxHPeotZzIn7-GGLvdrO3xjAa-FiESCIhoC5okQAvD-BwE](http://www.ndcs.undp.org/content/ndc-support-programme/en/home/impact-and-learning/library/rwanda-enhanced-ndc.html?utm_source=EN&utm_medium=GSR&utm_content=US_UNDP_PaidSearch_Brand_English&utm_campaign=CENTRAL&c_src=CENTRAL&c_src2=GSR&gclid=CjwKCAiAzp6eBhByEiwA_gGq5LeA3uzgVIBYJNkOkVwOcxHPeotZzIn7-GGLvdrO3xjAa-FiESCIhoC5okQAvD-BwE)

### **National Strategy – Vision 2050 (by the Ministry of Finance and Economic Planning)<sup>5</sup>**

The Vision 2050 sets a new pathway that will raise Rwanda’s living standards to become an upper middle-income country by 2035 and a high-income country by 2050. The Vision 2050 has overarching objectives of promoting Economic Growth and Prosperity and High Quality of Life for Rwandans and is anchored around five pillars. 1. Human Development; 2. Competitiveness and Integration; 3. Agriculture for wealth creation; 4. Urbanisation and Agglomeration; 5. Accountable and Capable State Institutions. These aspirations will continue to be embedded in Rwanda’s long-term Green Growth and Climate Resilient Strategy (GGCRS) whose impact is intended to bring about mindset and developmental transformation in Rwandan society that is necessary to achieve the desired carbon-neutral and climate-resilient economy.

### **National Strategy for Transformation (NST1) 2017–2024)<sup>6</sup>**

This is a 7-year strategy which rests on three main pillars of development: economic transformation, social transformation, and transformation of governance systems.

1. The economic pillar seeks to ensure private sector-led economic growth and increased productivity, through job creation; sustainable urbanisation; competitiveness in the knowledge-based economy; industrialisation; domestic savings; sustainable management in agriculture, and of the environment and natural resources.
2. The social transformation pillar aims at looking at development beyond simply economic growth and includes measures to eradicate malnutrition; access to quality health; access to quality education; and actions to move towards a modern Rwandan household through ensuring universal access to affordable and adequate infrastructure and services.
3. The governance transformation will build on the strong governance architecture established in the aftermath of the genocide in 1994 to consolidate and provide building blocks for equitable sustainable development. The following areas of work are being prioritised: Reinforcing Rwandan culture and values as a foundation for peace and unity; ensuring the safety and security of citizens and property; strengthening diplomatic and international cooperation to accelerate development; strengthening justice, law and order; strengthening capacity, service delivery and accountability of public institutions; and increase citizens’ participation and engagement in development.

5 Available online: [https://www.nirda.gov.rw/uploads/tx\\_dce/Vision\\_English\\_Version\\_2050\\_-31\\_Dec\\_2020.pdf](https://www.nirda.gov.rw/uploads/tx_dce/Vision_English_Version_2050_-31_Dec_2020.pdf)

6 Available online: [https://www.nirda.gov.rw/uploads/tx\\_dce/National\\_Strategy\\_For\\_Transformation\\_-NST1-min.pdf](https://www.nirda.gov.rw/uploads/tx_dce/National_Strategy_For_Transformation_-NST1-min.pdf)

## The National Adaptation Plan

Rwanda is at high risk for landslides, droughts, flooding, soil erosion and increasing temperatures, leading to the following key sector vulnerabilities across the country. The National Adaptation Plan (NAP) is an integrated approach to adaptation to promote climate-resilient national, social and economic development with an emphasis on community- and ecosystem-based adaptation initiatives and building capacity of the government to advance the NAP process.

In Rwanda, the process was led by the Ministry of Environment in partnership with the Rwanda Environment Management Authority (REMA). The key areas of interventions are: agriculture, disaster risk reception, human settlements, land-use planning, lands and forestry, transportation, and water sustainability.

Specifically:

- Agriculture: shift in production zones for key crops, increased risk from pests and diseases, crop loss, land degradation and soil erosion
- Water resources: reduced water quality, increased flooding and sedimentation, water and shortage during longer dry spells
- Human health: increased risk of water-borne and vector-borne diseases, flood/ landslide mortality and damage to land, infrastructure and household assets and displacement
- Ecosystems: increased habitat degradation, shift in species habitat suitability and loss of tourism revenues
- Energy: increased damage to reservoirs from siltation and reduced hydropower production<sup>7</sup>

According to these vulnerabilities, six priority areas were identified in the 2006 rendition of Rwanda's National Adaptation Plan of Action (NAPA)

- Integrated water resources management (IWR)
- Early warning systems and rapid intervention response
- Promotion of sustainable income-generating activities
- Promotion of intensive sustainable agriculture and animal husbandry
- Introduction of crop varieties resistant to environmental conditions
- Development of energy sources alternative to firewood

Currently a more recent version of the NAPA is under preparation as a part of Rwanda's National Adaptation Plan (NAP) Readiness project. According to Rwanda's Adaptation Communication document to the UNFCCC the next NAP will expand on and prioritise the following adaptation measures which were previously highlighted in Rwanda's 2020 NDC:

- Integrated Water Resources planning and management
- Diversity in local and export agricultural markets
- Sustainable forestry, agroforestry & biomass energy
- Institutional capacity development
- Vector-based disease prevention
- Climate sensitive integrated land use planning and spatial planning
- Disaster preparedness and emergency response
- Climate data and projections for EWS.<sup>8</sup>



## ELIGIBILITY CRITERIA

**Table 1: Qualifying and Classifying Mitigation Activities (Actions and Indicators)**

Sector	Subsector	Technology / Processes	Additional Information / Restrictions	Key Indicators
Energy	<ul style="list-style-type: none"> <li>Energy generation</li> <li>Lower-pollution energy</li> </ul>	<ul style="list-style-type: none"> <li>RES: Wind, solar generation, hydropower.</li> <li>Projects promoting heating and cooling production from waste heat</li> <li>Electricity generation and heating and cooling facilities from renewable sources, solid, liquid or gaseous biofuels produced from agriculture or forest waste (excluding first generation)</li> <li>Solar water heaters (SWH)</li> <li>On-farm biogas</li> </ul>	<ul style="list-style-type: none"> <li>No capacity restrictions</li> <li>Min ticket size of investment to be decided</li> </ul>	<ul style="list-style-type: none"> <li>MW installed</li> <li>GWh generated per year</li> </ul>
		<ul style="list-style-type: none"> <li>GHeat pumps used to replace fossil fuel devices (air-to-air, water source, and geothermal)</li> <li>Green hydrogen, fuel cells</li> </ul>		CO2 emissions saved from the substitution of fossil fuels
	<ul style="list-style-type: none"> <li>Energy distribution</li> <li>Energy storage</li> </ul>	<ul style="list-style-type: none"> <li>Grid/Heat network improvements</li> <li>Grid strengthening, energy loss reduction</li> <li>Integration of all renewable sources in grid operation capacity</li> </ul>	<ul style="list-style-type: none"> <li>Grid extensions are eligible, except for lines which directly evacuate energy from fossil fuel power plants (which are not eligible).</li> <li>Insulations of cables, reducing energy loss</li> <li>Managing energy load</li> <li>Integration of RE includes demand management and other investments that permit increasing RE capacity</li> </ul>	<p>Losses reduced, in GWh; CO2 emissions per MWh transported</p> <p>MW of storage installed; storage capacity in GWh</p>

		<ul style="list-style-type: none"> <li>• Distributed renewable energy solutions</li> <li>• Off-grid renewables</li> <li>• Village-level/ community (district)-level decentralised networks</li> </ul>	<p>In hybrid systems with renewable and fossil fuel sources, only the renewable energy investments will be eligible</p> <p>In addition, the system will need to comply with the Emissions Performance Standard of 250gCO<sub>2</sub>/kWh.</p>	<p>MW installed</p> <p>GWh generated per year</p>
		<ul style="list-style-type: none"> <li>• Distributed renewable energy solutions</li> <li>• Off grid renewables</li> <li>• Village-level/ community (district)-level decentralised networks</li> </ul>	<p>In hybrid systems with renewable and fossil fuel sources, only the renewable energy investments will be eligible</p>	<p>MW installed</p> <p>GWh generated per year</p>
	Energy use	<ul style="list-style-type: none"> <li>• End-use energy efficiency for electrical appliances</li> <li>• Building envelope improvement</li> <li>• LED lamps/light bulbs</li> <li>• Efficient windows</li> <li>• Industrial energy efficiency (entire processes, equipment), excluding fossil fuel processes and equipment</li> </ul>	<ul style="list-style-type: none"> <li>• Energy efficiency investments should offer at least 20% energy savings as compared to the usual technologies currently available in the market.</li> <li>• Smart metering if it enables energy efficiency investments and energy consumption reduction</li> <li>• Technical assistance for energy performance standards (e.g., A, B, C etc energy outputs)</li> </ul>	<p>For building improvements: energy use per square meter in reference scenario and in project; number of square meters improved.</p> <p>For appliances, lighting and industrial EE: Number of appliances; energy consumption per appliance in reference scenario (market) and project</p> <p>For standards: Number of standards upgraded; gap in standards, compared with best available technologies</p>
		<p>Clean cooking:</p> <ul style="list-style-type: none"> <li>• Electric cooking (e.g. electric stoves)</li> <li>• Biogas or ethanol to replace solid biomass use</li> </ul>	<ul style="list-style-type: none"> <li>• Use of fossil fuels for cooking only if it replaces solid biomass fuels and it is demonstrated that electric cooking is not feasible.</li> </ul>	<p>Number of beneficiaries, specifying previously used technologies or technology mix for cooking, and access to gas and electricity</p>

		<ul style="list-style-type: none"> <li>• Pellets (from biowaste; forest/ tree waste)</li> <li>• Use of natural gas or LPG for cooking</li> <li>• Improved solid biomass cookstoves</li> <li>• Solar dryers</li> </ul>	<ul style="list-style-type: none"> <li>• Improved solid biomass cookstoves do not meet WHO requirements for SDG7.1 and should therefore be restricted to locations where electricity or clean fuels are not available. At least tier 3 stoves should be used in this case.</li> <li>• Additional technologies can be considered if they bring efficiency in cooking processes, reduce emissions and pollution.</li> <li>• Pellet production feedstock should comply with sustainability requirements on agricultural and forest waste</li> </ul>	
	<ul style="list-style-type: none"> <li>• Green Finance Support</li> <li>• Energy focus</li> </ul>	<ul style="list-style-type: none"> <li>• Business development in energy (pipeline, audits, feasibility studies, project structuring)</li> <li>• Climate and environmental policy</li> </ul>	<p>This area of work focuses on capacity building and technical assistance to support to scale up energy transactions (PPF Programme)</p>	<ul style="list-style-type: none"> <li>• Number of climate and environment policies introduced</li> <li>• Number of technical audits</li> </ul>

Circularity	Waste management	<ul style="list-style-type: none"> <li>• Waste management infrastructure, waste collection</li> <li>• Recycling processes</li> <li>• 4R (reduce, re-use, recycle, re-purpose)</li> <li>• Circularity in product reuse and repurposing</li> <li>• Policies promoting circular economy</li> </ul>	<p>Investments supporting separate collection and transport of non-hazardous waste are eligible provided that:</p> <ul style="list-style-type: none"> <li>• Source segregated waste (in single or co-mingled fractions) is separately collected with the aim of preparing for reuse and/or recycling</li> <li>• No mixing of different separately collected waste fractions occurs in collection or transport</li> </ul> <p>For all cases:</p> <ul style="list-style-type: none"> <li>• Only infrastructure that is fundamental to the operation of the waste collection and transport service is eligible.</li> <li>• Collection and transport of hazardous waste is not eligible</li> </ul>	Waste volume and weight reduction; percentage of waste sorted for recycling; volume of waste recycled energy intensity reduced energy savings
IPPU/ Construction	Industrial process improvements	<ul style="list-style-type: none"> <li>• Landfill remediation</li> <li>• Landfill gas recovery</li> <li>• Waste-to-energy (WtE) plants</li> <li>• Closure of old landfills; creation of new, safe landfills</li> <li>• Anaerobic digestion for biogas</li> </ul>	<ul style="list-style-type: none"> <li>• Landfill and WtE projects should be accompanied by programs to incentivise recycling, reuse, and bio-waste management.</li> <li>• WtE can be approved if waste incineration from mixed RESIDUAL waste with energy recovery and only with ex-ante GHG assessment that demonstrate emission reductions (more than 5 000 t CO<sub>2</sub>e avoided per year).</li> </ul>	Number of landfills remediated; GHGs from landfill reduced

<p>IPPU/ Construction</p>	<p>Industrial process improvements</p>		<ul style="list-style-type: none"> <li>• Landfill remediation should be associated with infrastructure for capturing landfill gas and utilise or flare it.</li> <li>• New landfills or closure of old landfills should include infrastructure for capturing landfill gas, and utilise or flare it.</li> <li>• Excluding operational sites.</li> <li>• Contracts and local or national regulations should not disincentivise these practices</li> </ul>	
	<p>Cement production</p>	<ul style="list-style-type: none"> <li>• Energy efficiency for existing cement production</li> <li>• Waste heat recovery</li> </ul>	<ul style="list-style-type: none"> <li>• Energy efficiency investments should offer at least 20% energy savings as compared to the usual technologies currently available in the market.</li> </ul>	<p>GWh generated from waste; volume of waste going to incinerators</p>
<p>Clean transport</p>	<p>Road transportation  Water transportation (ferries)</p>	<ul style="list-style-type: none"> <li>• Fuel switch to zero emission land transport activities such as e-buses, rail transit, e-bikes/e-scooters, e-motorbikes (taxis, deliveries)</li> <li>• Plug-in hybrid vehicles</li> <li>• Shift to electrification in road transportation / e-connectivity</li> <li>• Batteries and e-charge infrastructure</li> <li>• Waterborne transport (infrastructure and equipment)</li> </ul>	<ul style="list-style-type: none"> <li>• For plug-in hybrid vehicles, please note that only 50% of the investment will be considered as contributing to climate action.</li> <li>• Waterborne equipment only in routes where passengers or freight are currently transported by road.</li> </ul>	<p>Electric charging stations installed; number of vehicles using alternative fuels.</p>

	<ul style="list-style-type: none"> <li>• Urban connectivity</li> <li>• (Sustainable Cities)</li> </ul>	<ul style="list-style-type: none"> <li>• Urban planning Introduction of sustainable public transportation system i.e. BRT system (pilot lanes)</li> <li>• Development in e-charging infrastructure for public bus (Kigali bus fleet, pilot)</li> </ul>	<p>For public transportation systems, demonstration on the modal shift from more emissive to less emissive technologies to be done</p>	<p>Number of passengers shift to sustainable transportation</p>
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**Table 2: Qualifying and Classifying Mitigation and Adaptation in Green Buildings (Actions and Indicators)**

Sector	Subsector	Technology/Processes and Examples	Additional Information / Restrictions	Indicators
Sustainable cities	Green Buildings (Mitigation)	<ul style="list-style-type: none"> <li>• Eco-materials, locally sourced materials for building structures with lower carbon footprint</li> <li>• Solar rooftops</li> <li>• Energy efficiency in lighting, air-conditioning, air filtering</li> <li>• Energy-efficient electrical appliances</li> <li>• Solar street lighting</li> </ul>	<ul style="list-style-type: none"> <li>• Energy efficiency investments should offer at least 20% energy savings as compared to the usual technologies currently available in the market.</li> <li>• Buildings Should meet any of the following standards:</li> <li>• The Rwanda Green Building Minimum Compliance System; or</li> <li>• EDGE by IFC Certification; or</li> <li>• Any other internationally recognised green building certification - subject to BRD and RGF management approval.</li> </ul>	<ul style="list-style-type: none"> <li>• For eco-materials: carbon footprint of replaced material and new material per ton of replaced material</li> <li>• For solar rooftops, MW and GWh/yr</li> <li>• For energy efficiency, energy consumption of baseline technology and efficient technology</li> </ul>
	Green Buildings (Adaptation and Urban NBS)	<ul style="list-style-type: none"> <li>• Green roofs;</li> <li>• Rainwater Harvesting</li> <li>• Landscaping using water-wise indigenous species</li> <li>• Water collection, grey water reuse</li> <li>• Sustainable sanitation – low-flow toilets, waterless urinals</li> </ul>		Volume of water harvested or reused per year.

<p>Urban adaptation, NBS</p>	<ul style="list-style-type: none"> <li>• Nature-centric urban planning</li> <li>• Creation/recreation of urban nature-based solution</li> <li>• Green/green-grey infrastructure</li> <li>• Creation/recreation of urban natural carbon sinks</li> <li>• Green walls, Micro-parks</li> <li>• Tree planting/greening to reduce the urban heat island effect</li> <li>• Green corridors for pedestrians and cyclists</li> <li>• Urban/rooftop food gardens</li> </ul>		<p>Area (ha) of green walls / green roads / green spaces installed</p>
		<ul style="list-style-type: none"> <li>• Water-sensitive urban designs</li> <li>• Integrated urban water management</li> <li>• Sustainable urban drainage systems (SUDS – permeable paving, flood attenuation, etc)</li> <li>• Natural filtering of runoff water through natural or artificial wetlands</li> <li>• Localised flood management</li> </ul>	<p>Reduction of pollutant loads; reduction in number of people exposed to flood hazard</p> <p>Number of new climate resilient Infrastructure.</p>
<p>Green skills in green buildings and sustainable cities</p>		<ul style="list-style-type: none"> <li>• Cross-sectoral and interdisciplinary training and capacity building support for green building technologies and nature-centric design</li> </ul>	<ul style="list-style-type: none"> <li>• Number of training conducted</li> <li>• Number of people receiving re-skilling / up-skilling support</li> </ul>



**Table 3: Qualifying and Classifying Mitigation Integration in Adaptation Activities (Actions and Indicators)**

Sector	Subsector	Technology/ Processes and Examples	Additional Information / Restrictions	Indicators
Energy sector integration in adaptation	Energy production integrated in agriculture	<ul style="list-style-type: none"> <li>• Off-grid farm-level renewable energy</li> <li>• Activities and investments that substantially reduce energy consumption in existing operations</li> <li>• Integration of solar systems in agriculture to provide shade for animals, among other uses (e.g. solar powered barns)</li> <li>• Small-scale / farm-level hydropower with water-savings management practices</li> <li>• Solar-powered / efficiency improvements of irrigation networks and systems</li> <li>• Renovation or upgrading of fruit and vegetable storage facilities (equipment upgrades)</li> <li>• Upgrade or modernisation of food processing equipment/ machinery.</li> </ul>	<ul style="list-style-type: none"> <li>• Renovation of storage facilities only if this helps reduce food loss.</li> <li>• For all interventions, it is critical to ensure that they respond to specific needs, that the interventions are sustainable into the longer term and avoid maladaptation.</li> <li>• Energy efficiency investments should offer at least 20% energy savings as compared to the usual technologies currently available in the market.</li> <li>• For renovation of fruit and vegetable harvesting equipment investments, the investments should offer at least 20% energy savings as compared to the existing infrastructure.</li> <li>• For upgrading or modernisation investments, only the best available technologies must be used and these technologies should offer at least 20% energy savings as compared to the existing infrastructure. In addition, the old equipment shall be disposed of for scrapping, and the new equipment shall be used for agro-ecological practices.</li> </ul>	For renewable energy: MW installed; GWh/yr generated

<p>Forest management Mitigation impacts in agriculture and forestry</p>	<p>Sustainable forest management</p>	<ul style="list-style-type: none"> <li>• Afforestation, reforestation</li> <li>• Restoration of grassland, savannah</li> <li>• REDD+ type activities</li> <li>• Increased tree cover</li> <li>• Changes in cropping patterns on agricultural land from arable to perennial crops.</li> <li>• Permanent land use changes from arable to meadow.</li> </ul>	<p>Changes in cropping patters, and land-use changes, the climate impact will depend on the type of crops and agricultural practices, so it will be necessary to conduct a carbon footprint analysis in order to make sure there is carbon sequestration</p>	<p>Ha of land restored; number of trees planted; GHG emissions avoided, in tCO<sub>2</sub>e; number of green jobs created in forest management</p>
	<p>Sustainable timber, pulp, biomass production</p>	<ul style="list-style-type: none"> <li>• Process efficiency; technologies; biomass collection and utilisation</li> <li>• Facilities for sustainable timber production and pulp production</li> <li>• Bio-refineries; use of recovered material from waste and by-products</li> </ul>	<ul style="list-style-type: none"> <li>• All these activities require a certification of the sustainability of production, and they are eligible only as brownfield investments (that improve the sustainability in already existing activities)</li> <li>• Facilities for timber and pulp production: Only if replacing a more emissive electrical material. These energy efficiency investments should offer at least 20% energy savings as compared to the usual technologies currently available in the market</li> <li>• Bio-refineries: Only from waste and by-products</li> <li>• Same exclusions on biomass apply, i.e. no first generation biomass.</li> </ul>	<p>Volume of resources reused; volume of resources saved; number of trees planted; number of green jobs created in forest management</p>

**Table 4: Qualifying and Classifying Adaptation Actions and Indicators**

Sector	Subsector	Technology	Examples	Indicators
Water and water systems	Water resource management	<ul style="list-style-type: none"> <li>• Water harvesting and management: water reuse, water recycling; reduction in water use through rainwater collection and awareness raising</li> <li>• Incentivised preventative maintenance</li> <li>• Smart water metering/ monitoring and water efficiency audits</li> <li>• Irrigation (pivot, drip-fed, other climate smart irrigation technologies)</li> <li>• Water efficiency audits; water recycling</li> <li>• Stormwater management through small- or large-scale rainwater harvesting systems e.g. multipurpose dams (rainwater capture and flood attenuation) and artificial lakes combined with irrigation and small hydropower</li> </ul>	<ul style="list-style-type: none"> <li>• Keep in mind (define and characterise) the specific climate vulnerability and associated risk.</li> <li>• For all adaptation, have a climate vulnerability and risk assessment, with projections into the future, assuming several scenarios.</li> <li>• All these activities require further conditions to ensure the sustainable use of water.</li> <li>• Rainwater harvesting systems: only for small-scale systems that address an identified climate risk (more severe droughts). Moreover, the sustainability of the primary sources of water and potential changes in soil use should be assessed to guarantee the sustainability of the response.</li> </ul>	<ul style="list-style-type: none"> <li>• M3 of water saved</li> <li>• Increased resilience of water systems &amp; water infrastructure</li> </ul>

<p>Agriculture</p>	<p>Seeds, Crop production and food systems</p>	<ul style="list-style-type: none"> <li>• Increase crop diversity</li> <li>• Crop rotation</li> <li>• Introduce heat/drought-resilient crops/seeds</li> <li>• Reduced use of chemicals/increased use of organic fertilisers</li> <li>• Horticulture (community or household level) to enhance food security</li> <li>• Research and investments in food systems for food security to build adaptive capacities.</li> <li>• Circular food systems (food production through regenerative agriculture; food waste management; non-edible waste reuse)</li> </ul>	<ul style="list-style-type: none"> <li>• All these activities require further conditions to ensure the sustainable use of land.</li> <li>• Sustainability of the land led by land change can be assessed</li> <li>• Any change in the land use and potential conflict or increase of inequality led by the new use of the resources must also be assessed.</li> </ul>	<p>Increase variety of crops; Increased resilience of crops</p>
<p>Agriculture</p>	<p>Sustainable, regenerative agriculture/CSA,</p>	<ul style="list-style-type: none"> <li>• Sustainable management practices, including</li> <li>• Low-tillage agriculture</li> <li>• Regenerative farming practices; e.g. reduction in emissions from biomass burning; biomass reuse / repurpose</li> <li>• Reduction in NO<sub>2</sub> from managed soil</li> <li>• Mulching</li> <li>• Shade house, boundary trees</li> <li>• Hydroponics linked to water recycling</li> </ul>	<p>Biomass from agricultural waste            Biofuels from manure, biowaste, and food waste            Hydroponics: Only in the context of an increase in droughts due to climate change</p>	<p>Number of farmers adopting regenerative practices incl resilient fodder production; reduction of manure; reduction of other toxic fumes from manure (sulphide, ammonia)</p>

	<p>Regenerative/ restorative management practices (livestock and fish management)</p>	<ul style="list-style-type: none"> <li>• Regenerative farming practices</li> <li>• Controlled enteric fermentation</li> <li>• Improved agro-pastoral management approaches</li> <li>• Intercropping</li> <li>• Zoning/ Rotational grazing</li> <li>• Replacing grazing grass with perennials with deeper roots, which can recover after grazing</li> <li>• Improved veterinary care to reduce herd size</li> <li>• Sustainable management of manure / sustainable fish feeds</li> <li>• Appropriate housing and spacing for cattle; silvo-pasture practices</li> <li>• ‘Herding for health’ approaches and practices</li> </ul>	<p>TBC: use of bacteria to reduce methane from cows</p> <p>Improved veterinary care: Only if it does not lead to important increase in herd size</p> <p>Housing for cattle only to improve thermic comfort to face temperature increase due to climate change</p> <p>Sustainable fish feeds are feed ingredient alternatives that are more sustainably sourced. These include plant proteins and oils from plants, yeast, insects, and algae (avoiding crops such as soy and corn)</p>	<ul style="list-style-type: none"> <li>• Volume of reduced waste</li> <li>• Ha of conserved/ restored land</li> </ul>
	<p>Nature-based solutions</p>	<ul style="list-style-type: none"> <li>• Carbon soil removal</li> <li>• Carbon farming</li> <li>• Biochar</li> <li>• Enhancement of natural carbon sinks</li> <li>• Afforestation, reforestation</li> <li>• Restoration of grassland, savannah</li> <li>• Regeneration/ rehabilitation of flood plain and natural barriers</li> <li>• Wetlands rehabilitation</li> <li>• Small ponds for multiuse (fishponds, rain collection)</li> <li>• Hill terracing for water retention</li> </ul>	<ul style="list-style-type: none"> <li>• Carbon soil removal and carbon farming optimise carbon capture in landscapes by implementing practices to improve the rate at which CO<sub>2</sub> is removed from the atmosphere and stored in plant material and/or soil organic matter.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase carbon sinks,</li> <li>• GHG emission reductions</li> </ul>

	<p>Agri-business (infrastructure, equipment, processes)</p>	<p>Increase efficiency of all equipment and processes in existing value chains for:</p> <ul style="list-style-type: none"> <li>• Food processing</li> <li>• No-meat alternatives</li> <li>• Aerobic composting: Development of commercial scale aerobic composting systems for agricultural and forestry residue, manure, food processing, household kitchen and garden waste, and biosolids (organic solids from treated sewage).</li> </ul>		
	<p>Sustainable textiles, straw</p>	<ul style="list-style-type: none"> <li>• Processing and production, eco-dyes, other bio-agents</li> <li>• Reduce the intensity of process/chemicals in animal skin processing; natural fabrics processing</li> <li>• Recycling/upcycling of plastics and other reusable materials</li> </ul>	<ul style="list-style-type: none"> <li>• These activities are linked to community-level manufacturing of textiles, baskets, bags etc, and are key to small communities' economic livelihoods and in some cases cultural preservation. This will reduce the number of people dependant on rain fed agriculture for survival .</li> </ul>	<ul style="list-style-type: none"> <li>• Volume of sustainable textile produced</li> </ul>
	<p>Eco-tourism</p>	<ul style="list-style-type: none"> <li>• Products and services, including community development and agro-tourism); sustainable tourism management</li> <li>• Eco-parks and resorts; eco-lodgings</li> <li>• Awareness-raising and capacity development for sustainable/low-impact tourism</li> </ul>	<p>In eco-tourism, activities can be TA-based (awareness raising on nature) as well as physical interventions in buildings (see section above on green buildings). These activities provide an alternative source of livelihood for the communities to build their adaptive capacity.</p>	<p>Number of tourists participating in ecotourism; economic value generated from ecotourism activities</p>

<p>Resilient infrastructure</p> <p>Waste management (water) / Solid waste</p>	<p>(Private sector investment: Construction, buildings, warehouses, etc) (Public investment) Water infrastructure rehabilitation, solid waste treatment</p>	<ul style="list-style-type: none"> <li>• TA to enhance resilience in terms of standards, codes and regulations; climate risk and vulnerability assessments to enable climate-resilient buildings</li> <li>• TA for the adoption of building regulation; development of measures to strengthen resilience against storms, flooding and heatwaves</li> <li>• Draining, wastewater; clean water supply</li> <li>• Awareness-raising and capacity development for circular economy approaches</li> </ul>		<ul style="list-style-type: none"> <li>• No. of improved regulations; improved building quality; no. of program in resilient infrastructure; increased resilience achieved</li> </ul>
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**PLEASE NOTE:** Adaptation and climate resilience activities are context-specific and need to be justified based on climate drivers and the respective social-ecological system/context.

## SECTORAL CONSIDERATIONS AND EXCLUSIONS

The following are universally excluded areas of financing:

- The following are universally excluded areas of financing:
- Forced labour<sup>9</sup> or child labour<sup>10</sup>
- Activities or materials deemed illegal under host country laws or regulations or international conventions and agreements, or subject to international phase-outs or bans, such as:
  - Ozone-depleting substances, PCB's (Polychlorinated Biphenyls) and other specific, hazardous pharmaceuticals, pesticides/herbicides or chemicals;
  - Wildlife or products regulated under the Convention on International Trade in Endangered Species or Wild Fauna and Flora (CITES); or unsustainable fishing methods (e.g., blast fishing and drift net fishing in the marine environment using nets in excess of 2.5 km in length).
- Cross-border trade in waste and waste products, unless compliant with the Basel Convention and the underlying regulations.
- Processing of toxic waste.
- Destruction<sup>11</sup> of High Conservation Value areas<sup>12</sup>
- Radioactive materials<sup>13</sup> and unbounded asbestos fibres
- Pornography and/or prostitution
- Racist and/or anti-democratic media
- In the event that any of the following products form a substantial part of a project's primary financed business activities:<sup>14</sup>

9 Forced labour means all work or service, not voluntarily performed, that is extracted from an individual under threat of force or penalty as defined by ILO conventions.

10 Persons may only be employed if they are at least 14 years old, as defined in the ILO Fundamental Human Rights Conventions (Minimum Age Convention C138, art. 2), unless local legislation specifies compulsory school attendance or the minimum age for working. In such cases, the higher age shall apply.

11 Destruction means the (1) elimination or severe diminution of the integrity of an area caused by a major, long-term change in land or water use or (2) modification of a habitat in such a way that the area's ability to maintain its role is lost.

12 High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance (See [www.hcvnetwork.com](http://www.hcvnetwork.com)).

13 This does not apply to the purchase of medical equipment, quality control (measurement) equipment or any other equipment where the radioactive source is understood to be trivial and/or adequately shielded.

14 For companies, "substantial" means more than 10 % of their consolidated balance sheets or earnings. For financial institutions and investment funds, "substantial" means more than 10% of their underlying portfolio volumes.



- Alcoholic beverages (except beer and wine);
- tobacco;
- weapons and munitions; or
- gambling, casinos and equivalent enterprises.

Additional considerations for exclusions and/or caveats in mitigation finance:

- Subject to further discussions with contributors, the sectors and subsectors that can be considered in climate finance must be compatible with low-emission pathways. This means that under certain specific conditions, fuels such as natural gas could be included as long as they are “transitional” and there is a clear and short-term pathway to divest from those.<sup>15</sup>
- Transitional activities qualify as such only if they meet the following criteria:
  - there are no technologically or economically feasible low-carbon alternatives;
  - the activity does not lead to carbon lock-in or hamper the development and deployment of low-carbon / carbon-neutral alternatives.
- Non-climate finance components of a project or programme will need to be supported via other resources or client’s equity.
- Climate finance activities can strengthen all enabling conditions, thus supporting long-term structural changes within economic and production systems.
- Climate finance activities and investments that can determine energy consumption (for example, in smart metering or the introduction of performance standards and practices to implement them) must demonstrate to lead to reductions in electricity consumption.
- In hybrid projects (for example, off-grid solar installations backed up by diesel generators), only the renewable energy part is eligible for climate financing.<sup>16</sup>
- For energy efficiency investments in industrial processes and in retrofitting of buildings, energy intensity should improve by at least 20% or other relevant threshold subjects to further discussion. If production is increased, only the part of the project that improves the existing level of production is eligible. Processes that use fossil fuels are not eligible.
- For agricultural projects with mitigation impacts, for example in the restoration of carbon sinks or livestock projects that reduce methane or other GHG emissions (manure management with biodigesters, etc.), GHG intensity should be reduced by at least 20% or other relevant threshold subjects to further discussion. If production is increased, only the part of the project that improves the existing level of production is eligible. Processes that use fossil fuels are not eligible.

15 It is important to bear in mind that including transition fuels in a contested issue. In some cases, e.g. AFD, the transition fuels are allowed only in in cooking, but not in energy generation.

16 Further discussions are to be held regarding emissions performance thresholds where the renewable energy generated is at least 10% of the total power originally produced or any other determined threshold.

- Climate finance must avoid long-term lock-in in new high-carbon infrastructure. Therefore, there are very specific exclusions in otherwise clean energy generation projects, such as the following:
  - Hydropower plants with high methane emissions from reservoirs that exceed associated GHG reductions from the plant’s use of renewable energy.
  - Typically, only geothermal energy generation can be supported, while geothermal explorations are not supported.
  - Geothermal power plants with high CO<sub>2</sub> content are excluded.
  - Biofuel projects that deplete carbon pools more than they reduce GHG emissions, because of high emissions in production, processing, and transportation. Carbon footprint over a 10-year horizon should be provided to show emission reductions.
  - First-generation biofuels. Those are produced from types of biomass that are often used for food, such as corn, soy, and sugar- cane. These biofuels are made through fermentation or chemical processes that convert the oils, sugars, and starches in the biomass into liquid fuels.
    - Hydropower plants with high methane emissions from reservoirs that exceed associated GHG reductions from the plant’s use of renewable energy.
    - Typically, only geothermal energy generation can be support, while geothermal explorations are not supported. Geothermal power plants with high CO<sub>2</sub> content in the geothermal fluid. When the project involves the extraction of geothermal fluid, a study needs to be made to assess the amount of CO<sub>2</sub> dissolved in the fluid and to confirm that there are net emission reductions.
    - Biofuel projects that deplete carbon pools more than they reduce GHG emissions, because of high emissions in production, processing, and transportation. Carbon footprint over a 10-year horizon should be provided to show emission reductions.
    - First-generation biofuels. Those are produced from types of biomass that are often used for food, such as corn, soy, and sugar- cane. These biofuels are made through fermentation or chemical processes that convert the oils, sugars, and starches in the biomass into liquid fuels.

In adaptation finance:

- There need to be clear references to the climate vulnerability context of the project. In Rwanda, this means that the projects need to take stock of the specific vulnerabilities that can be attributed to the adverse effects of climate change, such as chronic droughts, soil erosion, more frequent heat waves, and flood risk, and seek to address those vulnerabilities. This requirement is important, as it enables distinction between a “development” project (addressing a development issue that has always existed) and a project that deals with an issue caused and worsened by climate change. Climate finance donors make this distinction a strong requirement in applications.

- The projects that can be considered within adaptation finance need to be covered by an explicit statement of intent to address climate-related current and future vulnerabilities as part of the project itself.
- The link between the climate vulnerability context and the specific project activities has to be direct and clear.
- Infrastructure and feasibility studies should consider climate risk assessments (present and future) over, at a minimum, the lifetime of the infrastructure. They should identify the additional activities needed to enable the buildings/infrastructure to be resilient to climate change. For investments involving a change in the use of natural resources, the sustainability over time of the primary resources may be assessed in the context of climate change, the changes in use and associated risks as well as the risks of marginalisation/acceleration of inequalities must be considered. In general, potential maladaptation effects can be considered and assessed if possible.



