



The World Bank Green Bond Process Implementation Guidelines

a. World Bank specific criteria / definitions of green

The green bond program of the **World Bank** (International Bank for Reconstruction and Development, rated Aaa/AAA) supports the transition to low-carbon and climate resilient development and growth in client countries. This includes both **mitigation of** and **adaptation to climate change**—all while observing the World Bank’s safeguard policies for environmental and social issues.

Eligible projects supported by the Green Bond program are selected by World Bank environment specialists and meet defined World Bank eligibility criteria for low-carbon and climate resilient development. These criteria underwent an independent review by the Center for International Climate and Environmental Research at the University of Oslo (CICERO). According to CICERO’s opinion, “the criteria combined with the proposed governance structure from the World Bank, provides a sound basis for selecting climate-friendly projects.”

The table below provides examples of mitigation projects and adaptation projects that meet the Green Bond eligibility criteria and are eligible to be supported by the World Bank’s Green Bond program (hereafter “Green Bond Projects”):

Examples of eligible mitigation projects:
<ul style="list-style-type: none"> Solar and wind installations; Funding for new technologies that permit significant reductions in greenhouse gas (GHG) emissions; Rehabilitation of power plants and transmission facilities to reduce GHG emissions; Greater efficiency in transportation, including fuel switching and mass transport; Waste (methane emissions) management and construction of energy-efficient buildings; Carbon reduction through reforestation and avoided deforestation.
Examples of eligible adaptation projects:
<ul style="list-style-type: none"> Protection against flooding (including reforestation and watershed management); Food security improvement and implementing stress-resilient agricultural systems (which slow down deforestation); Sustainable forest management and avoided deforestation.

b. Selecting projects that are eligible for financing by World Bank Green Bond proceeds.

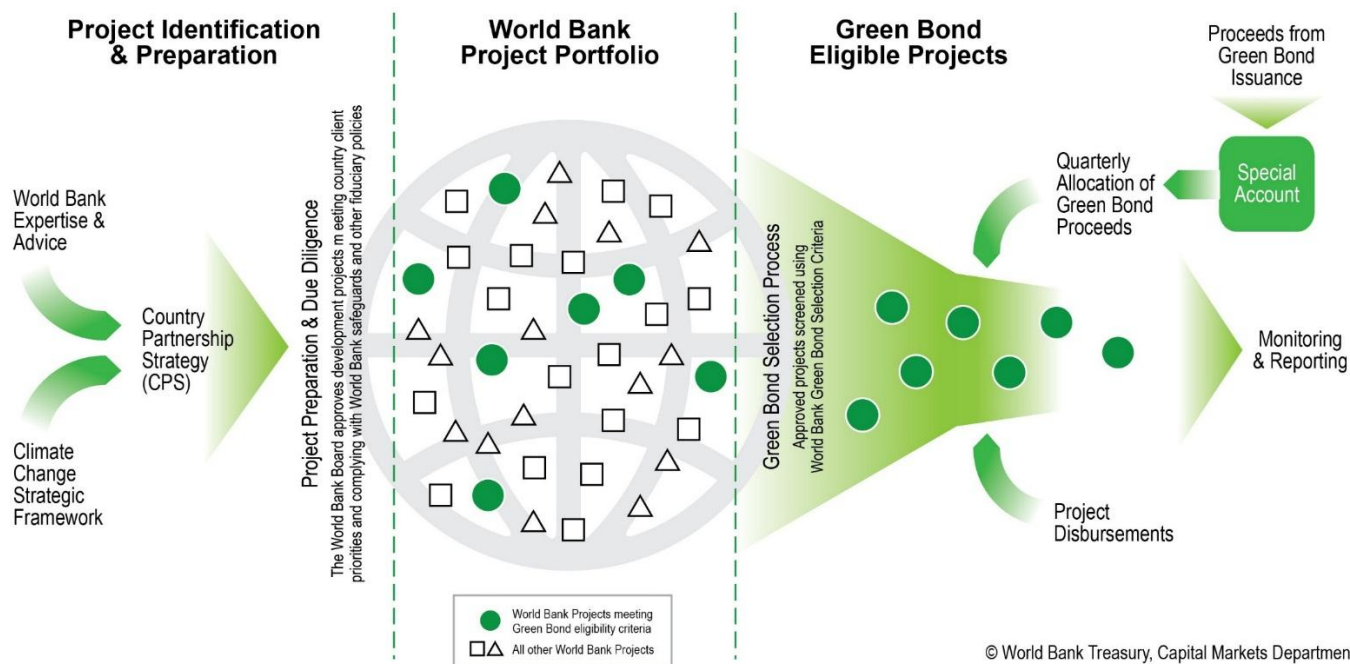
All World Bank projects – including Green Bond Projects – undergo a rigorous review and approval process to ensure that the projects meet client countries’ development priorities. The process includes early screening to identify potential environmental or social impacts and designing policies and concrete actions to mitigate any such impacts. Every World Bank project is approved by its Board of Executive Directors – a resident Board with 25 chairs representing its member countries.

The lifecycle of a project financed by the World Bank (IBRD) follows six stages as shown in the graph below. World Bank- Green Bond Projects not only follow the same stages as other World Bank financed projects, including the due diligence and monitoring process throughout the project cycle, but in addition undergo three more steps as shown in the outer circle of the graph below. From the outset of the Green Bond Project cycle, environmental specialists get involved in order to identify projects that meet the Green Bond eligibility criteria.



c. Earmarking and allocating Green Bond proceeds

The graph below illustrates the Green Bond selection process including earmarking and allocating the World Bank's Green Bond proceeds. The proceeds are credited to a special account. They are invested in accordance with IBRD's conservative liquidity policy until used for the support of the World Bank's financing of eligible Green Bond Projects. Disbursement requests for eligible projects take place in accordance with IBRD's established policies and procedures. Disbursements are often made over a period of several years, depending on when each project milestone is reached. As disbursements are made for Green Bond Projects, corresponding amounts from the special account are allocated to the general lending pool at least on a quarterly basis.



d. Monitoring and reporting on individual projects

The World Bank supervises the implementation of all projects it supports –including Green Bond Projects. Client countries implement the development projects in accordance with the project loan agreement. The supervision process comprises regular reports by the implementing government agency on project activities, including a mid-term review of project progress. The project's progress, outcomes and impacts are monitored by the government and the World Bank throughout the implementation phase in order to obtain data to evaluate and measure the ultimate effectiveness of the operation in terms of the objectives it was set to achieve. World Bank project information is available on the main World Bank website and includes documents with detailed information about the projects (e.g., Project Appraisal Documents). In addition, summaries and key impact indicators of the Green Bond Projects are provided on the World Bank's Green Bond website with links to relevant documents with more detailed project information. Green Bond newsletters also provide highlights of these projects.

e. Ensuring compliance

Projects: Projects eligible under the Green Bond program comply with World Bank safeguards, procurement policies and other procedures addressing project integrity. Compliance is assessed at the individual project level and through independent reviews of about a quarter of all projects. Project level reviews by the Bank's specialists in environment, social aspects, financial management, and procurement ensure that adequate controls and management capacity are in place at the country/project level. In addition, the Independent Evaluation Group (IEG) conducts a post-review of all closed projects' completion reports, and in-depth performance assessments of about one out of four projects, measuring outcomes against original objectives, sustainability of results and institutional development impact.

Green Bond Process: The World Bank Treasury follows procedures specific to its Green Bond program including selecting and reporting on eligible projects, maintaining the separate Green Cash Account and reviewing portfolio implementation progress to provide updated information for impact reporting purposes.

See <http://treasury.worldbank.org/greenbonds> for more information on the World Bank's Green Bond program.

See www.worldbank.org/projectcycle for more information on the World Bank's project cycle.

See www.worldbank.org/safeguards for more information on the World Bank's environmental and social safeguard policies.

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