

LuxFLAG Climate Finance Label

Eligibility Criteria

In order to obtain a LuxFLAG Climate Finance Label,¹ an Applicant Investment Fund and its Manager must comply with the following Eligibility Criteria set out by LuxFLAG:

1) The Applicant Investment Fund shall:

- have a portfolio of investments corresponding to 75% of total assets in investments related, with a clear and direct link, to mitigation and/or adaptation of climate change or cross-cutting activities according to the classification defined in Appendices 1 and 2. Up to 25% of total assets may be retained in the form of cash, liquid assets or other investments^{2;3}

The preceding and following specifications apply:

- investments may include any financial instruments related to climate finance;
 - investments in listed and non-listed entities must have at least 50% of their turnover generated from Climate Finance activities;⁴
 - investments in bonds must have at least 75% of total assets in green bonds compliant with the Green Bond Principles of the International Capital Market Association, Climate Bond Initiative or any other internationally recognized initiative;
 - direct investments may include those in climate related infrastructure;
 - investments in financial intermediaries may include those which on lend to support one or several climate finance activities.⁴;
- be classified as an Article 9 product within the meaning of the Sustainable Finance Disclosure Regulation (“SFDR”) and describe its Climate Finance objectives and categories and/or sub-categories of its Climate Finance investments⁵;

¹ The objective of the LuxFLAG Climate Finance Label is to support Investment Funds contributing to the internationally agreed objectives of the Paris climate agreement by (a) holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels, (b) increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and (c) making finance flows consistent with a pathway towards low greenhouse gas emissions and climate resilient development. The criteria are based on the Common Principles for Climate Change Mitigation and Adaptation Finance Tracking have been developed jointly by the International Development Finance Club (IDFC) and the group of Multilateral Development Banks (MDBs).

² This 25% of total assets must not negatively impact the environment and must not be invested in activities as targeted by the applied exclusion policy.

³ Allowance may be made in this calculation under certain exceptional circumstances (including, but not limited to market constraints, portfolio or capital reorganizations,) for balances of cash or cash equivalents which are temporarily unusually high. The Applicant Investment Fund must duly justify the application of the allowance to the calculation.

⁴ Climate Finance activities are defined as activities related to mitigation and adaptation of climate change or cross-cutting activities according to the classification defined in appendix 1 and 2.

- have a measurement mechanism in place and must provide a report on expected and realized results through indicators on an annual basis⁵;
- provide evidence that Environmental, Social and Governance (ESG) standards are incorporated in the investment process⁶ and applied to 100% of investment portfolio;
- provide evidence that an exclusion policy is applied across 100% of its portfolio. The Applicant's exclusion policy must be in accordance with the exclusion list defined in Appendix 3;
- must seek a return on investment; and
- comply with the following legal and governance criteria:
 - take the form of a distinct legal entity or of a fund under collective management;
 - segregate the functions of depository and management of assets;
 - regularly report and publish audited financial and other information for investors (minimum annual reporting);
 - apply the principle of risk diversification.

2) The Manager of the Applicant Investment Fund shall:

- demonstrate best market practices;⁷ and
- be duly authorized by a competent supervisory authority of an EU Member State, or subject to a regulatory and/or supervisory regime that could be considered equivalent to that of EU Member States.⁸

⁵ Indicative list of indicators in appendix 4.

⁶ To illustrate its compliance, the applicant fund:

- Must submit an ESG/SRI policy; and/or
- Confirm its engagement with internationally recognized standards or principles. These could be UNPRI, consideration of SDG within CSR strategy, UN Global Compact, UNCCD guidelines, OECD RIO DAC climate markers, joint MDB guidelines, 2 degree investing initiative, UNDP NAMA, Sustainable Development Evaluation, Climate Bond initiative etc.; and /or
- Illustrate compliance with internationally recognized reporting standards such as IRIS, GRI, etc.

⁷ This documentation could be without limitation in the form of CSR/Sustainability guidelines/policy, Annual CSR/Sustainability report, Engagement policy, Active ownership policy etc. published at the level of the Manager of the Applicant Investment Fund or at the level of its group.

⁸ The equivalence of regulatory and/or supervisory frameworks of non-EU countries with the EU framework will be assessed premised on the equivalence decisions of the European Commission and the Luxembourg national supervisory authority.

Appendix 1 - Definition of Climate Mitigation Finance

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

List of activities eligible for classification as climate mitigation finance (based on Common Principles for Climate Mitigation Finance Tracking and Joint Report on MDB Climate Finance⁹).¹⁰

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

⁹ The 2014 Joint Report on Multilateral Development Banks’ Climate Finance has been drafted by a group of MDBs, comprised of the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, and the International Finance Corporation and the World Bank Group.

¹⁰ The list regroups indicative examples where related activities may also apply and is subject to change/adaptation. Alternatively, the Climate Bond Initiative classification may also apply as eligible list of activities.

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

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

5. Non-energy GHG reductions	5.1 Fugitive emissions	<ul style="list-style-type: none"> - Reduction of gas flaring or methane fugitive emissions in the oil and gas industry - Coal mine methane capture
	5.2 Carbon capture and storage	<ul style="list-style-type: none"> - Projects for carbon capture and storage technology (including enhanced oil recovery) that intend to prevent release of large quantities of CO₂ into the atmosphere from fossil fuel use in power generation, and process emissions in other industries
	5.3 Air conditioning and refrigeration	<ul style="list-style-type: none"> - Retrofit of existing industrial, commercial and residential infrastructure to switch to cooling agent with lower global warming potential
	5.4 Industrial processes	<ul style="list-style-type: none"> - Reduction in GHG emissions resulting from industrial process improvements and cleaner production (e.g. cement, chemical), excluding carbon capture and storage
6. Waste and wastewater	Treatment options that reduce GHGs, with focus on recycling, recycled products and circular economy, waste to energy, methane management, water treatment plants	<ul style="list-style-type: none"> - Treatment of wastewater if not a compliance requirement (e.g. performance standard or safeguard) as part of a larger project that reduce methane emissions (only if net emission reductions can be demonstrated) - Waste management and waste-to-energy projects that reduce methane emissions and generate energy (e.g. incineration of waste, landfill gas capture, and landfill gas combustion) - Waste-recycling projects that recover or reuse materials and waste as inputs into new products or as a resource (only if net emission reductions can be demonstrated)
7. Transport	7.1 Urban transport modal change	<ul style="list-style-type: none"> - Urban mass transit - Non-motorized transport (bicycles and pedestrian mobility)
	7.2 Transport oriented urban development	<ul style="list-style-type: none"> - Integration of transport and urban development planning (dense development, multiple land-use, walking communities, transit connectivity, etc.), leading to a reduction in the use of passenger cars - Transport demand management measures to reduce GHG emissions (e.g., speed limits, high-occupancy vehicle lanes, congestion charging/road pricing, parking management, restriction or auctioning of license plates, car-free city areas, low-emission zones)
	7.3 Inter-urban transport	<ul style="list-style-type: none"> - Railway transport ensuring a modal shift of freight and/or passenger transport from road to rail (improvement of existing lines or construction of new lines) - Waterways transport ensuring a modal shift of freight and/or passenger transport from road to waterways (improvement of existing infrastructure or construction of new infrastructure)

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

Appendix 2 - Definition of Climate Adaptation Finance

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

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

Indicative list of activities eligible for classification as climate adaptation finance (based on Joint Report on MDB Climate Finance and Climate Policy Initiative¹¹)

Category	Examples of sub-categories	Examples of adaptation activities
1. Water and wastewater systems	1.1 Water supply	<ul style="list-style-type: none"> - Supply side management activities enabling e.g. the expansion of supplies, reducing water losses, or improving cooperation on shared water resources - Well fields relocated away from floodplains, raised well heads - Installation of domestic rainwater harvesting equipment and waters storage including the provision of microfinance for their purchase
	1.2 Wastewater infrastructure/management	<ul style="list-style-type: none"> - Protection of wastewater infrastructure from increased flooding
	1.3 Water resources management	<ul style="list-style-type: none"> - Demand side management activities reducing water consumption or increasing water use efficiency - Improved catchment management planning and regulation of water abstraction - Rehabilitation of water distribution networks and the building pipelines to improve water resources management; to address changes in water flows/quality caused by climate change, etc. - Changes in design of sanitation systems in response to extreme weather events arising from climate change.
2. Crop Production and Food Production	2.1. Primary agriculture and food production	<ul style="list-style-type: none"> - Investment in R&D of crops that are more resilient to climate extremes and change - Provision of information on crop diversification options to strengthen famers' resilience

¹¹ Climate Policy Initiative is an independent, not-for-profit organization of more than 50 analysts supported by international public and private sector partners, Ministries and universities including the U.S. Department of State, the UK Department of Energy & Climate Change, World Bank Group, etc.

3. Other Agricultural and Ecological Resources	3.1 Agricultural irrigation	<ul style="list-style-type: none"> - Supplemental irrigation, multi-copping systems, drip irrigation, levelling and other approaches and technologies that reduce risk of large crop failures - Improved management of slopes and basins to avoid/reduce the impacts caused by soil erosion
	3.2 Forestry	<ul style="list-style-type: none"> - Improved forest fire management and pest/disease outbreak management - Engagement with local communities to limit degradation due to e.g. uncontrolled burning
	3.3 Livestock production	<ul style="list-style-type: none"> - Increased production of fodder crops to supplement rangeland foraging
	3.4 Fisheries	<ul style="list-style-type: none"> - Adoption of sustainable aquaculture techniques to compensate for the reduction in local fish supplies
	3.5 Ecosystems/Biodiversity (including ecosystem-based flood protection measures)	<ul style="list-style-type: none"> - Establishment of core protected areas and buffer zones for sustainable use of biodiversity and water to meet livelihood needs in more extreme droughts - Identification of protected areas and establishment of migration corridors;
4. Industry, Extractive Industries,	4.1 Manufacturing	<ul style="list-style-type: none"> - Design of climate-resilient equipment, such as more stable cranes for harbors in cyclone zones
Manufacturing and Trade	4.2 Food processing distribution and retail	<ul style="list-style-type: none"> - Improved refrigeration or other changes in food processing and/or distribution that address more extreme heat
	4.3 Trade	<ul style="list-style-type: none"> - Establishment of alternative trade routes in case of disruption of main route due to climate related-disasters
	4.4 Extractive industries (oil, gas, etc.)	-
	4.5 Mining	<ul style="list-style-type: none"> - Improved design and construction of tailings

5. Coastal and Riverine Infrastructure (including built flood protection infrastructure)	5.1 Sea defences/flood protection barriers	<ul style="list-style-type: none"> - Physical/natural reinforcement of coastline and/or additional coastal structures/vegetation - Building of dykes to protect infrastructure or to enhance the resilience from storms and coastal flooding, and sea level rise - Mangrove planting to build a natural barriers to adapt to increased coastal erosion and to limit salt water intrusion into soils caused by sea level rise
	5.2 River flood protection measures and resilient infrastructure	<ul style="list-style-type: none"> - Increased river dredging programs, reinforcement of levees, reestablishment of natural food plains and vegetation in upstream areas/river banks - Building resilient infrastructure such as protection system for dams to reduce vulnerability to extremes caused by climatic changes
6. Energy, Transport and other Built Environment and Infrastructure	6.1 Infrastructure and construction	<ul style="list-style-type: none"> - Improving the resilience of human settlements (housing, if not part of a wider disaster risk management strategy) - More robust building regulations and improved enforcement
	6.2 Transport	<ul style="list-style-type: none"> - Use of revised codes for infrastructure design that consider increased frequency/severity of extreme events - Improving the resilience of existing transport infrastructure
	6.3 Urban development	<ul style="list-style-type: none"> - Improved solid waste management and collection, increased capacity and other changes in drainage systems
	6.4 Tourism	<ul style="list-style-type: none"> - Diversification of tourist attractions to encompass inland or low-risk areas
	6.5 Solid Waste Management	<ul style="list-style-type: none"> - Completion of climate risk assessment with minimal cooling water requirements
	6.6 Thermal energy generation	<ul style="list-style-type: none"> - Investment in thermal power generators with minimal cooling water requirements
	6.7 Energy generation (including renewables)	<ul style="list-style-type: none"> - Optimization of hydro-infrastructure design subject to due diligence based on climate and hydrological models
	6.8 Energy transmission and distribution	<ul style="list-style-type: none"> - Investment in embedded renewable energy generation to reduce distribution requirements - Improving the resilience of existing energy infrastructure

7. ICT	7.1 ICT hardware and software to beneficiary organizations	<ul style="list-style-type: none"> - Identification of sites at greatest risk of increased storms or floods and enhancement of resilience of those sites and/or services
	7.2 Information technology	<ul style="list-style-type: none"> - Investments in weather and climate services that can reach the end users efficiently
8. Financial Services	8.1 Banking	<ul style="list-style-type: none"> - Creation of infrastructure and “hubs” that would support improved business continuity during and after extreme weather events
	8.2 Insurance	<ul style="list-style-type: none"> - Changes in structuring of index-based insurance products due to increased negative effects of extreme weather events and payout
9. Institutional Capacity Support or Technical	9.1 Technical services or other professional support	<ul style="list-style-type: none"> - Provision of finance to SMEs providing relevant services e.g. engineering of adaptation solutions or insurance
10. Cross-cutting sectors	10.1 Education	<ul style="list-style-type: none"> - Technical capacity building for training the trainers in water and agri-sectors
	10.2 Health	<ul style="list-style-type: none"> - Monitoring of changes in disease outbreaks and development of a national response plan - Health adaptation to climate change
	10.3 Cross-sector policy and regulation	<ul style="list-style-type: none"> - Institutional reforms and strengthening to include climate aspects in policies and regulations in flexible manner
	10.4 Disaster risk management	<ul style="list-style-type: none"> - Integration of climate change scenarios into disaster risk plans and preparedness - Early warning / emergency response systems to adapt to increase occurrence of extreme events by improving disaster prevention, preparedness and management and reduce potentially related loss and damage - Construction or improvement of drainage systems to adapt to increase in occurrence of floods; - Emergency investments for preparedness to climate-related natural disaster - response, including housing (if part of a wider disaster risk management strategy)

Appendix 3 – LuxFLAG Climate Finance Label Exclusion Policy

Investments must exclude:

- new constructions of electric and thermal coal-fired power plants and modernization of such operating and decommissioned stations with or without long-term carbon capture and storage;
- nuclear projects;
- hydro-electric projects with a capacity above 20 MW, except if:
 - Complying with the principles of the *World Commission on Dams*; and
 - Systematically screening for sustainability impacts and taking into account the results of mandatory local stakeholder consultations using high standards (like the Gold Standard);
- large geothermal plants located in protected forest areas and ecosystems¹² and/or which release substantial amounts of greenhouse gases through the improper treatment of the geothermal fluids;
- biofuel projects (biodiesel and ethanol), certain biomass and organic waste projects (e.g. from production of palm oil) unless it can be demonstrated that these projects meet the aspects of sustainable development after a detailed study and that they apply robust environmental and social safeguards (e.g. no threat to food security, to deforestation, forest degradation, wetland drainage through an indirect land use change);
- industrial gas projects (HFC, N₂O, PFC, SF₆) only if they are related to carbon market activities;
- oil production entailing major local pollution problems, e.g. from oil sands;
- certain types of mining activities in which waste handling involves special risk;
- unlawful logging and other particularly damaging logging;
- unlawful fishing and other particularly damaging fishing activities;
- dam projects which may cause serious environmental damage;
- projects and activities with severe and irreversible consequences for particularly valuable and/or protected areas;
- mining and power companies that derive more than 30% of income from thermal coal or base more than 30% of their operations on thermal coal;
- companies that have more than 30% of income from oil exploration or base more than 30% of their operations on oil exploration.

¹² Such projects may eventually be included if they respect a sustainable forest management and sustainable livelihoods of forest-dependent populations and follow proper environment/health and safety procedures.

Appendix 4 – List of Indicative Measurement Factors

The applicant fund must explain which methodology it uses for monitoring, measurement and reporting of the climate impact. (It could be internally developed or referenced to internationally recognized standards¹³.)

In terms of mitigation:

- Expected tonnes of carbon dioxide equivalent (t CO₂ eq) to be reduced or avoided (PMF-M Core 1);
- Degree to which activity avoids lock-in of long-lived, high-emission infrastructure;
- Expected increase in the number of households with access to low-emission energy;
- Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers;
- Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated;
- Expected increase in the number of small, medium and large low-emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity;
- Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s));
- Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s));
- Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicator(s));
- Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or
- Other relevant indicative assessment factors, taking into account the Fund’s objectives, priorities and result areas, as appropriate on a case-by-case basis.

In terms of adaptation:

- Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups;
- Degree to which the activity avoids lock-in of long-lived, climate-vulnerable infrastructure;
- Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most vulnerable

¹³ Such as the Green Climate Fund investment framework; International Financial Institutions’ (IFI) proposal “Working Towards a Harmonized Framework for Impact Reporting”, etc.

population groups and applying a gender-sensitive approach;

- Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s));
- Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s));
- Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s));
- Expected strengthening of awareness of climate threats and risk-reduction processes (PMF-A 8.0 and related indicator(s)); and/or
- Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis.

In terms of REDD (Reducing Emissions from Deforestation and forest Degradation):

Category	Climate impact assessment indicators ¹⁴
Forestry	Improved management of soil (land) and forest areas contributing to emission reductions of CO ₂ e.
	Number and percentage of hectares on which deforestation and degradation are avoided.
Cross-sectoral	Reduction potential in tonnes of CO ₂ e reduced or avoided and costs per reduced tonne of CO ₂ e.
	Estimation of value of ecosystem services generated or protected.
	Number of people, depending on forests as primary source of livelihood, who can expect a conservation or improvement of their livelihood due to climate finance.
	Concrete demonstration of the change of usual practices.
	Cross-sectoral organization and coordination with the private sector concerned which benefits from degradation or conversion of forest resources.
REDD+	Potential of mobilizing additional sources of funding and establishment of a long- term financing structure of sufficient volumes.
	Only activities that are in accordance with the protocols of "REDD+ Safeguards ¹⁵ " are eligible and the respect of these safeguards must be integrated and documented. For every support measure for REDD+, the close link with landscape approaches must be taken into account in order to focus on REDD+ and agriculture, REDD+ and restoration, and REDD+ and adaptation.
	Activity must not be an isolated activity but coordinated with or be part of the national REDD+ programmes and commitments.
Other indicators as appropriate.	

¹⁴ Based on Green Climate Fund; UNFCCC Standing Committee on Finance: Impacts of International REDD+ Finance and factors that influence the impacts of REDD+ (2015)

¹⁵ CCNUCC (Cancun Decision 1/CP.16, appendix I paragraph I)