

ANNEX B

High Impact Partnership on Climate Action

Partnership Framework

June 2021

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A. APPROACH

1. At this time of unprecedented momentum in the crucial fight against climate change and environmental degradation, the Bank has established a dedicated partnership - the **“High Impact Partnership on Climate Action”** (hereinafter referred to as **“HIPCA”, “Partnership” or “Fund”**) - that builds synergies and aggregates ambitions to achieve scaled-up climate impact, in the Bank’s countries of operation (COOs).
2. HIPCA provides a critically needed vehicle to support the Bank in achieving its 50% target for green financing by 2025 and the aim to align its activities with the goals of the Paris Agreement.
3. The primary objectives of HIPCA are to:
 - i. Support investments and policy solutions that reduce or prevent greenhouse gas emissions and protect the environment.
 - ii. Enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change.
 - iii. Create and reinforce enabling environments that unlock the private sector¹ to act as an agent for climate and environmental action.
4. The Partnership takes the form of an EBRD-managed multi-donor facility that deploys reimbursable and non-reimbursable donor contributions across key thematic areas and regions.
5. HIPCA builds on the Bank’s unique business model, which combines EBRD (+other) commercial financing with concessional co-financing, policy engagement and technical assistance.
6. It seeks to act as a key conduit to unlocking and mobilising indirect co-financing, by providing support and enabling investments that have the potential to pull-in the private sector and crowd-in institutional investors, capital markets, and impact investors.
7. The Partnership adopts a systemic approach targeting both climate change and environmental degradation² with established impact metrics, making the initiative targeted and principled.
8. While operating in both the private and public sectors, this Partnership provides the end-to-end support needed to bring well-structured and bankable projects to market. This includes reinforcing the enabling environment, detailed appraisal, transaction preparation and financial structuring, to project financing.
9. It leans upon the Bank’s strong banking teams and sector expertise, and maximises impact on the ground through EBRD’s network of offices.
10. Projects/activities are guided by the Bank’s country, sectoral, and cross cutting climate strategies³, which are frameworks to drive development and green growth, and to support low carbon and resilient economies, and inclusive and sustainable development.
11. The Partnership will identify, test, and highlight innovative approaches and technologies, which – at scale- could enable systemic transformation.

¹ The Bank supports the transition to open, sustainable and market orientated economies, with a focus on the private sector. However, a thriving private sector needs the support of effective state institutions. There is therefore the need to achieve a balance between state and market support. To this effect, the Bank works with both private sector and public sector (in particular sub-sovereign) entities to facilitate downstream private sector mobilisation.

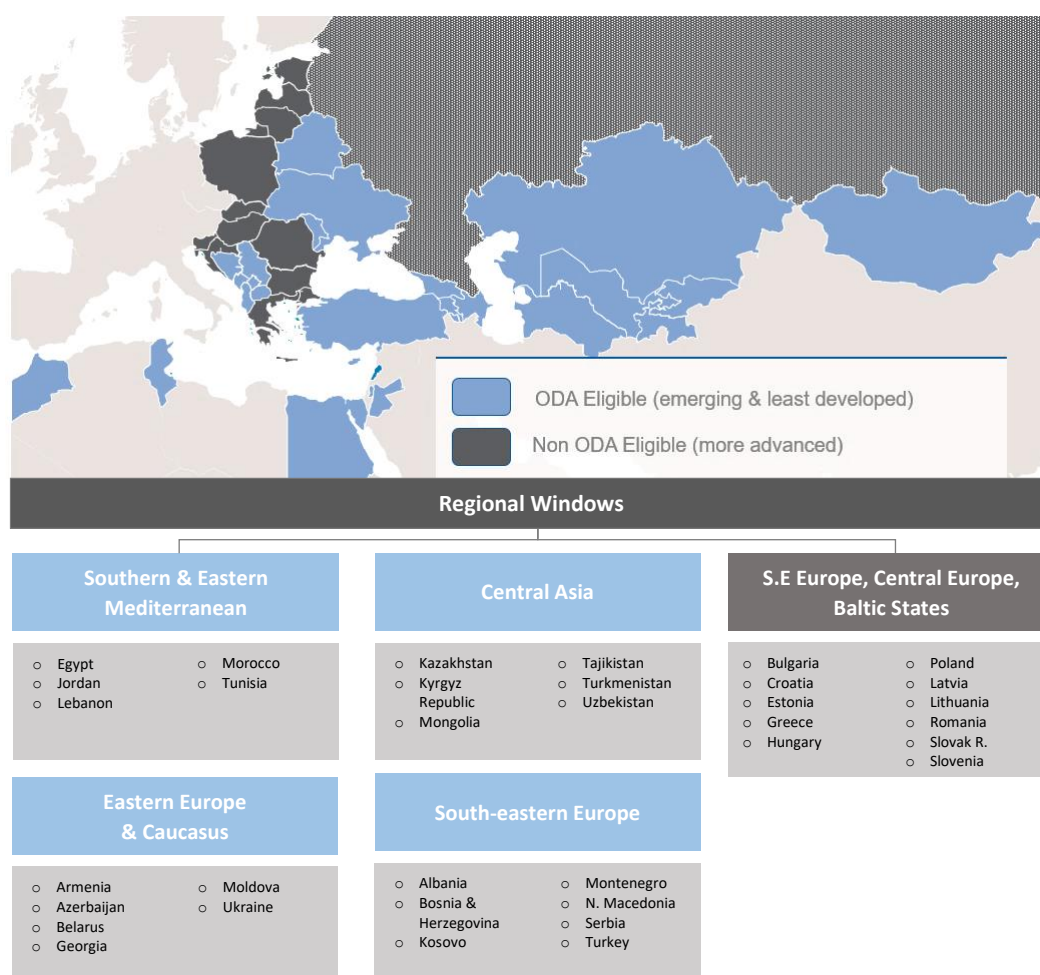
² The Bank works across a range of environmental topics from waste, water, wastewater, pollution, and natural systems, which also deliver strong climate co-benefits.

³ See the following link for EBRD’s sector and country strategies: <https://www.ebrd.com/what-we-do/strategies-and-policies.html>

12. Its lean governance approach enables flexibility and speed, allowing HIPCA to address urgent needs and changing priorities as a consequence of external shocks and crisis, should these arise.

13. Geographic Scope

- i. The Partnership operates across all of the COOs in the Southern and Eastern Mediterranean; Central Asia; Eastern Europe and the Caucasus; South-Eastern Europe; as well as Central Europe and the Baltic States⁴.
- ii. As part of a contribution agreement, Contributors have the opportunity to earmark each of their contributions towards specific geographic windows, i.e. region(s) and/or countries, based on their individual priorities.
- iii. The wide geographic remit across more advanced, emerging and least developed economies allows the Partnership to tackle climate change and environmental degradation in the highest polluting countries as well as those countries, which are at earlier stages of economic development and have the opportunity to leapfrog to greener competitive pathways. In addition, this allows HIPCA to identify projects and solutions that can be replicated and transferred to emerging economies.



Note: Algeria's application to become a member of the EBRD was approved in July 2020. A number of pre-membership requirements need to be fulfilled for the membership to become effective. Algeria's membership is a necessary requirement for them to become a COO.

⁴ For more details please visit: <https://www.ebrd.com/where-we-are.html>

14. Thematic Areas:

In line with the Bank's Green Economy Transition (GET) approach 2021-2025, HIPCA supports the following thematic areas⁵:

- a. **Energy Systems**, incl. low carbon power systems, renewable integration, resilience and flexibility of energy networks.
- b. **Sustainable Food Systems**, incl. low carbon, climate resilient food supply chains and agribusinesses;
- c. **Green Financial Systems**, incl. direct & intermediate green credit line facilities, climate governance, green mortgages, green transition & resilience bonds, green trade facilitation;
- d. **Cities and Environmental Infrastructure**, incl. low-carbon infrastructure systems, environmental services and resilience;
- e. **Natural Capital**, incl. nature based solutions, environmental restoration, sustainable management of natural capital focusing on water, soil and ecosystems;
- f. **Green Buildings**, incl. low carbon materials, construction processes, operations and maintenance, and responsible construction and demolition;
- g. **Sustainable Connectivity**, incl. low-carbon and climate resilient transport for goods and passengers, digital infrastructure.
- h. **Industrial Decarbonisation**, incl. low carbon, circular materials, products and related systems, energy efficient technologies and practices;

The above focus areas are complemented by the following cross-cutting themes:

- i. **Energy Efficiency**, incl. long-term buildings renovation strategies, low-carbon pathways for hard-to-abate sectors such as cement and steel, tools for mobility energy efficiency.
- ii. **Climate adaptation and resilience**, incl. supporting adaptation and resilience project components across Thematic Areas involving for example water, the built environment and food production systems.
- iii. **Just transition**, incl. green investments and the repurposing of high-carbon assets, promoting access to alternative employment through reskilling and enhancing entrepreneurship, and supporting regional economic development and diversification including financing SMEs, larger firms and sustainable infrastructure projects.
- iv. **Digital solutions**, incl. remote sensing, digitalisation of green finance in partner financial institutions, the use of the Internet of Things in the agriculture and agribusiness sector, real time monitoring of energy use, big data and machine learning algorithms to analyse increasing volumes of satellite and sensor data, and innovative technologies in supply chain management.
- v. **Gender and Economic Inclusion** (see Para 15).

15. Gender & Economic Inclusion

The Bank has long recognised that the transition to a sustainable market economy requires changes to market structures that can create or further increase inequalities.

The EBRD prioritises groups that experience disproportionate barriers to economic opportunity due to circumstances outside their control – women, youth, people living in remote areas, refugees and refugee-hosting communities and people with disabilities.

Gender equality is a principal element in the promotion of sound business management and the advancement of sustainable growth in the countries where the EBRD invests. The Bank recognises gender equality as a principal element in a countries' transition towards becoming well-functioning, sustainable market economy.

⁵ Please note that the examples under each Thematic Area are not exhaustive, but give a sense of the supported sub-areas.

The Bank promotes equality of opportunity through a practical approach rooted in its private sector focus, addressing three key dimensions:

- (1) Promoting skills, jobs and sustainable livelihoods for disadvantaged groups through a unique private sector-focused approach;
- (2) Building inclusive and gender-responsive financial systems that support access to finance and entrepreneurship, particularly for women-led SMEs, youth-led SMEs and SMEs operating in less developed regions; and
- (3) Creating inclusive and gender-responsive services and public goods, for instance by supporting safe transport for all, improving connectivity for regional areas and harnessing the advantages of technology.

Gender and Economic Inclusion is a key cross-cutting theme under HIPCA. The Partnership focuses on the nexus between climate and gender, in-line with the Bank's *Strategy for the Promotion Gender Equality* (SPGE).

HIPCA focuses on key gender actions, both at the project level and the policy level:

- i. The level of engagement at the individual project level is determined as per the above Gender SMART process.
- ii. In addition, HIPCA resources address gender & economic inclusion in green economy activities upstream, at the policy level, to create a wider enabling environment.

Actions under HIPCA can involve:

- Conducting gender analysis to identify gender-gaps and propose viable inclusive and gender-responsive green investments opportunities;
- Address identified gender gaps and promote appropriate gender responsive policy priorities, capacity building and financing responses;
- Enhancing client/beneficiary capacity to deliver on gender mainstreaming opportunities (e.g. promoting gender equality in low-carbon and climate resilient pathways);
- Supporting equal access for both men and women to green finance, services as well as entrepreneurial skills and employment opportunities in green sectors (e.g. via gender-responsive green cities and infrastructure, and renewable energy programmes)
- Supporting equal access to uptake of low-carbon and climate-resilient technologies (e.g. via credit lines);
- Supporting equal participation of women in governance and leadership roles (primarily in the private sector), including accelerating the adoption of corporate climate governance and developing gender-responsive green corporate action plans.

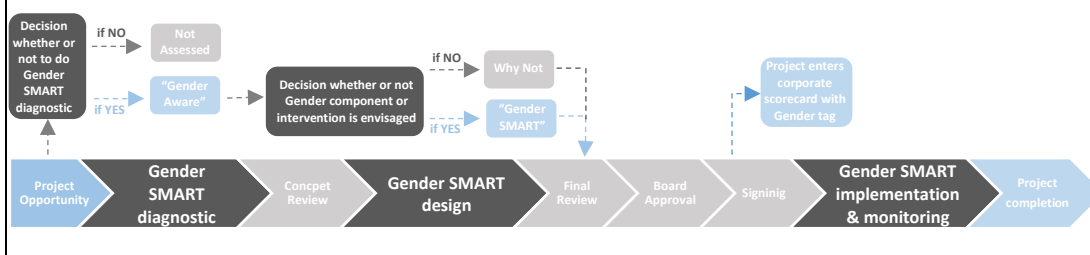
EBRD's Gender SMART process

The Bank's Gender SMART process helps establish an investment culture driven by gender equality by providing Bank staff, particularly project origination teams, clear entry points to explore opportunities and provide solutions to close gender equality gaps through investments and policy objectives. The Gender SMART process consists of a Gender SMART diagnostic, followed by Gender SMART design, resulting in a Gender SMART tag that combined helps:

- Introduce gender considerations earlier in the project design stages, which contributes to improving the sustainability of the investment as well as expected impact. Elements of the Gender SMART process help assess the extent to which a project identifies gender gaps, addresses those gaps through specific actions, and links those actions to specific indicators monitored in the implementation stage.
- Create a standardised and systematic approach to addressing gender in projects, including at sector-level interventions, decoupling this from staff's personal inclinations or knowledge.
- Reflect appropriate incentives attached to gender mainstreaming into investments, thanks to the inclusion of a Gender SMART tag in the Bank's Corporate Scorecard, reflected in departmental scorecards.

The Gender SMART tag is attached to an investment that has provided a clear solution to an identified gender equality gap, thus signalling, to all decision-making levels, that the investment is making an important contribution in promoting gender equality in line with the Bank's Gender Strategy.

The Gender SMART process (see ANNEX I: EBRD's Investment Review Process):



16. HIPCA Component / Activities⁶

i. **Component I: Early Stage Ventures & Incubation**

This HIPCA component aims at testing the adoption of innovative, low-carbon and climate-resilient technologies and processes, including the utilisation of low-GHG materials and the introduction of circular economy business models. It will focus on accelerating technological and digital solutions that allow a range of benefits, including, for instance, reduced pollution, more efficient delivery of public services, reduced energy and carbon intensities and more efficient use of land, water and energy.

Through this component, HIPCA will look to support businesses that focus on climate and green innovation to unleash their full potential. Early stage companies and start-ups can often provide the disruptive models that are needed to change markets. Through its *Green Innovation Programme* (GIP)⁷, the Bank has been supporting

⁶ Please note the components will apply across all thematic areas.

⁷ For more information please visit:

https://fintecc.ebrd.com/cs/Satellite?c=Page&cid=1395267946361&pagename=FINTECC%2FPage%2FFINTECC_GenericPage

research and development (R&D) and deployment of green products, technologies or business models, which have beneficial impacts in terms of climate change mitigation, resilience to climate impacts, pollution control or the circular economy.

Working with small and medium-sized enterprises (SMEs) for over 25 years has also given the EBRD unique expertise in bolstering the start-up ecosystem across its regions, particularly through its Star Venture programme⁸. Building on this experience, HIPCA will aim to channel advisory services and address barriers to help start-ups improve the efficiency of their results and access financing.

ii. **Component II: Policy & Enabling Environment**

HIPCA activities support capacity building, strengthening institutions, and supporting legal and policy reform, to address regulatory and institutional barriers and create an enabling environment for successful project development and implementation. This includes, amongst others:

- a. Activities that support NDCs and long-term low carbon and climate resilience strategies (LTS) or the formulation of low-carbon sectoral pathways consistent with long-term decarbonisation goals.
- b. Policy and regulatory support to governments and municipalities to progress sector reform and create a conducive environment for investments.
- c. Support the design and implementation of competitive procurement processes.
- d. Technical assistance to authorities and companies for asset improvements and modernisation.
- e. Capacity building and climate governance support for greening financial systems to scale up private climate finance.
- f. Partnering with and supporting local trade associations, technical organisations and universities to deliver tools and support for environmental and climate solutions.

iii. **Component III: Technical Assistance & Advisory Services**

This component focusses on supporting clients/beneficiaries before and after the signing of a transaction, to enable the investment projects to achieve financial close and the desired impact. In light of the green recovery, this is particularly important for the realisation of green benefits and sustainability prospects.

Pre-signing support entails project/activity preparation and structuring activities to bring a project to the point where the Bank and other co-investors are able to make a well-informed decision on whether to proceed with a transaction. This may include:

- a. Project preparation and structuring activities (incl. investment appraisal, feasibility studies, market assessments, environmental and social impact assessments, climate mitigation and resilience analysis, gender assessments);
- b. Legal and regulatory due diligence and preparation;
- c. Establishing enhanced monitoring, reporting and verification (MRV) processes.

Post-signing support is geared towards client/beneficiary capacity building to support implementation and climate governance and ambition. This may include:

- a. Implementation support to green investments, including to finance procurement support, construction supervision and reporting standards improvement.

⁸ For more information please visit: <https://www.ebrd.com/starventure/overview>

- b. Strengthening operating practices of clients/beneficiaries through investing in commercially focused and customer-oriented services that place environmental and social improvements at the core of their operations;
 - c. Green engagement with clients and financial institutions to build capacity and awareness of climate-risks management practices and support adoption of climate governance.
 - d. Enhancing key corporate governance aspects (e.g. financial, managerial) to ensure proper oversight and managerial capacity to implement investments.
 - e. Utilising tools such as the Bank's Technology Selector⁹ to introduce green technologies into clients portfolios, and software support for to sub-borrowers and calculation of environmental benefits.
- iv. **Component IV: Investments (blended finance)**
- HIPCA provides concessional donor resources alongside EBRD (+other) commercial financing to support direct investments and intermediated investments (through partner financial institutions) across the corporate (SMEs, mid-caps, and large companies, private service providers) and public sectors (including municipalities and utility companies). The most common form of support will be through concessional loans and investment grants, but could include wider instruments (see Para 17).
- a. With regards to the private sector, HIPCA will target primarily: a) project sponsors (e.g. developers or companies implementing green measures, such as clean technologies); b) investors (banks, pension and equity funds, insurance companies, etc.); and c) financial intermediaries.
 - b. At the same time, the Fund will also provide financing to sovereign and sub-sovereign structures/municipalities and state-owned enterprises/utilities at the local level to drive green benefits, address funding gaps and harness private capital.

17. Financial Instruments

The Partnership deploys a range of financial instruments to drive impact across its portfolio of projects and investments, focusing in particular on grants and concessional loans. As part of a contribution agreement, Contributors have the opportunity to earmark each of their contribution towards specific purposes based on their individual priorities.

Instruments are applied in line with their suitability and ability to drive the desired results. The list of eligible instruments include, but are not limited to:

- i. **Grants** to support client / beneficiary technical assistance, for example in the form of capacity building, project preparation and implementation, climate vulnerability assessments, audits, and other activities.
- ii. **Grants** to support policy dialogue, for example in connection with the NDCs, the Paris Agreement Transparency Framework, as well Monitoring Reporting and Verification (MRV) frameworks in connection to the Paris Agreement.
- iii. **Investment Grants** to reduce the capital costs of a project where there are financial or commercial constraints on the use of loan financing.
- iv. **Incentive grants** to stimulate and reward sustainable investments and behaviour.
- v. **Concessional loans** to off-set high costs of early market entrants or affordability constraints.
- vi. **Credit lines and loans with incentive characteristics**, such as performance bonuses or interest rate reductions.
- vii. **Guarantees and risk sharing products** to expand investment outreach and launch new products.
- viii. **Equity** in the form of a capital investment in a company or project.

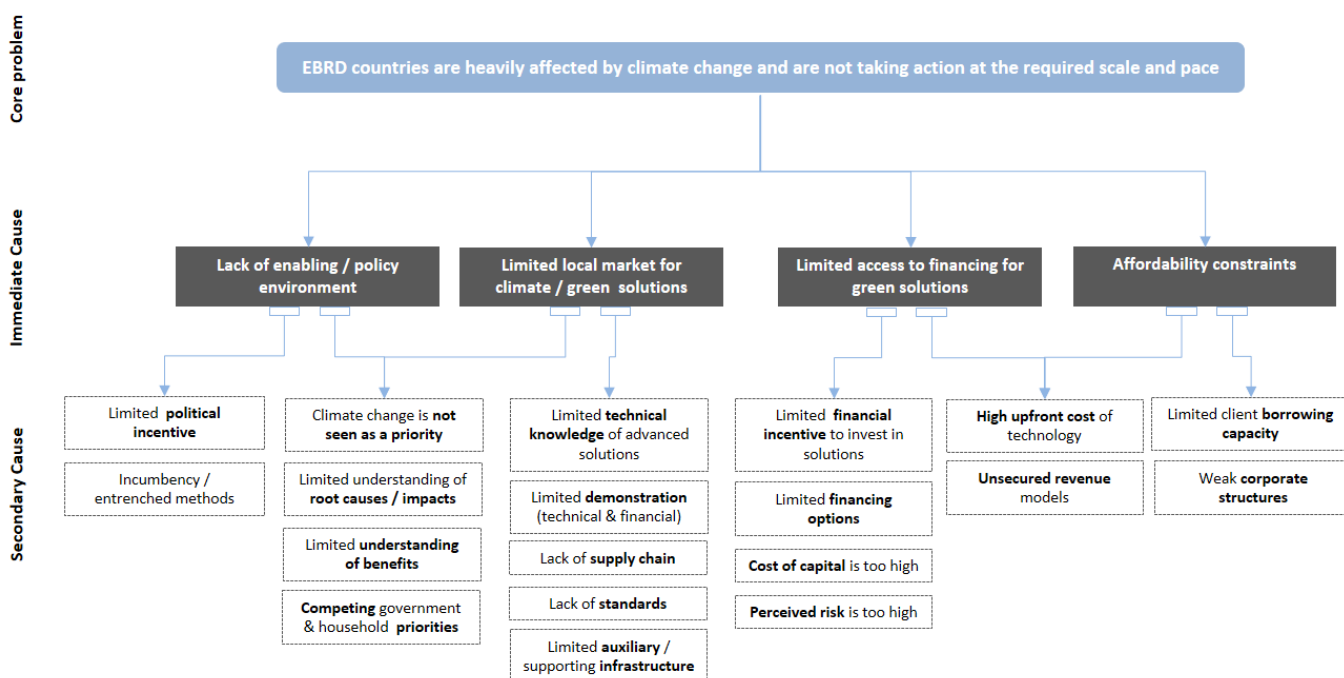
⁹ For more information please visit: <https://techselector.com/ts-en/>

B. THEORY OF CHANGE & RESULTS FRAMEWORK

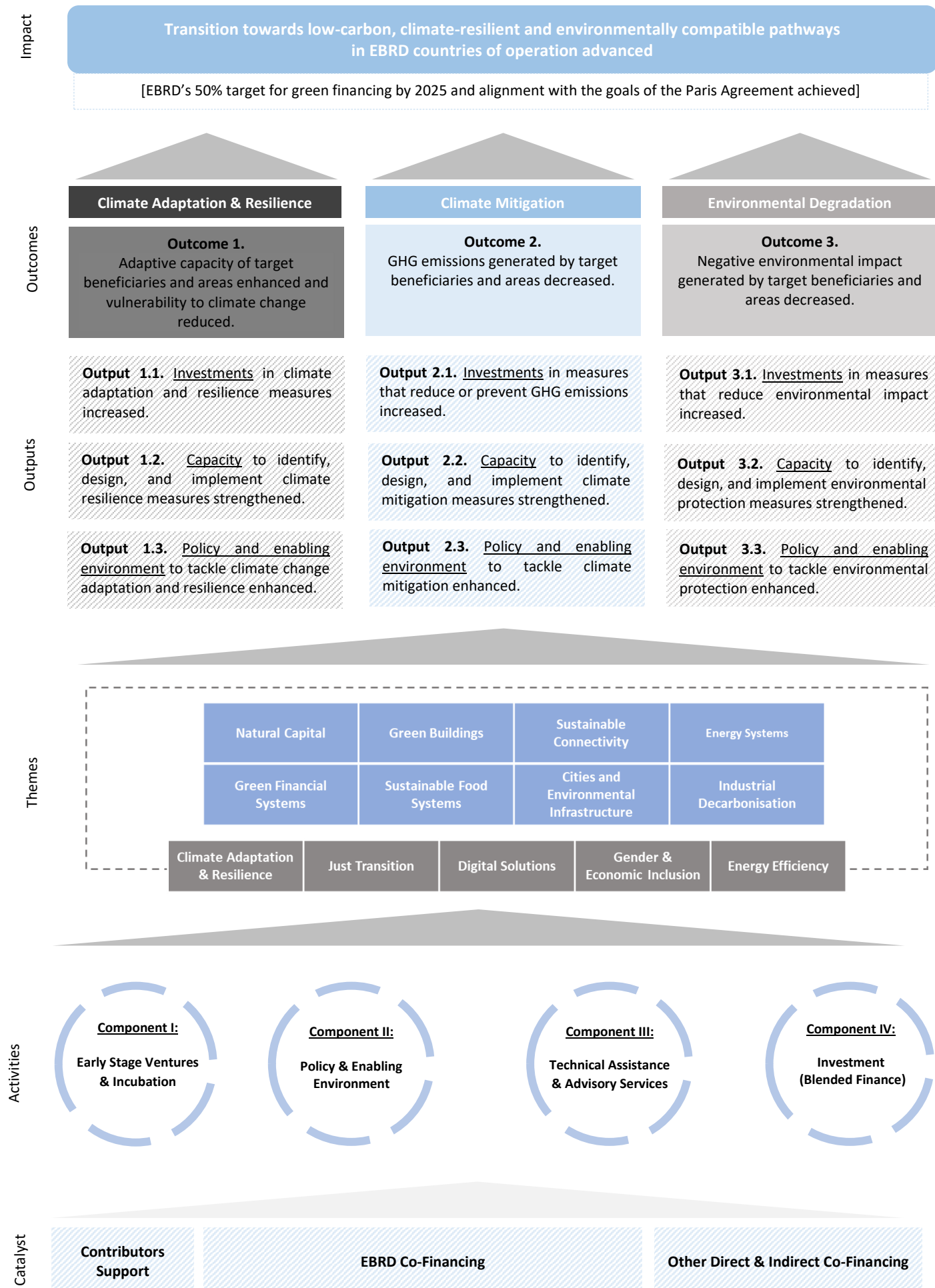
18. **The Climate Change and Environment Imperative:** There is an urgent need to transition COOs towards low carbon, climate-resilient and environmentally compatible pathways. COOs', whilst at risk, provide an opportunity to roll out green solutions and act as a gateway to catalysing impact.

19. **Key Barriers/Core Problem:** Despite the underlying urgency, key barriers prevent COOs from taking actions. The targeted countries are heavily affected by climate change as well as environmental degradation and are not taking action at the required scale and pace, amongst others, due to the following underlying barriers:


















- a. Lack of a conducive enabling/policy environment;
- b. Limited local markets for climate and green solutions;
- c. Limited access to finance green solutions;
- d. Key affordability constraints.



20. HIPCA Logic Framework



21. **Core Indicators:** To facilitate results management, HIPCA has a set of established core indicators, sourced from EBRD's compendium of indicators, to ensure consistency in monitoring and reporting between the individual projects and the EBRD's results management approach. Projects, in line with their characteristics, draw down upon relevant core indicators. Results achieved through individual projects are aggregated and synthesized at the Partnership's level. Given the nature of the projects/activities, it is recognized that significant impact may only occur near or at project completion.

HIPCA Core Indicators*	
Implementation Progress	
	Clients/Beneficiaries Supported Number of clients supported.
	Investments Financed Number of investment projects/activities financed directly by the EBRD or via partner financial institutions.
	Financing Leveraged Amount of co-financing leveraged (disaggregated by public and private sector).
	Beneficiaries Number of beneficiaries reached (disaggregated by gender and other relevant groups, where possible).
Climate Change Mitigation	
	GHG reduced Annual CO2e reduction (tonnes/year).
	Renewable energy installed Renewable energy capacity installed (MW).
	Energy saved Annual primary energy savings (GJ/year or toe/year).
	Materials / Waste efficiency Annual materials savings or waste minimized (tonnes/ year).
Climate Change Adaptation & Resilience	
	Water saved Reduction in the amount of annual water used (m3/y).
	Increased agricultural potential -Value of annual increases in crop yield as a result of improvements in soil quality (€). -Agricultural productivity increases in unit of product produced per unit of water used.
	Reduced weather-related disruption Reduced disruption (measured in units of time such as days per year).
Environmental Protection (incl. climate co-benefits)	
	Wastewater treated, avoided or reduced Volume of wastewater treated, avoided or reduced (m3/y).
	Air emissions/pollution reduced Air emissions (PM t/y), sulphur dioxide (SO2 t/y), nitrogen oxides (NOx t/y) and volatile organic compounds (VOC t/y) reduced.
	Ecosystems Size of the ecosystem area restored or having improved resilience or reduced degradation (ha).
Enabling environment, Gender, Inclusion & Skills	
	Enabling environment Number of corporate, institutional or regulatory frameworks and standards improved.
	Gender & Inclusion Number of gender and inclusive measures adopted by clients.
	Skills & Capacity Building Number of beneficiaries with improved knowledge and/or capacity.

* The list may be subject to change as the Bank periodically reviews its Core Indicators.

22. Reporting & Evaluations

i. **Annual Progress Reports (two months after each calendar year):**

The HIPCA Steering Committee (“Steering Committee”) (see Para 25) is provided with an aggregated Partnership wide Annual Progress Report (APR), which follows a template (see Annex III) and covers the full suite of supported projects. The APR reflects both implementation and financial progress in the prior year. Implementation progress is measured against the overall HIPCA logical framework and established core indicators (see Para 20 and 21 above, as well as Annex III). This ensures consistency in reporting across the Contributors and avoids reporting against individual logic frameworks and indicators.

ii. **Semi-Annual Updates (two months after the month of June of each calendar year):**

The Steering Committee is also provided with Semi-Annual updates, in the form of a summary table, highlighting financial updates and key milestones.

iii. **Reviews & Evaluations:**

In the spirit of agile and adaptive management, the Bank will carry out an internal review of the Partnership every 3 years and evaluate progress every 5 years. Contributors will be consulted prior and during the evaluation and provided with the final report.

C. OPERATIONS & GOVERNANCE

23. Core Operational Standards

As per the Bank’s defined standards¹⁰, HIPCA operates according to the following core values:

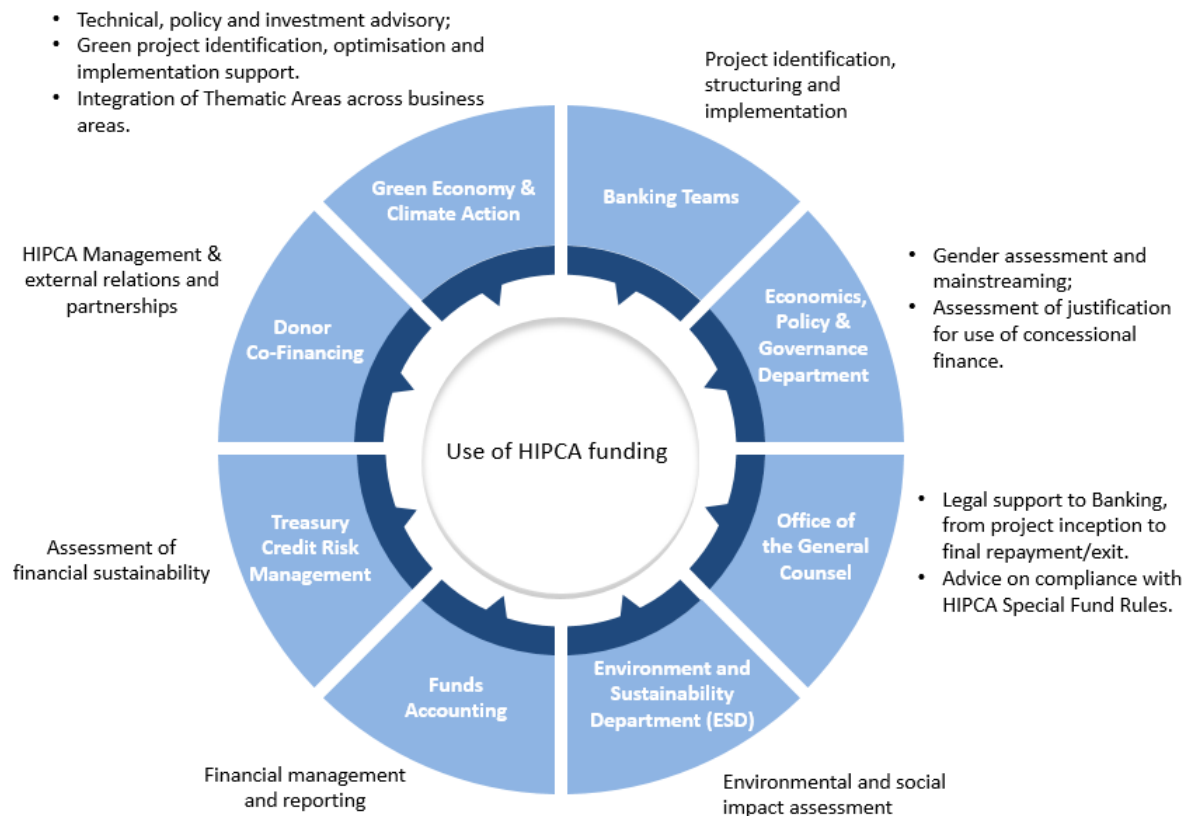
- i. **Environmental and social sustainability** - ensuring that projects are socially and environmentally sustainable, respect the rights of affected workers and communities and are designed and operated in compliance with applicable regulatory requirements and good international practices.
- ii. **Additionality** - providing support, which is not available from commercial sources of finance to avoid market distortion and “crowd in” investments that otherwise would not materialize.
- iii. **Minimum concessionality** - using a principled concessionality approach, which addresses barriers through the right financial instruments (see Annex II).
- iv. **Gender equality** - valuing gender equality as an integral part to promoting sustainable and environmentally sound development.
- v. **Integrity and compliance** - promoting integrity, good corporate governance and high ethical standards in all business operations.
- vi. **Preventing Sexual Harassment, Abuse and Exploitation** - advancing standards to prevent sexual harassment, abuse and exploitation.
- vii. **Value for Money** - using resources efficiently and effectively, while striving for maximum quality and results.

24. HIPCA Management

- i. The Partnership is managed by dedicated Bank staff (the “HIPCA Management”). The number and level of staff will be proportionally commensurate with the contributions entrusted to the Bank.
- ii. Overall, HIPCA Management has the following roles and responsibilities:
 - a. Oversee the implementation of HIPCA and the management of its resources, ensuring alignment to its strategic objectives;
 - b. In collaboration with the EBRD banking teams, identify action areas and strategic engagement opportunities and accordingly, prepare the Annual Work Plans (AWPs);

¹⁰ For more information visit: <https://www.ebrd.com/our-values.html>

- c. Identify additional modalities and means to maximize the value for money and effectiveness of HIPCA resources;
 - d. Undertake quality-at-entry review of project fiches and screening those based on agreed assessment criteria (see Para 28);
 - e. Submit proposals to relevant Contributors for approval;
 - f. Develop and manage partnerships and external relations with relevant stakeholders, including Contributors, institutions, organizations.
 - g. Monitor progress of the approved projects with the relevant banking teams, and where appropriate, provide early notification of risks or delays;
 - h. Prepare the APRs and Semi-Annual Updates;
 - i. Ensure visibility of HIPCA actions and contributions;
 - j. Provide secretariat services and technical support for day-to-day operations.
- iii. HIPCA Management works hand in hand with EBRD banking and operations teams ("Bank Teams") to allocate and monitor HIPCA resources. These Bank Teams involve many EBRD Departments; they have a role to play before and after a project is approved internally to ensure it reaches the level of impact it seeks to achieve. The role of the main EBRD departments involved in a given project is shown in the below figure:



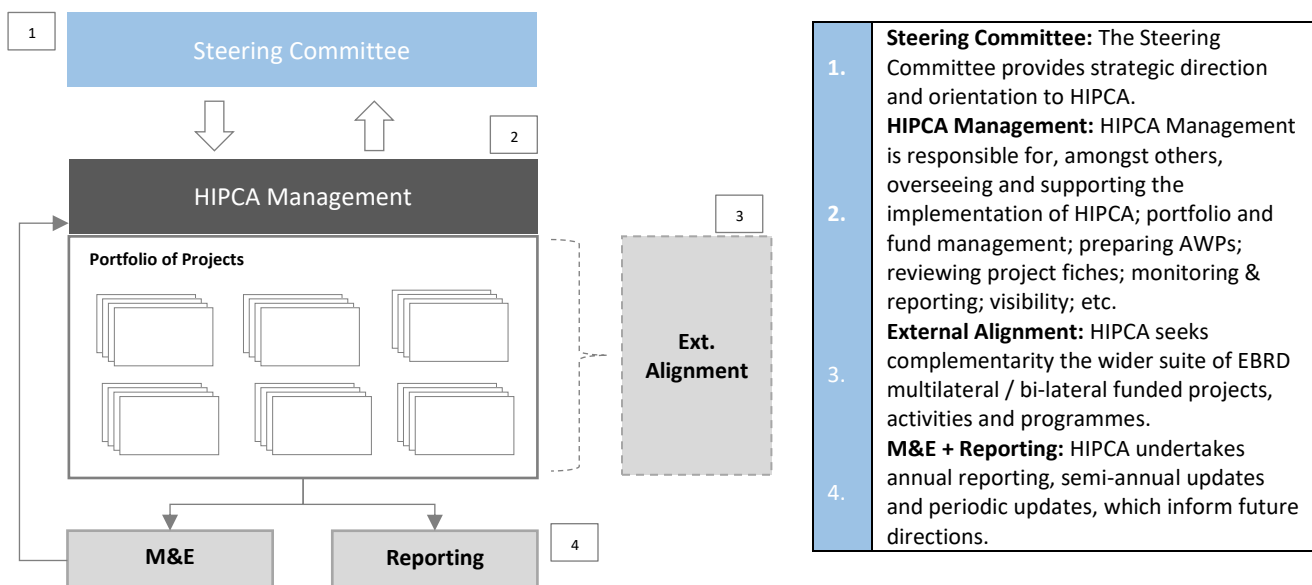
- iv. The responsibility of monitoring a project during its implementation lies with an assigned Operation Leader (OL), who receives support from a number of specialised groups in carrying out the various activities. Through the monitoring process, the EBRD regularly reviews the progress being achieved by the client/beneficiary during implementation against appraisal objectives and expectations. The purpose of the monitoring process is to identify problems and changed circumstances as early as possible so that appropriate action may be applied on a timely basis to achieve the project/activity's objectives.

25. HIPCA Steering Committee

- i. The Steering Committee provides a forum for oversight and strategic dialogue between the Contributors and the EBRD. The Steering Committee provides strategic guidance and ensures the Partnership works towards common goals, objectives and principles. Members include:
 - a. **Representatives from the Contributors.**
 - b. **EBRD representatives**, as the implementing entity and co-financier.
- ii. The Steering Committee has the following roles and responsibilities:
 - a. Provide strategic direction and orientation to HIPCA.
 - b. Review the Annual Work Plan (AWP), which illustrates the Bank's priorities and potential engagement opportunities for a given year (see Annex III).
 - c. Monitor and assess overall progress of HIPCA, in accordance with reporting and evaluations detailed in Para 22 above.
 - d. As required, review the operational and governance arrangements of the Partnership.
 - e. Provide guidance to further develop the initiative and identify opportunities for identifying new partnerships.
 - f. Participate in consultations on amendments to the HIPCA Special Fund Rules.¹¹
 - g. Any other items as HIPCA Management may bring for the Steering Committee's consideration.
- iii. The Steering Committee meets twice a year and may choose to meet in-person or virtually. The meetings will be timed according to the reporting cycles:
 - a. **Annual Meeting of the Steering Committee (in Q2):** The Annual Meeting is a formal gathering between the EBRD and the Contributors to discuss the Partnership's progress and priorities, and provides a chance for the Bank to highlight key impact opportunities.
 - b. **Semi-Annual Meeting (in Q4):** The Semi-Annual Meeting is a less formal gathering to provide momentum and continuity to on-going discussions and review the pipeline of projects, as necessary.
 - c. **Extraordinary Meetings:** HIPCA Management may call for Extraordinary Meetings if collective decisions need to be taken or to address serious risks or challenges.

¹¹ Any proposals to amend the Rules will move forward upon obtaining confirmation from all Steering Committee Members that such changes reflect their respective views. Amendments to the Rules will not have retroactive effect, unless otherwise discussed with the Steering Committee Members and explicitly included in the amendment itself.

26. Summary of HIPCA Governance & Management



27. Process for Allocating Contributions

- i. When allocating Contributions, HIPCA Management reviews proposals to ensure that funds are available and align with the project assessment criteria as well as the Arrangements for the Use of Funds appended to the relevant contribution agreement(s).

- ii. The following process is followed to take projects/activities from pipeline to approval:

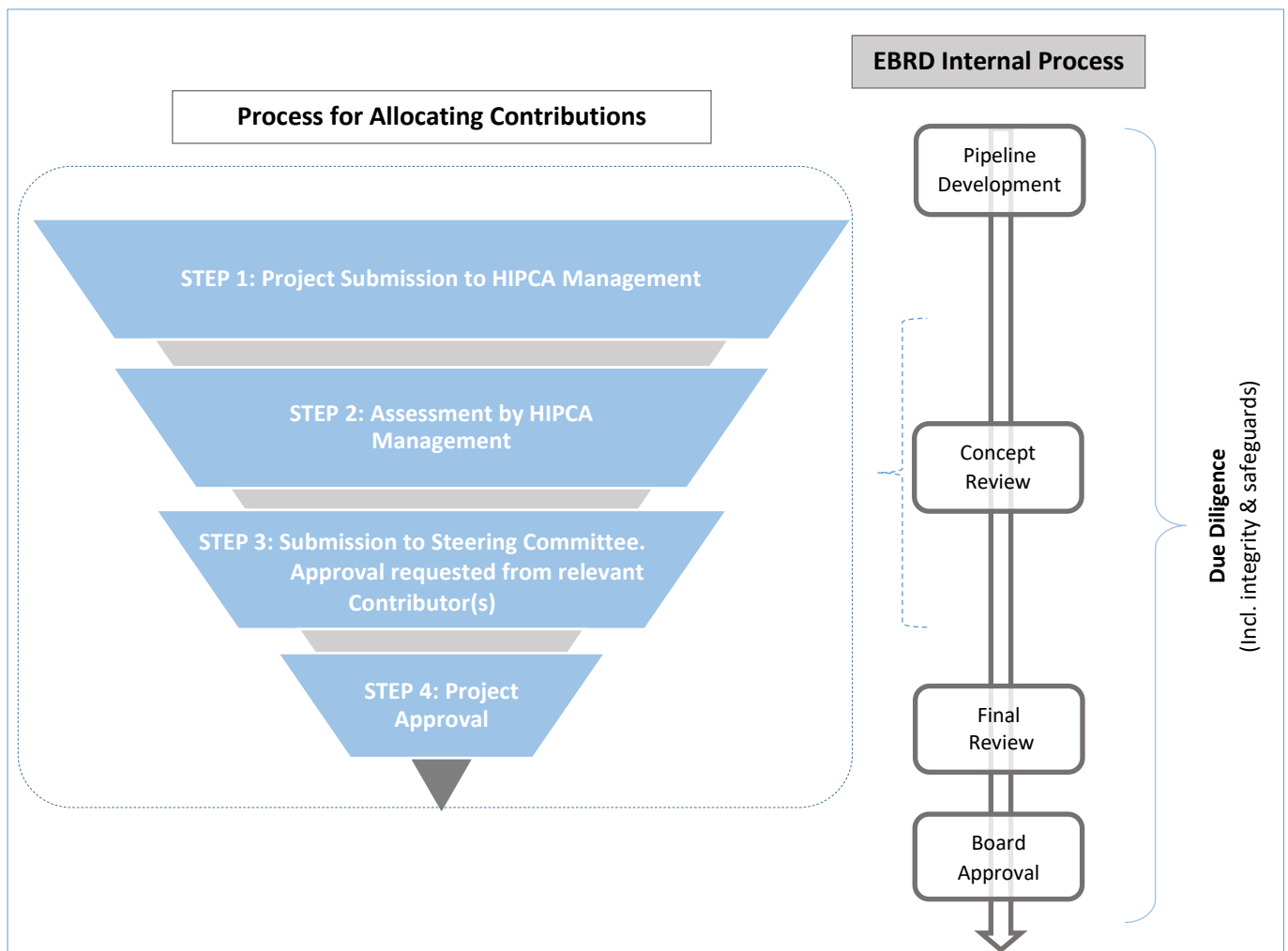
Step 1: Based on HIPCA's resources, relevant teams in the Bank develop and curate a pipeline of projects. As these mature and become ready for implementation, proposals are presented to HIPCA Management for consideration.

Step 2: HIPCA Management, in consultation with relevant teams in the Bank, assesses suitability, based on:

- ✓ **Filter 1:** Alignment with HIPCA's framework, scope and project assessment criteria (see Para 28).
- ✓ **Filter 2:** Alignment with the Arrangements for the Use of the Funds appended to the respective contribution agreement(s).

Step 3: Proposals which pass the internal assessment, are sent to the Steering Committee for information. Approval will be requested only from the Contributor(s) whose Contribution(s) is being used to fund the particular project(s) or activities (see Para 29).

Step 4: Proposals are approved by the relevant Contributors on a no-objection basis, allowing relevant teams in the Bank to progress with the project/activity.



28. Project Assessment Criteria

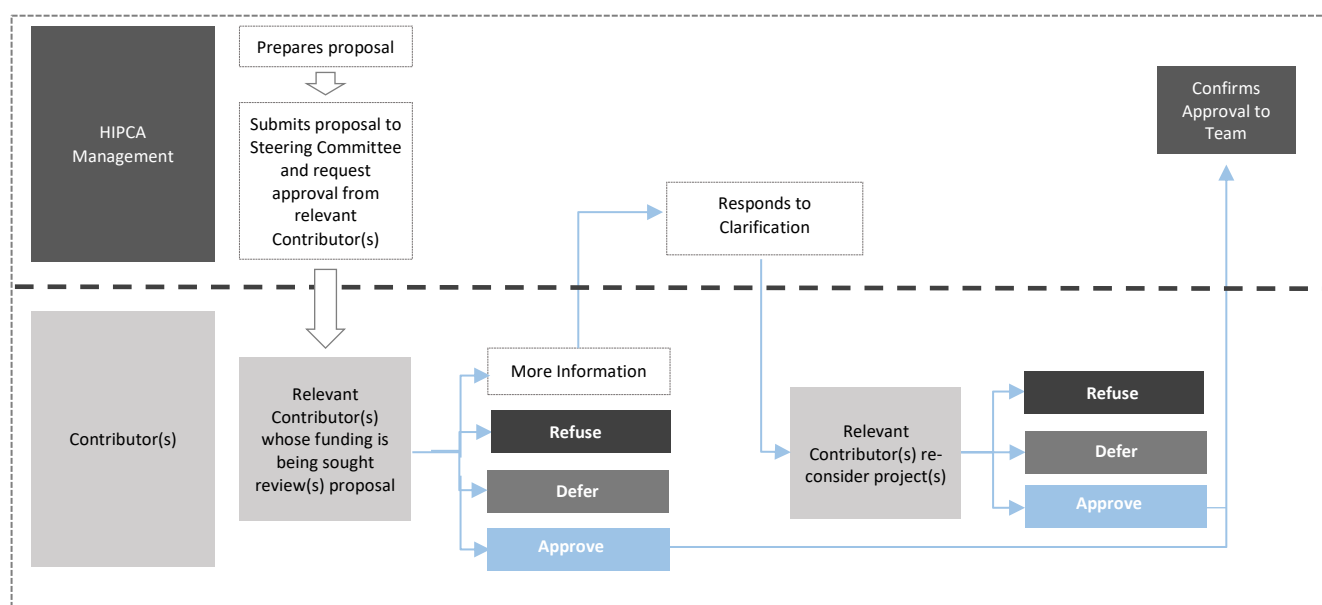
As part of the process for allocating Contributions, proposals are shared with the HIPCA Steering Committee only after a thorough internal review process to ensure consistency and alignment with the Fund's framework, objectives and eligibility criteria as well as the Arrangements for the Use of Funds appended to the relevant Contributors' contribution agreements. This allows proposals to be approved by relevant HIPCA Contributors swiftly and predictably.

Key project assessment criteria include:

- i. **HIPCA Alignment:** Projects are aligned with the Partnership's strategic objectives, Thematic Areas and the Arrangements for the Use of Funds, as agreed with the relevant Contributor(s).
- ii. **High Impact:** Projects have the potential to generate high climate and environmental impact.
- iii. **Leverage:** Investments deliver leverage by unlocking significant EBRD and/or other direct or indirect co-financing.
- iv. **Scalability & Replication:** Actions support transformational and replicable actions that could be scaled up within a sector/market/country/region.
- v. **Complementarity:** Projects complement, not substitute, other funding or financing sources.

29. Approval Process by Contributors

- i. To provide full visibility on the portfolio of projects/activities, proposal(s) are shared with the HIPCA Steering Committee for information on a rolling basis throughout the year, in line with the Bank's investment review process (see Annex I).
- ii. While any member of the HIPCA Steering Committee may seek clarifications and/or request additional information, approval is required from those who would provide funding for the submitted proposal(s). The same applies for the approval of waivers and other actions of similar nature related to ongoing projects or activities.
- iii. Approval is sought on a fifteen-business day no-objection basis, which can be extended up to a maximum of thirty business days, under exceptional circumstances, if so required by the respective Contributor. Upon receipt of the proposal, the relevant Contributor(s) can: (a) Approve a proposal; (b) seek clarifications/request more information; (c) defer a decision; or (d) refuse a proposal.
- iv. Should a relevant Contributor(s) seek clarifications/require more information, the time period for providing no-objection will be paused until a response has been provided.
- v. Should a relevant Contributor(s) defer a decision, the proposal may be submitted for approval to such Contributor(s) and/or any other Contributor(s) at a later stage.
- vi. Should a relevant Contributor(s) refuse a proposal, it will not be taken forward by the Bank.
- vii. Proposals are submitted via email, using the template Proposal Submission Form (see Annex III), which includes a description of: (i) the project/activity, estimated budget and its thematic area; (ii) its compliance with HIPCA eligibility criteria, and (iii) its contribution to relevant HIPCA outputs and outcomes.
- viii. With regards to Component IV: Investments (blended finance), HIPCA funds are structured on a case-by-case basis to address the specific barriers identified in each transaction and will justify the amount of concessionality requested in each proposal. Proposals describe, in broad terms, the financing instrument(s) to be utilized, and justify the use of the instrument(s) in light of the market barrier and need to avoid or limit market distortions. The pricing and terms of the HIPCA funds offered to clients will be tailored to address the specific risk, market, and structural aspects of each project and be aligned to the Arrangements for the Use of the Funds specified in the contributions agreement(s) of the relevant Contributor(s).
- ix. Project/activity proposals will also indicate the amount and provenance of contributions and co-finance (if applicable) which are being utilized.

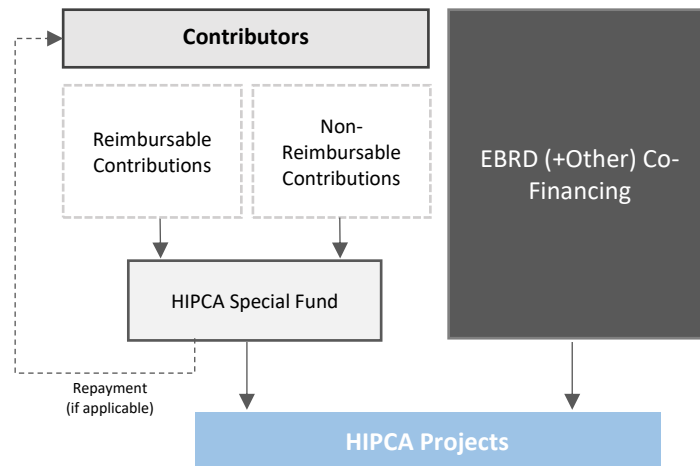


30. Contributions to HIPCA

- i. Contributions to the Fund are provided through bilateral contribution agreements between the Bank and the Contributor.
- ii. Contributions are accepted continuously, on a rolling basis, throughout the lifespan of HIPCA.
- iii. Recognizing that each Contributor has similar but differentiated priorities, bilateral contributions are aligned to HIPCA's governance, its overall logical framework and established core indicators as well as thematic areas.
- iv. Contributors may be from the public and private sector and can contribute both reimbursable and non-reimbursable Contributions¹².
- v. Contributors are able to earmark each of their contributions to specific geographic regions / countries (see Para 13), towards specific purposes (see Para 17) and indicate Thematic Areas (see Para 14), which cannot be supported.
- vi. When operationalizing resources, HIPCA Management will allocate resources in line with the Arrangements for the Use of the Funds, specified in the respective contribution agreements.
- vii. The Bank invites Contributors to consider supporting HIPCA also in the form of staff secondments or similar arrangements (e.g. Junior Professional Officers), which shall be discussed and agreed on a case-by-case basis between the relevant Contributor and the Bank.
- viii. **Revolving funds:** HIPCA offers an opportunity to re-invest the reflows generated from the Contributors' resources through investment operations, multiplying even more the development impact that Contributors can achieve with their contributions. This opportunity shall be discussed on a case-by-case basis, as part of the bilateral contribution agreement between the relevant Contributor and the EBRD.
- ix. **Client Contributions:** Whenever feasible, efficient and warranted, arrangements will be made for sharing the costs of technical assistance with clients, as per the Bank's Client Contributions policy. The Bank proactively explores contributions from all clients, whether in the public or private sector, which increases commitment to and ownership of the goals of the technical assistance they benefit from.

¹² Reimbursable contributions could be used to either cushion risks (through subordination, guarantees or equity gap coverage), offset the upfront costs (through lower pricing on investments), or both (concessionally priced subordinated instruments or guarantees). Non-reimbursable contributions may be used to reduce the capital costs of a project, provide incentive payments, cover fees or support technical assistance and policy advice.

31. Financial Flows



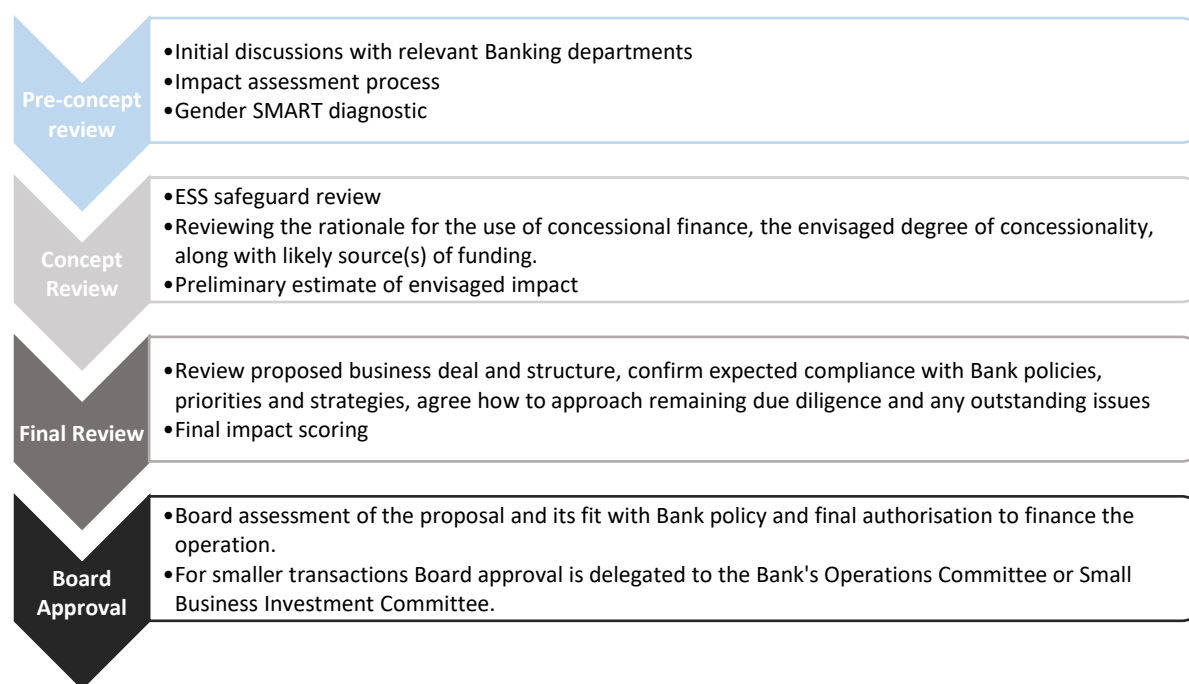
32. External Communication & Donor Visibility:

- i. Recognizing the importance of effective communication in supporting the objectives of the Partnership and providing the right level of visibility to its Contributors, HIPCA Management will develop a communication plan to guide HIPCA's external outreach.
- ii. The communications plan will:
 - a. Allow strategic, clear and consistent communication;
 - b. Facilitate the engagement of stakeholders and potential new partners;
 - c. Provide transparent and accessible information;
 - d. Illustrate how projects and activities are making a contribution to the global efforts towards attaining the goals to combat climate change and environmental degradation;
 - e. Support financial replenishments by highlighting achievements and results.
- iii. Communications activities will use different tools and channels. These are adapted according to the communication objective, the target audience and the nature of the information to be conveyed.
- iv. Contributors will be engaged to ensure their particular visibility requirements are integrated into the plan and any on-going communication activity.

ANNEX I: EBRD's Investment Review Process

33. The Bank's approach to project/activity selection and reviewing investments

- i. The investment cycle provides a robust process for identifying, assessing and approving investments funded by the Bank, with or without additional support from donors. Built into the Bank's investment approval process, is a robust methodology for identifying, assessing and prioritising projects/activities that deliver transformational impacts in the Bank's region of operations.
- ii. The below figure sets out the step-by-step approval process for investment projects:



- iii. The Bank carries out a robust and thorough due diligence assessment when considering new operations, in accordance with the EBRD Operation Manual. All investments are assessed by the Investment Committee or Small Business Investment Committee, or otherwise approved based on authority delegated from the EBRD Board. The Investment Committee is comprised of representatives of Banking teams, the Risk Department for financial risk assessment, the Office of the General Counsel (OGC), Economic Policy and Governance (EPG), the Office of the Chief Compliance Officer (OCCO), and the Environmental and Social Department (ESD). Other Departments provide advice to the Investment Committees on an as-needs basis.
- iv. For associated technical assistance grants that, amongst others, enable investment preparation and implementation, support policy dialogue and reform, and build institutional capacity, EBRD has established a grant review process, which, when applicable, is conducted in parallel to the approval of investment projects.
- v. All projects financed by the Bank are structured to meet the requirements of the Environmental and Social Policy¹³, including safeguard / Environmental and social Performance Requirements.

¹³ <https://www.ebrd.com/news/publications/policies/environmental-and-social-policy-esp.html>

- vi. To ensure that the Banks's resources are directed towards the projects that deliver maximum transformational change, all investments are assessed for their Transition Impact and GET qualities.
- vii. The EBRD's standard GET methodology follows a three-stage process for assessing projects with sustainable benefits:
 - a. Identifying projects or project components that meet the GET principles and criteria, and are on the positive list of activities qualifying for GET or covered by the climate adaptation approach;
 - b. Assessing the physical environmental benefits of the GET projects and project components;
 - c. Confirming the proportion of GET finance and benefits of a project, and explaining how this fits into the GET strategy, as well as examining other contributing factors and total GET benefits.
- viii. Projects that result in climate change mitigation and other environmental benefits are to be considered as GET eligible, subject to verification that each specific project is consistent with GET principles and criteria. The purpose of this positive-list approach is to establish practical, harmonised categories of classification for GET finance, without having to resort to long, complex analyses. Projects with a higher impact score and strong alignment with the GET approach are more likely to receive positive investment decisions.
- ix. Projects/activities which demonstrate substantial potential for transformational change, but which are not viable on commercial terms because of externalities, market failures or the incremental costs of technologies compared to business as usual solutions, may be eligible for HIPCA's Resources. How the Bank assesses the need for such concessional support is described in Annex II.

ANNEX II: EBRD's Concessional Finance Approach

34. HIPCA will take a responsible approach to the use of concessional finance, which is assessed on a case-by-case basis, follows the Bank internal processes and guidelines, and is aligned to the principles and definitions used in the "Enhanced Blended Concessional Finance Principles for DFI Private Sector Operations".
35. After review by HIPCA Management, the need for concessional support is assessed at both Concept Review and Final Review stage (see Annex I) and subsequently approved by the Bank's Board of Directors.
36. The proposed alignment and harmonisation of the treatment of concessional financial instruments in HIPCA's projects/activities is fully consistent with the unique business model, i.e. transition-driven and commercially motivated projects that aim to crowd-in co-financing and pave the way for sustainable and market-supported financing structures.
37. HIPCA resources are only used where justified, to the extent they help achieve impact in situations in which projects could not reasonably be expected to materialise under purely commercial conditions. This may be the case when markets fail to correctly value the costs or benefits of certain economic activities and hence provide incorrect price signals and suboptimal economic decisions. Examples are un(der)-priced environmental externalities, such as CO2 emissions, first mover externalities (positive demonstration effects) or network effects. The use of concessional financing may be justified as necessary to achieve a critical mass sufficient to promote a systemic change in attitude and behaviour.
38. HIPCA projects/activities will achieve measurable benefits and transition impact in situations where such projects could not reasonably be expected to materialise under purely commercial conditions. The use of grants or concessional financing can temporarily alleviate such affordability problems and enable projects with high environmental and structural reform components to materialise.
39. The EBRD *Staff Guidelines for the Use of Concessional Finance Products* are designed to assess the use of investment grants and other business enabling finance, such as soft loans, guarantees and equity, at the project level, considering the market barriers present in countries of operations.
40. Within the Bank, there are currently three situations where the use of concessional finance can be justified:
 - i. *Presence of significant externalities*: There are situations in which markets fail to correctly value the cost or benefit that certain economic activities create on third parties and where carefully designed grants can be expected to improve market outcomes. This can be the case for un(der)-priced environmental externalities, such as CO2 emissions, first movers and network effects.
 - ii. *Other institutional and market failures*: There may be temporary barriers to efficient and fair market outcomes due to information asymmetries (for example in small business lending), principal-agent problems, or changing behaviours that may not be individually rational but are nevertheless deeply engrained (such as the inefficient use of energy or water). The need to achieve a critical mass (scope and scale) of operations in order to deliver the expected transition impact will be taken into account.
 - iii. *Affordability constraints on environmental infrastructure*: This applies mainly to services provided by public infrastructure where the cost-recovery price may temporarily exclude certain low-income and/or vulnerable groups. The use of grants can alleviate such affordability problems. For example, EBRD requires EU environmental standards, which could be well beyond local regulatory standards and it could cost significantly more than local standards.

41. Within these objectives, the following principles are currently adhered to:
- i. *Market subsidiarity*: The use of concessional financing should be focused on climate and environmental objectives and benefits that market-based instruments could not achieve on their own;
 - ii. *Leverage*: Concessional finance should leverage reform or systemic change that advance clearly defined objectives;
 - iii. *Economic viability*: In principle, projects should be viable in the long-term in the absence of subsidies/grants once the identified barrier has been overcome.
 - iv. *Sustainability*: To avoid the creation of subsidy dependency and achieve financial sustainability over time, the reliance on subsidies should decrease over time for a particular country/sector/product.
42. These principles and criteria are converted into more detailed sector-specific guidance for project teams through standard checklists, covering three types of investments: environmental infrastructure, GET investments, and investment operations with financial intermediaries. EBRD can share these detailed sector-specific principles upon request.

ANNEX III: Overview of the HIPCA Operational Documents

- A. Annual Work Plan (AWP)** - enables the Bank to illustrate its short- and medium-term priorities and potential engagement opportunities for a given year. The AWP is an evolving tool that aims to facilitate a regular dialogue between the Bank and its Contributors to ensure a pipeline approach that is responsive to needs and priorities. At the same time, as EBRD's pipeline is constantly evolving, the AWP will remain indicative. As mentioned above, projects/activities will be shared with the Steering Committee for information and submitted to relevant Contributors for approval on an ongoing basis, throughout the year, even if such proposals were not originally part of the AWP. This provides HIPCA with the necessary flexibility to address opportunities as these emerge.
- B. Proposal Submission Form** - summarises the proposal being submitted to the HIPCA Steering Committee for information and to relevant Contributors for approval.
- C. Annual Progress Reports (APRs)** – reflect both implementation and financial progress in a given year.
- D. Risk Log** - reflects identified key risks that could affect HIPCA's performance and should be mitigated to a substantial degree by the Bank's established operational tools and control mechanisms.

SIMPLIFIED TEMPLATE



High Impact Partnership on Climate Action

Annual Work Plan

[Draft for Discussion]

Table of Contents

A. Introduction	1
B. Strategic Objectives & Approach.	3
C. Indicative Pipeline of Projects	12

[A] Introduction

1. Purpose:
2. HIPCA Contributors:
3. Type of Contributions:
4. Geographic Scope:
5. Summary of Priorities:

[B] Strategic Objectives & Approach

This section gives a high-level overview of the EBRD's strategic objectives and approach across the different Thematic Areas of HIPCA. It provides the background and basis for the pipeline of projects/activities.

Core Themes:

1. Energy Systems
2. Sustainable Food Systems
3. Green Financial Systems
4. Green Cities and Environmental Infrastructure
5. Natural Capital
6. Green Buildings
7. Sustainable Connectivity
8. Industrial Decarbonisation

Cross Cutting Themes:

1. Energy Efficiency
2. Climate Adaptation and Resilience
3. Just Transition
4. Digital Solutions
5. Gender and Inclusion

[C] Indicative Pipeline of Projects

Notes:

- A. The below provides an indicative overview of projects/activities and broader programmes of work identified for potential support through HIPCA.
- B. Due to the demand driven nature of EBRD's work, this pipeline is subject to change.

Project Title	Possible Cross Cutting Theme(s)	Country	Type of Support	Est. Cost [EUR]		Est. HIPCA Approval Date	Description
				Total	HIPCA		
Theme 1							
							•
							•
							•
Theme 2							
							•
							•
							•
Theme x							
							•
							•
							•

SIMPLIFIED TEMPLATE



High Impact Partnership on Climate Action

Proposal Submission Form

Date	
Approval(s) requested from	
Project name	
Target Country/ies	

Title:																																				
Target Country/ies: Client/Beneficiary: Other Partners Involved:			Expected Signing Date:																																	
Thematic Area(s):																																				
<input type="checkbox"/> Energy Systems <input type="checkbox"/> Sustainable Food Systems	<input type="checkbox"/> Cities and Environmental Infrastructure <input type="checkbox"/> Natural Capital	<input type="checkbox"/> Sustainable Connectivity <input type="checkbox"/> Industrial Decarbonisation	<input type="checkbox"/> Green Financial Systems <input type="checkbox"/> Green Buildings																																	
Cross-Cutting Theme(s):																																				
<input type="checkbox"/> Energy Efficiency <input type="checkbox"/> Climate adaptation and resilience	<input type="checkbox"/> Just transition <input type="checkbox"/> Digital solutions	<input type="checkbox"/> Gender and Inclusion																																		
Project Summary (incl. aim, key activities, description, timeline and context):																																				
<ol style="list-style-type: none"> 1. Aim 2. Project Description 3. Activities/Use of proceeds 4. Timeline 5. Key Context <ul style="list-style-type: none"> • Country Context/Diagnostic (e.g. alignment to national priorities) • Sector context 																																				
Budget and Financing Terms:																																				
<table border="1"> <thead> <tr> <th rowspan="2">Type</th> <th rowspan="2">Total</th> <th colspan="2">HIPCA Funding</th> <th rowspan="2">Potential Co-Financing (EUR M / US\$)</th> </tr> <tr> <th>(EUR M / US\$)</th> <th>Contributor</th> </tr> </thead> <tbody> <tr> <td>Technical Assistance Grant:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Investment Grant:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Loan:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other:</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total</td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>					Type	Total	HIPCA Funding		Potential Co-Financing (EUR M / US\$)	(EUR M / US\$)	Contributor	Technical Assistance Grant:					Investment Grant:					Loan:					Other:					Total				
Type	Total	HIPCA Funding		Potential Co-Financing (EUR M / US\$)																																
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Technical Assistance Grant:																																				
Investment Grant:																																				
Loan:																																				
Other:																																				
Total																																				
Key terms of the concessional loan (if applicable):																																				
<table border="1"> <tr> <td>Amount:</td> <td></td> </tr> <tr> <td>Currency:</td> <td></td> </tr> <tr> <td>Tenor:</td> <td>[x] years</td> </tr> <tr> <td>Interest Rate:</td> <td>[x]% (margin + base rate)</td> </tr> <tr> <td>Other fees:</td> <td>[x]% e.g. commitment fee</td> </tr> <tr> <td>Grace Period:</td> <td>[x] years</td> </tr> <tr> <td>Security:</td> <td></td> </tr> <tr> <td>Any other Terms:</td> <td></td> </tr> </table>					Amount:		Currency:		Tenor:	[x] years	Interest Rate:	[x]% (margin + base rate)	Other fees:	[x]% e.g. commitment fee	Grace Period:	[x] years	Security:		Any other Terms:																	
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Currency:																																				
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Other fees:	[x]% e.g. commitment fee																																			
Grace Period:	[x] years																																			
Security:																																				
Any other Terms:																																				
* Please Note: This could be subject to variations based on the final structuring of the transaction.																																				
Concessionality Justification:																																				
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Risks; Environmental and Social Safeguards; Gender and Economic Inclusion:																																				
Key risks and mitigation measures:																																				
<table border="1"> <thead> <tr> <th>Risk</th> <th>Mitigation Measure(s)</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>					Risk	Mitigation Measure(s)																														
Risk	Mitigation Measure(s)																																			
Expected E&S Rating and Description:																																				
* Please Note: This is a preliminary assessment, which is carried out ahead of a formal assessment. It is, therefore, indicative and subject to change.																																				
<ol style="list-style-type: none"> 1. Expecting Rating & Risk Profile: [A-B-C] / [Low-Medium-High] 2. Short Description 																																				

Gender and Economic Inclusion:

** Please Note: This is a preliminary assessment, which is carried out ahead of a formal assessment. It is, therefore, indicative and subject to change.*

1. Initial assessment
2. Will Gender SMART Diagnostic be carried out? [Yes / no]
3. If 'Yes', short description of the possible gender component or intervention

Expected contribution to relevant HIPCA Outcome(s) and Output(s) / Expected Results

Climate Adaptation & Resilience	Climate Change Mitigation	Environmental Degradation
<input type="checkbox"/> Outcome: Adaptive capacity of target beneficiaries and areas enhanced and vulnerability to climate change reduced.	<input type="checkbox"/> Outcome: GHG emissions generated by target areas decreased.	<input type="checkbox"/> Outcome: Environmental impact generated by target areas decreased.
<input type="checkbox"/> Output: <u>Investments</u> in climate adaptation and resilience measures increased.	<input type="checkbox"/> Output: <u>Investments</u> in measures that reduce or prevent GHG emissions increased.	<input type="checkbox"/> Output: Investments in measures that reduce environmental impact increased.
<input type="checkbox"/> Output: <u>Capacity</u> to identify, design, and implement climate resilience measures strengthened.	<input type="checkbox"/> Output: <u>Capacity</u> to identify, design, and implement climate mitigation measures strengthened.	<input type="checkbox"/> Output: Capacity to identify, design, and implement environmental protection measures strengthened.
<input type="checkbox"/> Output: Policy and Regulatory enabling environment linked to adaptation and resilience enhanced	<input type="checkbox"/> Output: Policy and Regulatory enabling environment linked to climate mitigation enhanced	<input type="checkbox"/> Output: Policy and Regulatory enabling environment linked to environmental protection enhanced

Expected Results:

HIPCA Core Indicators	Expected Result	Notes
Implementation Progress		
Clients Supported Number of clients / institutions supported.		
Investments Financed Number of investment projects financed directly by the EBRD or via partner financial institutions.		
Financing Leveraged Amount of co-financing leveraged (disaggregated by public and private sector).		
Beneficiaries Number of beneficiaries reached (disaggregated by gender and other relevant groups, where possible).		
Climate Change Mitigation		
GHG reduced Annual CO2e reduction (tonnes/year).		
Renewable energy installed Renewable energy capacity installed (MW).		
Energy saved Annual primary energy savings (GJ/year or toe/year).		
Materials / Waste efficiency Annual materials savings or waste minimized (tonnes/ year).		
Climate Change Adaptation & Resilience*		
Water saved Reduction in the amount of annual water used (m3/y).		-
Increased agricultural potential Value of annual increases in crop yield as a result of improvements in soil quality (€).		
Reduced weather-related disruption Reduced disruption (measured in units of time such as days per year).		
Environmental Protection (incl. climate co-benefits)		
Wastewater treated, avoided or reduced Volume of wastewater treated, avoided or reduced (m3/y).		
Air emissions/pollution reduced Air emissions (PM t/y), sulphur dioxide (SO2 t/y), nitrogen oxides (NOx t/y) and volatile organic compounds (VOC t/y) reduced.		
Ecosystems Size of the ecosystem area restored or having improved resilience or reduced degradation (ha).		
Enabling environment, Gender, Inclusion & Skills		
Enabling environment Number of corporate, institutional or regulatory frameworks and standards improved.		-
Gender & Inclusion Number of gender and inclusive measures adopted by clients.		

Skills & Capacity Building			
---------------------------------------	--	--	--

Number of beneficiaries with improved knowledge and/or capacity.			
--	--	--	--

SIMPLIFIED TEMPLATE



High Impact Partnership on Climate Action

Annual Progress Report (APR)

Please note: This is an indicative overview of the type of content that will be featured. The format will be refined as we produce our 1st APR.

PART A – Implementation Progress

SECTION A 1: OVERALL PROGRESS AGAINST CORE HIPCA INDICATORS	
Implementation Progress	
	Clients Supported Number of clients supported.
	Investments Financed Number of investment projects financed directly by the EBRD or via partner financial institutions.
	Financing Leveraged Amount of co-financing leveraged (disaggregated by public and private sector).
	Beneficiaries Number of beneficiaries reached (disaggregated by gender and other relevant groups, where possible).
Climate Change Mitigation	
	GHG reduced Annual CO2e reduction (tonnes/year).
	Renewable energy installed Renewable energy capacity installed (MW).
	Energy saved Annual primary energy savings (GJ/year or toe/year).
	Materials / Waste efficiency Annual materials savings or waste minimized (tonnes/ year).
Climate Change Adaptation & Resilience	
	Water saved Reduction in the amount of annual water used (m3/y).
	Increased agricultural potential Value of annual increases in crop yield as a result of improvements in soil quality (€).
	Reduced weather-related disruption Reduced disruption (measured in units of time such as days per year).
Environmental Protection (incl. climate co-benefits)	
	Wastewater treated, avoided or reduced Volume of wastewater treated, avoided or reduced (m3/y).
	Air emissions/pollution reduced Air emissions (PM t/y), sulphur dioxide (SO2 t/y), nitrogen oxides (NOx t/y) and volatile organic compounds (VOC t/y) reduced.
	Ecosystems Size of the ecosystem area restored or having improved resilience or reduced degradation (ha).
Enabling environment, Gender, Inclusion & Skills	
	Enabling environment Number of corporate, institutional or regulatory frameworks and standards improved.
	Gender & Inclusion Number of gender and inclusive measures adopted by clients.
	Skills & Capacity Building Number of beneficiaries with improved knowledge and/or capacity.

SECTION A 2: IMPLEMENTATION PROGRESS
2.1 Overall Progress (Summary)

SECTION A 3: IMPLEMENTATION STATUS			
Outcome #			
Output #	Project	Status	Implementation progress (%)
	Project:	Choose an item.	
	Project progress during the reporting period:	Key milestones expected in the next reporting period:	
	Project:	Choose an item.	
	Project progress during the reporting period:	Key milestones expected in the next reporting period:	

SECTION A 4: IMPLEMENTATION OF GENDER ELEMENTS

SECTION A 5: CHANGES DURING IMPLEMENTATION (actual and expected changes)

SECTION A 6: IMPLEMENTATION CHALLENGES AND LESSONS LEARNED				
Challenge encountered	Type ¹⁴	Measures adopted	Impact on the project implementation ¹⁵	Lessons learned and Other Remarks

¹⁴ Implementation; Legal; Financial; Environmental/Social; Political; Procurement; Other; AML/CFT; Sanctions; Prohibited Practices.

¹⁵ Minor/Solved; Moderate; High.

PART B – Financial Progress

SECTION B 1: HIPCA FUND BALANCE			
		HIPCA Proceeds	
		FOR THE CURRENT REPORTING PERIOD	CUMULATIVE THROUGH TO THE END OF THIS REPORTING PERIOD
Opening Fund balance			
Opening balance			
Contributor Inflows			
i.	Grants		
ii.	Loans		
iii.	Others (guarantees, equity, etc.)		
iv.	Reflowed funds received by EBRD		
Total Inflows			
Contributor Outflows			
a	Grant commitments		
b	Loan commitments		
c	Others (guarantees exercised, equity paid, etc.)		
d	Reflowed funds paid to Contributor(s) (if applicable)		
Total Outflows			
Closing Balance			

SECTION B 2: FINANCIAL PROGRESS DETAILS

Components and project names		Contributor	Approved budget	Commitments for this reporting period	Cumulative commitments to the end of this reporting period	Budget utilization rate (commitments) %	Expenditure for this reporting period	Cumulative expenditure to the end of this reporting period	Budget utilization rate (expenditure) %
Component I Early Stage Ventures & Incubation									
Sub-total									
Component II Policy & Enabling Environment									
Sub-total									
Component III Technical Assistance & Advisory Services									
Sub-total									
Component IV Investments (non-repayable)									
Sub-total									
TOTAL:									
TOTAL - HIPCA									
TOTAL - CO-FINANCIERS:									

Component / relevant projects/ investments		Contributor	Agreement Signing Date	Amount Committed	Disbursements for the reporting period	Cumulative Disbursements	Undisbursed Loan Amount	Tenor and Grace Period	Fees	Repayment of Principal by Borrower for the Reporting Period	Cumulative Repayment of Principal by Borrower	Payment of Interest by Borrower for the Reporting Period	Cumulative Payment of Interest by Borrower	Fees received for the Reporting Period	Cumulative Fees received
Component IV Investments (repayable)															
TOTAL:															
TOTAL - HIPCA															
TOTAL - EBRD															
TOTAL – OTHER CO-FINANCIERS															

SECTION B 4: REFLOWED FUNDS

REFLOWED FUNDS RECEIVED BY THE EBRD (If applicable)					REFLOWED FUNDS RETURNED BY THE EBRD (If applicable)					
<i>Date</i>	<i>Contributor</i>	<i>Type of Reflow</i>	<i>Amount for the reporting period</i>	<i>Cumulative Amount to the end of reporting period</i>	<i>Date</i>	<i>Contributor</i>	<i>Type of Reflow</i>	<i>Amount for the reporting period</i>	<i>Cumulative Amount to the end of reporting period</i>	<i>Comments (Explanations of variances in the amount, date, prepayments, delinquent payments and others relevant information)</i>
		<i>Total amount</i>			<i>Total amount</i>					

D. Risk Log

Risk Description	Likelihood	Severity	Mitigation Steps / Countermeasures
External Risks			
1. Shifting priorities - Shifting client / beneficiary priorities lead to project/activity delay or suspension	Low	Moderate	<ul style="list-style-type: none"> EBRD will enter into early discussions with clients/beneficiaries to ascertain overall commitment and provide targeted technical assistance to support clients and beneficiaries in project development and implementation. Specific key covenants will be incorporated in the legal documentation and closely monitored during project implementation. Concessional resources and grants will be utilized to incentivize action and maximize positive outcomes.
2. Political & economic risks - Political, economic, or extraordinary crisis's lead or project delay or suspension.	Moderate	Moderate	<ul style="list-style-type: none"> Through its systems, presence on ground, and capital reserves, EBRD is well placed to overcome external shocks. EBRD will work with HIPCA Contributors to understand where flexibility in the deployment and management of grants and loans can be provided, e.g. through extensions and waivers.
3. Reputational risk - Investment / project related scandals	Low	Moderate - High	<ul style="list-style-type: none"> Risks will be mitigated through careful client selection, in accordance with the Bank's investment criteria. Credit risks will be thoroughly analysed during the Bank's streamlined due diligence, with active Resident Office involvement. Client/beneficiaries agreements can incorporate specific milestones/covenants to be met prior to disbursements.
4. Performance risk - Limited client / beneficiary capacity lead to implementation risks and underperforming loans & projects	Low - Moderate	Moderate - High	<ul style="list-style-type: none"> EBRD typically combines investments with technical assistance to tackle client capacity concerns. Potential clients/beneficiaries will be carefully selected in accordance with the Bank's investment criteria and credit risks will be thoroughly analysed during the Bank's streamlined due diligence, with active Resident Office involvement. The EBRD has a strong Corporate Recovery Team and project impairment function that provides a proactive approach to mitigating the risks of underperforming loans.
5. Regulatory and policy risk - Lack of supportive regulatory framework to enable investments	Low - Moderate	Moderate	<ul style="list-style-type: none"> HIPCA's policy dialogue activities will assist in mitigating this risk. Financing instruments used for specific projects under HIPCA will also be aimed at mitigating risks from underdeveloped regulatory frameworks. Project financing structures are designed to overcome the lack of regulatory measures and pave the way for proof of concept.
6. Environmental and social risk – Clients / beneficiaries fail to comply with national	Low - Moderate	Moderate - High	<ul style="list-style-type: none"> Compliance with the EBRD's environmental and social requirements under existing exposures will be closely monitored. Complaints are tackled through EBRD's Independent Project Accountability Mechanism (IPAM).

regulations and/or EBRD environmental and social policy requirements.			<ul style="list-style-type: none"> EBRD also reserves the right to conduct site visits to beneficiaries to monitor the implementation of the Bank's requirements and to visit projects as necessary. Best practices in stakeholder engagement will be adopted.
Internal Risks			
7. Conflicting priorities - Conflicts in managing common, but differentiated donor priorities	Low	Moderate	<ul style="list-style-type: none"> HIPCA's approach, governance and approval process has been designed to accommodate different priorities across its donor base. This will be further managed by establishing a Steering Committee composed of Contributors and the EBRD to discuss HIPCA's overall ambition and strategic direction.
8. Funding shortage - Insufficient funding is secured from Contributors to demonstrate envisaged impact.	Low - Moderate	High	<ul style="list-style-type: none"> The EBRD is and will continue engaging with a range of potential Contributors (from both the public and private sectors) to conceptualize and fund HIPCA. Furthermore, EBRD may co-finance HIPCA projects/activities.
9. Restricted pipeline – EBRD country and sector banking teams are not able to generate a sufficiently transformational pipeline.	Low - Moderate	Moderate - High	<ul style="list-style-type: none"> EBRD country and banking teams will build and curate a pipeline of projects that are consistent with HIPCA's objective to drive climate and environmental benefits. HIPCA Management will support relevant country and banking teams early and continuously in programming HIPCA resources and marketing opportunities to potential clients.
10. HIPCA Management shortfall - Insufficient staff to oversee the allocation, execution, and monitoring of HIPCA resources	Low	Moderate	<ul style="list-style-type: none"> EBRD will allocate dedicated resources to oversee HIPCA resources. This will proportionally commensurate with the funding received from Contributors. The EBRD already has in place a separate unit (Donor Co-Financing) and embedded donor teams within banking and operational departments who will act as supporting mechanisms to HIPCA.
11. Fiduciary oversight - Insufficient fiduciary standards to appropriately oversee donors resources.	Low	Moderate - High	<ul style="list-style-type: none"> HIPCA leans upon EBRD's extensive fiduciary standards, operational policies and procedures. EBRD's Donor Co-Financing team will ensure fiduciary standards are followed and compliance with donor agreements is ensured.
12. Forex risk – Contributions from HIPCA Contributor(s) can also be provided in EUR for which EBRD is currently earning negative interest.	Moderate	Moderate	<ul style="list-style-type: none"> To the extent possible, EBRD will adopt a thorough cash-flow management approach to ensure EUR funding is requested from donors not too long before it is deployed to avoid accruing negative interest.

Below is a non-exhaustive list of strategies and policies that govern the Bank's operations, which may be amended from time to time:

- **Access to Information Policy:** The Access to Information Policy sets out the EBRD's commitment to transparency and disclosure based on the principles of Transparency, Accountability, Good Governance and Client Responsibility to Affected Stakeholders, describes the principles of implementation arrangements as well as contains a limited list of exceptions to disclosure and corresponding overrides. [Learn More](#)
- **Anti-terrorist statement:** The EBRD will not provide financing or award any contract for the supply of goods, works or services to any person or entity that, according to the UN Security Council and/or the counter-terrorism subsidiary bodies of the Security Council, is or may be supporting terrorist. [Learn More](#)
- **Basic documents of the EBRD:** The Agreement Establishing the European Bank for Reconstruction and Development was signed in Paris on 29 May 1990. The Agreement entered into force on 28 March 1991. The following amendments have been made: Article 1 - October 2006, Article 18 - September 2012 and Article 1 - September 2013. [Learn More](#)
- **The EBRD's Engagement with Civil Society Roadmap (2017-20):** This paper outlines the way in which the EBRD's engagement with civil society supports the priorities of the Bank's Strategic and Capital Framework (SCF), namely promoting economic resilience, fostering regional integration and addressing regional/global challenges. The Roadmap also outlines how civil society engagement can go even further to support the Bank's efforts to reenergise transition, promote the qualities of a well-functioning market economy in line with the revised transition concept, as well as address key challenges faced by civil society in the EBRD region. [Learn More](#)
- **Codes of conduct**
 - **For EBRD Personnel:** [Learn More](#)
 - **Code of Conduct for Officials of the Board of Directors of the EBRD:** [Learn More](#)
- **Domiciliation of EBRD clients:** The EBRD supports international efforts to discourage money laundering, terrorism financing, tax evasion and other harmful tax practices. In that context, this Policy sets out the conditions under which the EBRD may finance a project when the borrower, the investee or a controlling entity is located in a third jurisdiction, i.e., a jurisdiction other than the country of operations where the project is located. This Policy was approved in January 2019, in response to developments in international tax policy, and entered into force on 1 July 2019 (superseding the policy that was approved in December 2013). [Learn More](#)
- **Enforcement policy and procedures:** The Enforcement Policy and Procedures ("EPP") set out the Bank's policy and procedures for processing allegations of fraud, corruption, collusion, coercion, obstruction, theft or misuse of the Bank's resources or Bank's assets in relation to activities and projects financed from the Bank's ordinary capital resources (including the purchase of the goods, works or services for the Bank) or from Special Funds resources, or from cooperation funds administered by the Bank. [Learn More](#)

¹⁶ For more information, please visit: <https://www.ebrd.com/what-we-do/strategies-and-policies.html#tabpane1395236454131>

- **Environmental and social procedures:** The EBRD is directed by its founding agreement to adhere to sound banking principles and to "promote in the full range of its activities environmentally sound and sustainable development". The various ways in which the EBRD promotes such development are described in the Bank's Environmental and Social Policy. One specific step taken by the Bank to address this mandate and the General Principles and Objectives set out in the Policy is to ensure that all of its investment and technical co-operation projects undergo environmental appraisal along with the financial, economic, legal and technical due diligence which is carried out, and ensure appropriate monitoring is undertaken following approval of projects by the Board of Directors. For this the Bank has developed Environmental and Social Procedures. [Learn More](#)
- **Environmental and Social Policy:** The Environmental and Social Policy is one of the Bank's three good governance policies and a key document that guides the EBRD's commitment to promoting "environmentally sound and sustainable development" in the full range of its investment and technical cooperation activities. It sets out the ways in which we implement this commitment in practice and on our projects. [Learn More](#)
- **Ethnic minorities and the EBRD:** This paper explores the political aspects of the Bank's mandate in relation to ethnic minority rights and suggests the Bank's future approach. It does so because of the threat to democratic and economic progress from increasing tension in the Bank's region of operations between many minority groups and their countries' governments, and also from threats to peace between separate countries. The approach taken is to consider the status of international and regional protection of the human rights of individuals belonging to minorities, particularly through those bodies or instruments cited in the Agreement Establishing the European Bank and in the Bank's policy paper on Procedures to Implement the Political Aspects of the Mandate of the European Bank. [Learn More](#)
- **Fraud and corruption - definitions and guidelines:** 'Fraud and corruption - definitions and guidelines - The purpose of these guidelines is to clarify the meaning and interpretation of the terms "Corrupt Practices", "Fraudulent Practices", "Coercive Practices", "Collusive Practices", "Obstructive Practice", "Theft" and "Misuse of the Bank's Resources" in the context of a Bank Project". [Learn More](#)
- **Governance policies:** On 7 May 2014, the EBRD Board of Directors approved revisions to three major governance policies: the Environmental and Social Policy, Public Information Policy, and Project Complaint Mechanism Rules of Procedure. The policies were greatly improved following an extensive consultation with stakeholders, including civil society organisations, industry associations, clients, other international financial institutions, and international organisations. Public meetings were held on the three draft policies in seven countries: Morocco, Ukraine, Georgia, Kazakhstan, Russia, Bulgaria and at EBRD headquarters in the UK. [Learn More](#)
- **Information Classification (IC):** The EBRD recognises the importance of the information that it handles, including information that it receives from and sends to its clients, partners and suppliers. It also recognises the need to prevent the unauthorised disclosure of sensitive information both inside and outside the Bank. The Bank has, therefore, launched a new Information Classification (IC) Scheme. [Learn More](#)
- **Integrity Risk Policy:** The Bank's Integrity Risks Policy and Terms of Reference for the Office of the Chief Compliance Officer [Learn More](#)
- **Personal Data Protection Policy:** The EBRD Personal Data Protection Policy and Directive were approved by the EBRD in 2021 and came into effect on the date of their approval. [Learn More](#)

- **Procurement policies and rules:** The EBRD's Procurement Policies and Rules are based on the fundamental principles of non-discrimination, fairness and transparency. They are designed to promote efficiency and effectiveness and to minimise credit risk in the implementation of the Bank's lending and investment operations. [Learn More](#)
- **Project Accountability Policy:** The Project Accountability Policy describes the structure and procedures through which the Independent Project Accountability Mechanism (IPAM) will: review environmental, social and transparency-related concerns regarding EBRD Projects; facilitate the resolution of issues among Project stakeholders; determine whether the Bank has complied with its Environmental and Social Policy and Access to Information Policy (and where applicable, address any existing non-compliance with these policies, while preventing future non-compliance by the Bank); and promote institutional learning. [Learn More](#)
- **Purchasing policy and procedures:** The Internal Purchasing Policy and Procedures are designed to ensure that the purchase of all goods, services and works required for the satisfactory operation of the Bank Headquarters and Resident Offices is handled in a transparent, timely, efficient and effective manner with due regard to international purchasing best practice and the needs of individual user departments. [Learn More](#)
- **Risk Appetite Statement:** The Risk Appetite Statement provides a comprehensive summary of Risk Appetite parameters guiding the EBRD's operations. Its main purpose is to facilitate concise presentation and informed periodic review of the amount of risk the EBRD is prepared to take in its key activities. [Learn More](#)
- **EBRD statement on retaliation:** The EBRD does not tolerate actions by EBRD clients or other project counterparties that amount to retaliation – including threats, intimidation, harassment, or violence – against those who voice their opinion regarding the activities of the EBRD or its clients. [Learn More](#)
- **Whistleblowing Policy:** The EBRD Whistleblowing Policy provides a framework for reporting suspected misconduct, prohibited practices, unaddressed systems, processes and controls issues and integrity due diligence concerns. [Learn More](#)
- **Standards to prevent sexual harassment, abuse and exploitation:** Since the issue of the Joint IFI Statement in 2018 and in line with the [annual updates published by the UK](#), EBRD has continually strived to advance its standards to prevent sexual harassment, abuse and exploitation. Progress in 2020 includes the following achievements: EBRD greatly developed its protection for whistle-blowers, strengthened and reorganised its accountability framework, and co-produced with other IFIs a guidance note for private sector clients on emerging practice on gender-based violence and harassment (GBVH). The Bank has also adopted specific internal procedures for the screening, assessing and monitoring of GBVH risks on projects. The Banks Policies, Procedures, and Mechanisms include provisions within the following:
 - i. Internal
 - Code of Conduct for EBRD Personnel
 - The Code of Conduct for Board Officials
 - The Whistleblowing Policy
 - Harassment-free and Respectful Workplace Procedures (RWPs)
 - Conduct and Disciplinary Rules and Procedures (CDRPs)
 - ii. External (applicable to Projects and Clients)
 - Independent Project Accountability Mechanism
 - EBRD Statement on Retaliation
 - Environmental and Social Policy (ESP)
 - Project Accountability Policy