

Green and Blue Bond Framework



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I. Introduction

The Central American Bank for Economic Integration (“CABEI”) is the development bank of the countries in the Central American region and the financial arm of its integration and development. The organization is composed of 15 countries. It was established in 1960 by Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica as founding members and later joined by Panama, the Dominican Republic and Belize as non-founding regional members, and Mexico, Colombia, Argentina, Taiwan, Korea, Spain, and Cuba as non-regional members.

CABEI’s mission is to promote the economic integration and the balance and social development of the Central American region, which includes the founding countries and the non-founding regional countries, attending and aligning itself with the interest of all its member countries. As an international multilateral development bank, CABEI invests its resources into projects that stimulate the development of the Central American region, while aiming to reduce poverty and inequality. CABEI also intends to strengthen regional integration for the competitive inclusion of its member countries in the global economy. All activities and initiatives promoted by the Bank incorporate a special emphasis on environmental and sustainable best practices, following CABEI’s institutional strategy through its environmental sustainability transversal axis, which is aligned to the efforts of the United Nations Sustainable Development Goals (“UN SDGs”).

Since its establishment until March 2022, CABEI has approved USD 35.4 billion to projects throughout Central America -USD 19.1 billion have been disbursed-, which have contributed to the social and economic development of the region while considering its unique environmental challenges.

Furthermore, according to [2022 CABEI’s Green Bond Use of Proceeds](#) Report, the bank has disbursed USD 256 million to green projects, allocated to the “sustainable water management” (88%) and “renewable energy” (12%) categories. This investment represents with a positive environmental impact reflected in more than 15,000 tons CO_{2e} avoided per year and 33,000 ha under efficient irrigation systems.

1.1. Institutional Strategy

In [CABEI’s 2020-2024 Institutional Strategy](#), the bank established the path towards contributing with greater efficiency to the major objectives that define the essence of the institution: integration, balanced development, poverty and inequality reduction as its ultimate purpose. Five axis and six objectives were defined for the implementation of the strategy. The first and fourth axis encompasses environmental and social sustainability-related matters, “*Environmental and Social Sustainability*” and “*Sustainable Competitiveness*” which establish the approval of programs and projects that favour social appropriation, preserve the environment, and intervene in the strengthening of the economic, social, and institutional factors that determine regional competitiveness.

The Environmental and Social Sustainability axis is a cross-cutting one in CABEI’s strategy; therefore, there are sustainability related actions across the six strategic objectives. For instance, as part of strategic objective 2, there is an explicit intention to support member countries to achieve the Sustainable Development Goals, Paris Agreement and Post-2020 Global Biodiversity Framework (GBF) Targets.

Furthermore, one of the strategy's implementation guidelines is the promotion of initiatives for environmental sustainability, under which projects for climate change mitigation and climate change adaptation support the strengthening of low-carbon economies, resilient societies, sustainable food production systems, clean energy generation and resource efficiency will be financed.

1.2. Environmental and Social responsibility

CABEI sees sustainability as a cross-cutting axis of its actions and an indispensable tool to fulfil its goal of being a strategic ally in the economic, environmental, and social development of the Central American region. It is CABEI's conviction that sustainability commitments to reduce carbon emissions and to transition to a low-carbon economy are tremendously powerful tools to promote social development and competitiveness.

CABEI is committed to helping the Central American Region and its member countries to fight against the adverse effects of climate change. Through Agreement No. ACIDI-29/2015, settled on December 18, 2015, the Board of Directors expressed its satisfaction with the agreements of the XXI Conference of the Parties on Climate Change (COP 21) of the United Nations Framework Convention on Climate Change (UNFCCC). In addition, the Board of Directors reiterated the Bank's commitment to support projects aimed at reducing greenhouse gas emissions, mainly in terms of generation of clean energy, low-carbon transport, urban development, and food production.

Additionally, on April 2016, the Board of Governors issued a Declaration of Commitment to Promote and Support Actions to Finance Adaptation and Mitigation to Climate Change. This declaration reiterated CABEI's commitment to support its member countries to achieve the goals established at the XXI Conference of the Parties on Climate Change (COP 21), as a fundamental step to combat climate change and promote measures and investments for a future that is low in carbon emissions, resilient and sustainable. This statement restates the commitment of the Institution to promote and support the financing of activities aimed at the adaptation to and mitigation of climate change, with an approach that includes the development of sustainable cities, promotion of resilient infrastructure in vulnerable communities, advancement of food safety and nutrition, and the sustainable management of natural resources from the perspective of the social inclusion and gender equality.

On April 2019, the Board of Governors issued an update to the Declaration of Commitment to Promote and Support Actions to Finance Adaptation and Mitigation to Climate Change, which includes CABEI's commitment to the adoption of specific measures to support the mitigation of and adaptation to climate change, refraining from financing projects related to: the exploration and extraction of coal and generation of energy from coal.

To keep these commitments at the center of all its projects, CABEI has defined an "[Environmental and Social Policy](#)" with three general principles: Adoption of Best International Practices; Financing for Sustainable Development and Transparency; and Consultation and Citizen Participation. The Policy is executed through:

- **CABEI's Environmental and Social Strategy 2020 - 2024:** Its purpose is to finance and support member and beneficiary countries in the development and implementation of environmentally and socially sustainable programs and projects and to improve capacities to assess and manage the environmental and social risks and impacts of projects. The Strategy has five lines of action,

one of which is financing in key sectors for environmental and social sustainability. Some of the key sectors are:

- Integrated management of water resources and pollution.
- Energy, energy efficiency and GHG reduction.
- Natural resource management and sustainable tourism.
- Transport infrastructure.
- Integrated disaster risk management for natural disasters.

The strategy incorporates as a fundamental principle the measurement of positive impact with environmental and social sustainability indicators and initiatives that promote the development of infrastructure and services to the population.

- **CABEI's Environmental and Social Risk Management System**, composed of:

- **System for Identification, Evaluation and Mitigation of Environmental and Social Risks (SIEMAS for its acronym in Spanish)**, aligned with the Performance Standards of the International Finance Corporation (IFC), the Equator Principles and the Guides of the World Bank Group on Environment, Health, and Safety (MASS) to guarantee the application of best international practices. SIEMAS aims to categorize, analyse, and mitigate the environmental and social risks associated with operations financed with CABEI resources.

SIEMAS establishes 8 principles, which are:

- Principle 1: Labor rights
- Principle 2: Rational use of resources and pollution prevention
- Principle 3: Impact on surrounding communities
- Principle 4: Relocation and land acquisition
- Principle 5: Resources Conservation
- Principle 6: Indigenous peoples and minorities
- Principle 7: Cultural heritage
- Principle 8: Ability to handle risks by the executing agency / client

Additional details about SIEMAS are provided in the Environmental and social risk management section.

- **Environmental and Social Corporate Responsibility System (SASC for its acronym in Spanish)**: led by an internal multidisciplinary committee, its main objective is to establish practices that reduce the environmental and social impacts of its own activities. SASC must facilitate the consistent adoption of international standards in its internal operation to manage its direct impact. This System has two areas of action, they are:

- **Environmental Responsibility**

CABEI is concerned with mitigating the environmental footprint caused by its operation, and therefore in 2018 began the ISO 14001:2015 certification process on the Environmental Management System (EMS) for its headquarters building in Honduras. The certification was obtained on July 2019. Environmental analyses are carried out annually to assess the current efficiency of CABEI's actions and identify areas to improve and further reduce its environmental footprint.

- **Social Responsibility**

In the social dimension, CABEI’s focus is on people. The relationship between the organization and communities is key to the Bank. It has placed participation and empowerment of communities and citizens for the joint development of social investment projects (health, education, community development, etc.) at the center of its strategy. In this matter, CABEI partners with several civil society organizations to reduce poverty, and fully commits to the reduction of gender inequalities.

1.3. Impact Evaluation System

CABEI has also implemented a Development Impact Evaluation System (SEID for its acronym in Spanish) to measure the impact of its projects on development. This system has been implemented along with the Evaluation Cycle, bringing together the necessary steps to complete the evaluation process from the ex-ante, half term to ex-post evaluations.

The evaluation process is implemented using the “I-CABEI index” which considers the development results of the operations and its institutional effectiveness during execution.

1.4. Strong Corporate Social Responsibility (CSR) commitments aligned with the UN SDGs

As an international multilateral organization for the development and integration of Central America, CABEI placed both environmental and social responsibilities at the very core of its strategy and commitments. CABEI's focus is on people, and therefore seeks to promote strategies and activities that promote the populations wellbeing and reduce and mitigate any negative impact on the population from the financed activities. All funded projects uphold these demanding standards, making CABEI a strong contributor to the achievement of the UN Sustainable Development Goals (SDGs) for 2015-2030, and more specifically fourteen of the seventeen, as identified below:





1.5. Relevant Initiatives and Accreditations

United Nations Framework Convention on Climate Change (UNFCCC)

CABEI was accredited as Permanent Observer of the UNFCCC in the framework of the COP22, held in Marrakech, Morocco in November 2016.

Adaptation Fund (AF)

In 2015, CABEI was accredited as a Regional Implementing Entity by the Climate Change Adaptation Fund. CABEI's accreditation provides access to resources for the execution of programs and projects that contribute to combat and cope with the adverse effects of climate change in the countries of the region.

Green Climate Fund (GCF)

In 2016, CABEI became the first Central American entity to be formally accredited with direct access to the Green Climate Fund (GCF). This implies that CABEI has the capacity to carry out large-scale projects as well as to obtain GCF funding for micro, small, medium, and large projects.

International Development Finance Club (IDFC)

Created in 2011, the International Development Finance Club (IDFC) is a global association of development finance institutions with a focus on the financing of environmentally and socially impactful infrastructure and initiatives.

II. Overview of CABEI's Green and Blue Bond Framework

2.1. Rationale for CABEI to issue Green and Blue Bonds

CABEI has implemented its 2020-2024 Institutional Strategy with Environmental and Social Commitments. By considering the "Environmental and Social Sustainability axis" as a cross-cutting strategic axis, CABEI aims not only to improve the quality of life of Central Americans, but also to ensure the sustainable development of the territory and its resources.

Within its priorities, CABEI has the objective of financing regional environmental projects, as well as strengthening its project portfolio within the sustainable development scope. Thus, the issuance of Green and/or Blue Bonds to finance green and/or blue projects is a mean for CABEI to further commit to the fight against climate change and to contribute to the economic and social development of the region.

The Central American region contains 8% of the world's biodiversity distributed in 206 ecosystems, 33 ecoregions and 20 life zones. It has around 12% of the coasts of Latin America and the Caribbean, including 567,000 ha of mangroves and 1,600 km of coral reefs. Additionally, the region has a per capita water capital of approximately 31,064 Mm³/year¹. Biodiversity comprises important goods and services which are vital to local and national economies. Thus, financing of green and blue projects decisively contributes to CABEI's purpose of increasing the wellbeing of the Central American people.

CABEI's Green Bond and Blue Bond issuances intend therefore to redirect financial flows towards strategic sectors with strong contributions to the transition to a low-carbon economy as well as environmental and natural resources protection:

- **Green categories:** Sustainable Land Use, Renewable Energy Generation, Clean Transport, Energy Efficiency (including Efficient Buildings), and Climate Change Adaptation.
- **Blue categories:** Water Resources Protection, Sustainable Water Management, Renewable Energy, Blue Economy, and Nature Protection.

The issuance of green and blue bonds also responds to a specific action considered in the strategic line of resource mobilization from external sources that is part of CABEI's environmental and social strategy 2020-2024.

CABEI's Green and Blue Bond Framework is aligned with the ICMA Green Bond Principles as updated in June 2021 (with June 2022 Appendix 1) and its four components, as detailed below. In addition to the Green Bond Principles, the Eligible Projects for Blue Bond Financing are consistent with the voluntary Sustainable Blue Economy Finance Principles, hosted by the United Nations Environment Program – Finance Initiative.



For the development of the framework, highly relevant taxonomies in the international context were also considered, such as the EU taxonomy for sustainable activities, the Climate Bonds Taxonomy and the IFC Guidelines for Blue Finance.



¹ [Estrategia regional ambiental marco 2015 – 2020.](#)

2.2. Use of Proceeds

The net proceeds of any CABEI Green and Blue Bond issuance will be used to finance and/or refinance Eligible Green and Blue Projects and Assets selected from CABEI’s loan portfolio as defined below. All the proposed categories, both green and blue, are aligned with the ICMA Green Bond Principles and most of them are also included in the EU Taxonomy for sustainable activities.

Table 1. Taxonomy for Eligible Projects for Green Bond Financing

Eligible Green Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
Sustainable Land Use	Forestry	<ul style="list-style-type: none"> ▪ Forest plantations: Investments to finance acquisition, maintenance and sustainable management of certified forests certified by third-party certifications. Eligible certifications are Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification systems (PEFC). ▪ Forest regeneration: Expenditures related to the restoration, preservation, and conservation of existing native forests. 	<ul style="list-style-type: none"> ▪ GHG emission reduction ▪ Air pollution reduction ▪ Biodiversity protection 	
	Agriculture	<ul style="list-style-type: none"> ▪ The financing of sustainable agriculture projects that uphold soil health through management practices including sustainable water, nutrient and vegetation application techniques, and a compatibility with low-carbon agriculture practices (no tillage, diverse cover crops, no or minimal use of pesticides or synthetic fertilizers, multiple crop rotation, and managed grazing). <p>Eligible projects may include:</p> <ul style="list-style-type: none"> ▪ Sustainable farming: Technical assistance, incentives, grants, and loans provided to sustainable farms certified by Rainforest Alliance. ▪ Protected Agriculture: Agroforestry & Agroecology: Technical assistance, incentives, grants, and loans for sustainable projects maintaining biodiversity for example, utilizing alley cropping, cover crops. Accepted third-party certifications for agroforestry are Forest Stewardship Council (FSC) and Rainforest Alliance; while accepted third-party certifications for Agroecology are: Rainforest Alliance and Intercultural Federation of Organic Agriculture Movements (IFOAM). 	<ul style="list-style-type: none"> ▪ GHG emission reduction ▪ Air pollution reduction ▪ Biodiversity Protection ▪ Soil Health 	

Eligible Green Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
		<p>In addition, there are currently Organic Regulations that, depending on the country, must be complied with, such as: Regulation (European Union) 2018/848 on organic production and labelling of organic products, the National Organic Program (NOP) (United States), Regulation of organic agriculture in Honduras, General Regulation Of Law N° 765, Law For The Promotion Of Agroecological Or Organic Production (Nicaragua), Organic Agriculture Regulation (Costa Rica), among others.</p> <ul style="list-style-type: none"> ▪ Integrated Production Systems: Improved moisture retention, biota of soil approach which combines crop-forestry-livestock, excluding palm oil production and industrial livestock production. ▪ NAMA Projects: Grants and loans that support the expansion of Nationally Appropriate Mitigation Action (NAMA) projects (excluding projects that use natural gas and nuclear, among other technologies that negatively impact the environment) aimed at coffee and cocoa farmers and mill operators that adopt low-carbon technologies and practices such as: freight, cargo vehicles that are exclusively electric /hybrid/ green hydrogen /biofuels, composting techniques, wastewater treatment, among others. <p>Freight and cargo vehicles must comply with an emission threshold of 25 gCO_{2e}/t-km if the vehicle was commissioned up to 2020, 21 gCO_{2e}/t-km for between 2021 and 2030, and 18 gCO_{2e}/t-km for between 2031 and 2050.</p>		
<p>Renewable Energy Generation</p>	<p>Wind energy</p>	<p>Investments in renewable energy production including equipment, development, manufacturing, construction, operation, distribution, and maintenance from sources including:</p> <ul style="list-style-type: none"> ▪ Onshore wind energy ▪ Solar energy² 	<ul style="list-style-type: none"> ▪ GHG emission reduction ▪ Climate Change adaptation 	 
	<p>Solar energy</p>			

² Wind and solar facilities shall not have more than 15% of electricity generated from non-renewable sources (CBI certification requirements)

Eligible Green Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
	<p>Geothermal energy</p> <hr/> <p>Bioenergy</p> <hr/> <p>Hydropower</p>	<ul style="list-style-type: none"> ▪ Geothermal energy producing direct emissions <100g CO₂/kWh ▪ Bioenergy with 80%³ GHG emission reduction compared to fossil fuels and sourced from sustainable feedstock (excluding crop-based feedstock)⁴. Bioenergy includes biofuel production (bioethanol, biodiesel), electricity/heating and cooling facilities using biogas/biomass. ▪ Small run-of-river hydro plants (under 25 MW), as well as the maintenance, refurbishment or repowering of existing hydro facilities. The hydro plants must meet the following power density and GHG emissions intensity threshold: <ul style="list-style-type: none"> a) A hydropower facility that starts operations in 2020 or after is eligible if it has either: <ul style="list-style-type: none"> - A power density > 10W/m²; OR - GHG emissions intensity < 50g CO_{2e}/kWh. b) A hydropower facility in operation before 2020 is eligible if it has either: <ul style="list-style-type: none"> - A power density > 5W/m²; or - GHG emissions intensity <100g CO_{2e}/kWh <p>The projects must have the evaluation and management of environmental and social issues.</p>	<ul style="list-style-type: none"> ▪ Energy security 	
<p>Clean Transport</p>	<p>Clean transport</p>	<ul style="list-style-type: none"> ▪ Investment in clean vehicles, infrastructure, and services, including: <ul style="list-style-type: none"> Private Transport: ▪ Electric vehicles ▪ Hybrid and fuel cell vehicles with CO₂ emission threshold of <50 gCO_{2e}/km based on the Worldwide Harmonised Light Vehicle Test Procedure (WLTP). Public Transport: ▪ Train: rolling stock and vehicles for electrified public transport, such as electrified rail, trams, and trolleybuses. ▪ Buses with no direct emissions (electric or hydrogen). Hybrid and fuel cell buses with CO₂ emission threshold of <50gCO_{2e}/km 	<ul style="list-style-type: none"> ▪ GHG emission reduction ▪ Pollution reduction 	

³ 80% threshold (CBI)

⁴ CABEI ensures that bioenergy inputs are from sources that do not deplete existing terrestrial carbon pools. In addition, projects must protect biodiversity and should not involve the burning of peat. The projects will produce bioenergy from agricultural residues or forestry residues and will not compete with food production.

Eligible Green Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
		<ul style="list-style-type: none"> ▪ Transportation infrastructure such as charging station for electric vehicles, expansion of metro/train network, station upgrades while aligned with the eligible assets and criteria outlined above. ▪ Multimodal infrastructure supporting clean public transportation including system monitoring and control, passenger safety and security infrastructure and bicycle paths. Eligible infrastructure includes: <ul style="list-style-type: none"> - All infrastructure upgrades, fueling and refueling, rolling stock for electric vehicles. - Public walking or cycling infrastructure, is considered green. - If the project is just a retrofit for public transport infrastructure above mentioned, this is considered automatically green. Automatically excluded projects include biofuels, fossil fuel transport by road, road freight that is not zero-direct emissions, parking, new roads. 		
<p>Energy Efficiency (including efficient buildings)</p>	<p>Buildings and built environments</p>	<ul style="list-style-type: none"> ▪ Commercial, residential, and special-purpose public properties (e.g., hospitals, schools, etc.) upgrades/retrofits aiming for a minimum of 30% energy performance improvements and/or improving emissions performance. ▪ Buildings meeting industry certification schemes such as⁵: <ul style="list-style-type: none"> -EDGE, Level 2: EDGE Advanced (Zero Carbon Ready) or Level 3: Zero Carbon - Leadership in Energy and Environmental Design (LEED), Gold (60-79 points) or Platinum certification (80+ points) -DGNB, Gold (total performance index of 65% and higher) or Platinum certification (total performance index of 80% and higher) -BREEAM, rating accepted: Excellent (>70) or Outstanding (>85) -ENERGY STAR: score of 85 or above ▪ Properties in the top 15% Energy Performance Certification (EPC) rating categories by city. ▪ Urban assets directed at climate change mitigation such as streetlighting upgrades 	<ul style="list-style-type: none"> ▪ GHG reduction ▪ Resources efficiency ▪ Pollution reduction 	

⁵ These certifications must be already met before acknowledging the project’s eligibility for the issuance of a green bond.

Eligible Green Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
	<p>Energy transmission, distribution, and storage</p>	<p>(e.g., LED) and passive heating/cooling infrastructure designs in buildings⁶.</p> <ul style="list-style-type: none"> ▪ Development of policies/regulations aimed to climate change mitigation such as car free areas policies⁷. It includes diagnostic studies, impact studies and consultancy fees associated with technical work. ▪ Transmission and grid infrastructure required to integrate renewable energy or energy efficiency systems and their load-balancing: e.g., overhead transmission lines, conductors, insulators, towers, and infrastructure assets such as buildings, fences, earth mats and busbars. ▪ Investments into new transmission lines aligned with CBI’s Electrical Grids and Storage Criteria⁸. More than 67% of newly enabled generation capacity in the system shall be below the generation threshold value of 100 gCO_{2e}/kWh measured on a life cycle basis. ▪ District heating network fed primarily (>85%) by renewable energy. ▪ Products such as smart electrical systems/meters, smart electrical grid, off-grid power units (small scale electricity generation from renewable resources), home storage batteries, voltage regulation equipment, transformers, and switchgear. ▪ Large scale renewable energy (>=90%) storage facilities, batteries, capacitors, compressed air and flywheels plants, supercapacitors, and related manufacturing. 	<ul style="list-style-type: none"> ▪ GHG reduction ▪ Pollution reduction 	
	<p>Cities, settlements, and buildings</p>	<ul style="list-style-type: none"> ▪ Stormwater management and improvements to rainwater drainage systems to prevent flash floods due to extreme rainfall events. ▪ Upgrades and modifications to existing infrastructure to be climate resilient (e.g., green roofs and walls, water retention gardens, porous pavements, rainwater harvesting and storage). 	<ul style="list-style-type: none"> ▪ Resource efficiency ▪ Water saving ▪ Energy saving 	

⁶ Passive heating/cooling refers to financing expenditures related to thermal design in buildings/households to reduce energy consumption. It includes bioclimatic architectural design to reduce energy consumption, for example through better utilization of sunlight.

⁷ Car-free areas refer to urban policies directed to restrictions for car use and parking in cities, as well as the expenditures for the transformation of driving and parking areas to green areas and sidewalks/bike lanes.

⁸ Electrical Grids and Storage Criteria: https://www.climatebonds.net/files/files/Grids%20Criteria_March%202022.pdf

Eligible Green Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
Climate Change Adaptation ⁹		<ul style="list-style-type: none"> Addition of spare capacity and thereby pre-positioning resilient infrastructure to prepare for the climate future. Relocation of at-risk infrastructure (housing, aqueducts, sewage systems, sanitation, educational and health facilities) by floods, fire weather, hurricanes/cyclones¹⁰. Flood defenses systems protecting against flooding and construction of reservoirs for the control of water flows. 		
	Agriculture	<ul style="list-style-type: none"> Research and development of climate resilient crops (e.g., drought resistance seeds, pest-resistance crops) carried out by governmental institutions or universities. Adoption of soil and water conservation practices (minimum tillage, crop rotation, permanent coverage, terraces, etc.) Efficient irrigation systems connected to rainwater harvesting and storage systems. Agricultural infrastructure and equipment powered with renewable energy sources (e.g., seeds dryers, irrigation pumps, cooling sheds without using refrigerants, grain storage, etc.) 	<ul style="list-style-type: none"> Resource efficiency 	
	Early warning systems	<ul style="list-style-type: none"> Early warning systems and action mechanisms for extreme weather events (floods, droughts, fire weather, hurricanes/cyclones). 	<ul style="list-style-type: none"> Climate change adaptation 	


Table 2. Taxonomy for eligible Projects for Blue Bond Financing

Eligible Blue Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
Water resources protection	Efficient water use	<ul style="list-style-type: none"> Efficient use of water in productive activities; includes reduction of water losses as well as water reuse and recycling projects (irrigation systems for agriculture sector and infrastructure for water 	<ul style="list-style-type: none"> Water saving Increase in water productivity 	

⁹ Identification of climate change adaptation finance is the result of a three-step process and thus, for a project to be eligible, it must:

- Set out the project’s context of vulnerability to climate change
- Make an explicit statement of intent to address such vulnerability as part of the project, and
- Articulate a clear and direct link between the vulnerability and the specific project activities.

¹⁰ Relocation of at-risk infrastructure will only be eligible if they comply with the “Buildings and built environments” sub-category criteria.

Eligible Blue Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
		<p>drinking provision are excluded). Water savings should be at least 20%.</p> <ul style="list-style-type: none"> ▪ Rainwater harvesting and use in productive activities to reduce pressure on surface and groundwater resources. 		
	<p>Water pollution prevention</p>	<ul style="list-style-type: none"> ▪ Use of recycled or reused plastics for manufacturing¹¹ in a circular economy approach in areas connected to rivers or coastal water basins. ▪ Plastics collection, separation and recycling facilities, substitution of plastics packaging with sustainable and biodegradable materials, and reuse or repurpose of plastics¹² - to prevent an increase in the volume of plastic waste that contaminates water sources, by recycling them, while achieving a transition to zero use of plastics- in areas connected to rivers or coastal water basins. The feedstock of the plastic substitutes, including but not limited to: <ul style="list-style-type: none"> -Traditional materials: based on naturally occurring polymers found in animals and plants (renewable) such as cellulose, chitin and lignin; - Synthetic or semi-synthetic bio-based polymers: derived from natural polymers of renewable origin ▪ Waste management and disposal systems that support the segregation of recyclables, including plastic and metal in areas with a high presence of water, such as, for example, landfill infrastructure for the management of polluting waste. As well as incineration facilities, except the incineration of plastics, rubber, tire-derived fuels (TDF), and recycling plants (for recycling of electronic waste, only activities that have waste management processes in place to mitigate associated risks are eligible). 	<ul style="list-style-type: none"> ▪ Avoidance of water pollution 	

¹¹ Plastic manufacturing must satisfy all of the following criteria:

- Production with at least 90% of recycled, renewable and/or bio-based input,
- At least 90% is not intended for single use consumer products,
- All products are recyclable

¹² The use of chemical recycling is excluded from financing under this framework.

Eligible Blue Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
<p>Sustainable water management</p>	<p>Water distribution¹³</p>	<ul style="list-style-type: none"> Installation or upgrade of water efficient irrigation systems. Construction or upgrade of sustainable infrastructure for drinking water. 	<ul style="list-style-type: none"> Pollution reduction Avoidance of ocean pollution 	
	<p>Water treatment</p>	<ul style="list-style-type: none"> Construction of desalination plants and other water treatment facilities to provide inhabitants with drinkable water¹⁴. Construction and upgrade of sewerage systems to improve wastewater management. Physical (thickening, dewatering) and biological (digestion, composting) treatment of sludge coming from wastewater treatment or reuse of those sludges. Design, construction, rehabilitation, and maintenance of wastewater treatment systems for wastewater generated in productive activities (excluding wastewater already discharged to the sewer system). 		
	<p>Water treatment from maritime transportation</p>	<ul style="list-style-type: none"> Ballast and shipping vessels water treatment to comply with the International Convention for the Control and Management of Ships' Ballast Water and Sediments (BWM Convention) to avoid spread of invasive alien species. Water treatment equipment and facilities for all wastewater generated from shipping and cruising vessels. To be eligible, shipping vessels served must meet low-carbon requirements by CBI.¹⁵ Conventional vessels powered by heavy-fuel oil or marine diesel oil, as well as nuclear-powered vessels, are excluded. 		
<p>Renewable energy</p>	<p>Offshore Renewable Energy</p>	<ul style="list-style-type: none"> Generation facilities (power, heat & cooling): offshore wind farms, offshore solar farms, tidal and wave energy generation facilities, other marine electricity generation facilities using ocean 	<ul style="list-style-type: none"> Sustainable use of marine resources for energy generation 	

¹³ Investments in water management projects which lead to quantifiable improvements to water quality, water savings or energy saving

¹⁴ Investments in seawater desalination plants will be powered using eligible renewable energy projects. In addition, those projects must have in place disposal/management plans for the brine.





¹⁵ Vessels whose emission intensity is below the thresholds required by the [CBI Shipping Criteria](#) during the life of the bond are eligible. Emissions are determined by calculating gCO₂-e/tonne-nm, using the methods: (1) Annual Efficiency Ratio (AER); (2) Energy Efficiency Operational Index (EEOI). The thresholds depend on the type of vessel and its size.

Eligible Blue Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
		<p>thermals, salinity, gradients, among others, heating or cooling facilities using ocean thermals¹⁶.</p> <ul style="list-style-type: none"> Supply chain facilities: manufacturing facilities wholly dedicated to marine renewable energy development such as wind turbines and platforms, vertical and horizontal axis turbines, instream generators, among others, dedicated storage, distribution, installation, wholesale, and retail. Infrastructure: Dedicated renewable energy transmission infrastructure, dedicated renewable energy supporting facilities, such as transmission terminus and transformers, grid connections, dedicated facilities for supporting vessels, equipment storage and onshore assembly. Transmission lines shall be aligned with CBI’s Electrical Grids and Storage Criteria¹⁷. 		
Blue economy	Ports	<ul style="list-style-type: none"> Water treatment equipment and facilities for all wastewater generated from ports. Solid waste receiver facilities at ports and terminals for the collection and separation of garbage for recycling purposes. Green transport options connecting ports to hinterland: zero direct emissions heavy duty vehicles (electric truck) and freight rail transport rolling stock. Land transport must comply with the following emission threshold: freight activity threshold (gCO_{2e} per t-km): 25 if the year of issuance is 2020, 21 for 2030 and 18 for 2050. For road freight vehicle any proportion of a vehicle or fleets cargo being made up of fossil fuels makes that vehicle or fleet ineligible. For rolling stock if more than 25% is dedicated to the transport of fossil fuels makes that ineligible. Green ports. Infrastructure that is dedicated to refueling or recharging zero emissions ships. For example: Charging stations and refueling assets that are 	<ul style="list-style-type: none"> Avoidance of ocean pollution 	


¹⁶ For ocean thermals fossil fuel backup should be limited to power monitoring, operating and maintenance equipment, and resilience or protection measures and restart capabilities.

¹⁷ Electrical Grids and Storage Criteria:

https://www.climatebonds.net/files/files/Grids%20Criteria_March%202022.pdf

Eligible Blue Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
	<p>Fisheries, aquaculture, and seafood value chain</p>	<p>dedicated to the supply of electric energy to power and propel ships, consistent with the definition of zero-emissions fuels. Port infrastructure not directly related to the direct supply of zero emissions energy/fuel to a ship, (such as warehousing, cranes or terminal buildings) are excluded.</p> <ul style="list-style-type: none"> ▪ Sustainable aquaculture production and fisheries. Accepted third party certifications are: Marine Stewardship Council certification, Aquaculture Stewardship Council certification, Global Seafood Alliance, European Organic Certification, Alaska Responsible Fisheries Management Certification Program, Iceland Responsible Fisheries Management Certification Programme, Best Aquaculture Practices Certification, and Audubon G.U.L.F RFM Certification Program. ▪ Small to medium scale biorefineries for fish processing by-products (e.g., oil, collagen, amino acid, mineral production) in jurisdictions with enforced sustainable fishing quotas. The fish processing by products are from certified aquaculture and fishing, and processing of certified fish (see first bullet point in this subcategory). ▪ Production, trade, or retail of seafood products with sustainability labels (see first bullet point in this subcategory). ▪ Traceability systems to ensure sustainability of operations, facilities, and supply chains in the fishing industry. 	<ul style="list-style-type: none"> ▪ Reduced pressure on fisheries and water resources 	 
<p>Nature protection</p>	<p>Water ecosystem protection and restoration</p>	<ul style="list-style-type: none"> ▪ Governmental actions to create new coastal-marine protected areas as well as new continental (inland rivers, lakes, floodplains, reservoirs, wetlands, and saline systems) protected areas to safeguard strategic ecosystems for water provision. <ul style="list-style-type: none"> - Purchase of private lands to be included in protected areas - Conducting scientific studies necessary for the declaration of new protected areas. Research on biodiversity, environmental services, degree of threat, 	<ul style="list-style-type: none"> ▪ Conservation of biodiversity and ecosystem services 	 

Eligible Blue Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
		<p>representativeness of ecosystems, among others.</p> <ul style="list-style-type: none"> - Awareness raising and environmental education in the communities surrounding the new protected areas. - Actions of restoration, rehabilitation and recovery that allow improve the integrity of new protected areas and its influence zones. Restoration actions could be enrichment of species, isolation or fencing, elimination of exotic and invasive species, restoration of water flows, cleaning of pipes and canals. ▪ Participatory approaches to protect and restore water ecosystems from harmful business activities or encroachment, by supporting communities in developing alternative livelihoods. For example: <ul style="list-style-type: none"> - Research projects on the quality of aquatic ecosystems that involve communities through national surveys of water resources. - Implementation of strategies to improve the quality of water resources, promoting the participation of communities such as the development of new market opportunities with a focus on protection and preservation of resources. ▪ Institutional actions to implement management plans for previously created marine or continental protected areas, such as the strengthening or implementation of new/existing databases that can monitor the status of protected areas. ▪ Investments in conserving, improving, and restoring marine and coastal ecosystems as well as strategic inland ecosystems (inland rivers, lakes, floodplains, reservoirs, wetlands, and saline systems) for water supply. Restoration actions could be repopulation of native species, isolation or fencing, elimination of exotic and invasive species, restoration of water flows, cleaning of pipes and canals. ▪ Investments in information systems, technology, and instruments deployed for measuring, tracking, and reporting physical and chemical indicators of the 		

Eligible Blue Projects Categories	Sub-categories	Definition of Eligibility criteria	Environmental benefits	Alignment with the UN SDGs
		<p>water body to achieve sustainable fishery and aquaculture management, water-related ecosystem restoration, and disaster resilience. For example, the design of geographic information systems or applications that monitor the status of water quality, as well as quality measurement sensors, among other devices.</p>		
	<p>Scientific research</p>	<ul style="list-style-type: none"> ▪ Advanced (late-stage) scientific research for the conservation of water resources, marine resources, biodiversity, and associated ecosystem services. ▪ Wave energy installations that seek to quantify and mitigate the environmental impacts of wave energy, for example on coastal ecosystems services, animal entanglement, seabed disturbance and noise/EM pollution. The facilities can be R&D prototypes, which guarantee a positive environmental impact. ▪ Development of tidal energy installations that seek to quantify and mitigate the environmental impacts of tidal energy. The facilities can be R&D prototypes, which guarantee a positive environmental impact. 	<ul style="list-style-type: none"> ▪ Increasing scientific knowledge for the conservation and sustainable use of water and marine resources 	

2.3. Process for Project Evaluation and Selection

2.3.1. Green and Blue Bond Working Group

CABEI relies on a Multidisciplinary Green and Blue Bond Working Group which is responsible for the evaluation and selection of the Eligible Green and Blue Projects to be financed through the Green Bond and Blue Bond proceeds. CABEI counts on the hard and soft skills of the analysis carried out by Environmental and Social Monitoring Office (OFIMSA). The Working Group’s responsibilities include the following elements:

- Verification of compliance of the Eligible Green and Blue Projects with CABEI’s [Social and Environmental Policy](#).
- Selection of the Eligible Green and Blue Projects in line with the eligibility criteria stated in the Use of Proceeds section of this Framework.
- Monitoring of the pool of Eligible Green and Blue Projects and replacing projects that no longer satisfy the eligibility criteria (i.e. ineligibility, disbursement variations, etc.) with new Eligible Green and Blue Projects if needed. If there are environmental or social material controversies related to a selected project, CABEI must, within a period of up to 12 months, redirect the funds to other projects that are eligible, and the debt instruments to be subscribed may

include clauses that imply penalties and early maturities if the resources are not assigned and/or redirected to eligible projects identified in this Framework.

- Validation of the annual Green Bond and/or Blue Bond report.

Likewise, the Eligible Green and Blue projects, shall comply with the minimum safeguards¹⁸ established in the EU Taxonomy for sustainable activities:

- **International Bill of Human Rights:** The International Bill of Human Rights is a powerful statement of rights and should persuade all Governments to respect to rights. The International Bill of Rights is made up of five key United Nations' human rights documents¹⁹.
- **International Labour Organization (ILO) Conventions:** The ILO Governing Body has identified ten “fundamental” Conventions, covering subjects that are considered to be fundamental principles and rights at work: Forced Labour Convention, the Abolition of Forced Labour Convention, the Freedom of Association and Protection of the Right to Organise Convention, the Right to Organise and Collective Bargaining Convention, the Equal Remuneration Convention, the Discrimination (Employment and Occupation) Convention, the Minimum Age Convention, the Worst Forms of Child Labour Convention, the Occupational Safety and Health Convention and the Promotional Framework for Occupational Safety and Health Convention²⁰.
- **UN Guiding Principles on Business and Human Rights:** these Guiding Principles apply to all business enterprises, both transnational and others, regardless of their size, sector, location, ownership, and structure²¹.
- **OECD Guidelines for Multinational Enterprises:** these Guidelines are recommendations jointly addressed by governments to multinational enterprises. They provide principles and standards of good practice consistent with applicable laws and internationally recognized standards. Observance of the Guidelines by enterprises is voluntary and not legally enforceable²².
- The projects do not significantly harm any of the environmental and social objective, and the investee companies follow good governance practices, with respect to sound management structures, employee relations, remuneration of staff and tax compliance.

Regarding to Eligible Blue projects, these shall comply with the blue economy standards internationally recognized, such as:

¹⁸ Compliance with these criteria will be verified by CABEI through the CABEI’s Environmental and Social Risk Management System (SIEMAS).

¹⁹ [International Bill Human Rights.](#)

²⁰ [ILO Conventions.](#)

²¹ [UN Guiding Principles on Business and Human Rights](#) are grounded in recognition of:

(a) The role of business enterprises as specialized organs of society performing specialized functions, required to comply with all applicable laws and to respect human rights (companies must have qualitative and quantitative indicators to monitor the negative consequences on human rights and implement redress mechanisms);

(b) The need for rights and obligations to be matched to appropriate and effective remedies when breached.

²² [OECD Guidelines for Multinational Enterprises](#) include general policies related to promoting sustainable development, corporate governance, risk management systems, among others. In addition, it has guidelines to address the following: disclosure (financial situation, governance, policies, among others), human rights, employment and industrial relations, environment, combating bribery, bribe solicitation and extortion, consumer interests, science and technology, competition and taxation

- **Sustainable Blue Economy Finance Principles:** are the foundational keystone to invest in the ocean economy. Launched in 2018, they are the world's first global guiding framework for banks, insurers, and investors to finance a sustainable blue economy. They promote the implementation of SDG 14 (Life Below Water), and set out ocean-specific standards, allowing the financial industry to mainstream sustainability of ocean-based sectors ²³.

The Green and Blue Bond Working Group will meet at least on an annual basis and is composed of relevant parties including:

- Finance Department
- Environmental and Social Monitoring Office (OFIMSA)
- Public Sector
- Private Sector

2.3.2. Portfolio categorization

CABEI has a portfolio of projects that covers several of the categories in section [2.2. Use of Proceeds](#), composed by lines of credit that are addressed to the public sector of the founding and associated member countries. The credit lines with which the Bank currently works and others that may be developed can finance projects that compose its portfolio of green and blue projects, if they meet the eligibility, categorization and evaluation criteria established in this document.

The proceeds from Green Bond and Blue Bond issuances will be allocated to: (i) projects that will be financed by CABEI after any issuance; or (ii) for refinance of projects that fall under any category of the Green and Blue bond framework and with a maximum look-back period of 48 months from the first disbursement. In (i), new projects may be financed with Green Bond and Blue Bond issuances up to the total amount of the financing. In (ii), the outstanding loan balance will be considered for this purpose.

2.3.3. Environmental and social risk management

As mentioned before, CABEI has an Environmental and Social Risk Identification, Evaluation and Mitigation System (SIEMAS, Spanish acronym). The SIEMAS allows CABEI to systematically identify, assess and mitigate the environmental and social impacts coming from the financed operations. Through SIEMAS, CABEI promotes and facilitates stakeholder involvement to avoid and mitigate the adverse risk and impacts to society and the environment.

The SIEMAS requires that all operations financed by the Bank and their environmental and social risk category to be aligned with the IFC Performance Standards, the Equator Principles and the World Bank Group Environmental, Health and Safety Guidelines (EHS), as well as the applicable national regulation. CABEI ensures the compliance with such standards by a formal monitoring process which include the review of the client's periodical reports, as well as possible *in situ* visits and audits. When local regulations are different to the guidelines contained in the SIEMAS, CABEI requires the application of the stricter rules.

According to IFC and the World Bank Group, projects and programs are categorized in three levels:

²³ [Sustainable Blue Economy Finance Principles](#).

- **Category A:** Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented.
- **Category B:** Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures.
- **Category C:** Projects with minimal or no adverse environmental and social risks and/or impacts.

CABEI allows a reasonable consultation time before the endorsement of a credit operation, making available the related documentation with the aim of ensure stakeholder participation, paying special attention to operations with high environmental and social impacts.

Once the environmental and social risk category of the projects and programs have been defined, CABEI establishes with the client the definition and periodic monitoring of an Environmental and Social Action Plan (SIEMAS Plan). This Plan is part of the contract and therefore is mandatory. In the follow-up stage, CABEI determines if it is necessary to modify the plan by creating additional mitigation measures, as well as, reviewing and modifying the environmental and social risk category to ensure that it is appropriate, in order to avoid and minimize environmental and social risks in later stages.

CABEI has an environmental and social reporting channel to reinforce its own environmental and social performance as well as the performance of the ongoing projects in CABEI. This channel allows to record, analyze, and amend irregularities related to environmental and social risk considered as critic, according to the guidelines established in the SIEMAS.

Additionally, if a project is considered eligible but during its operation it is considered ineligible, according to the criteria defined in this Framework, the issuer must, within a period of up to 12 months, redirect the funds that weren't refinanced, to other projects that are eligible, and the debt instruments to be subscribed may include clauses that imply penalties and early maturities if the resources are not assigned and/or redirected to eligible projects identified in this Framework.

2.3.4. Exclusion criteria

CABEI does not finance operations which are in its Exclusion List (Annex 1). Furthermore, CABEI withholds from financing and supporting the execution of operations that compromises: (i) CABEI's environmental and social policy and related regulations; (ii) current environmental and social regulations in the host country; and (iii) international environmental and social agreements and conventions.

In addition, projects under the following categories will be excluded from financing from the Green and Blue Bond(s):

- Production of fossil fuels and supporting infrastructure.
- Power generation with more than 15% of fossil fuel backup or hybrid.
- Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where the radioactive source is considered to be trivial and/or adequately shielded.
- Production or trade in unbonded asbestos fibers. This does not apply to purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.
- Production or trade in wood or other forestry products other than from sustainably managed forests.

- Production or activities that impinge on the lands owned, or claimed under adjudication, by Indigenous Peoples, without full documented consent of such peoples.
- Investments which could be associated with the destruction or significant impairment of areas particularly worthy of protection (without adequate compensation in accordance with international standards).
- Nuclear power plants (apart from measures that reduce environmental hazards of existing assets) and mines with uranium as an essential source of extraction.
- Non-conventional prospection, exploration and extraction of oil from bituminous shale, tar sands or oil sands.

2.3.5. CABEI's impact evaluation system

As mentioned above, CABEI has implemented a Development Impact Evaluation System (SEID for its acronym in Spanish) to measure the impact of its projects on development. As a result, all operations financed by CABEI receive an "I-CABEI" evaluation that will be disclosed in the Annual Report. The classification is as follows:

- High expected impact (I-CABEI \geq 70%).
- Satisfactory impact ($41\% \leq$ I-CABEI \leq 69%).
- Low impact (I-CABEI \leq 40%).

I-CABEI index is calculated considering two main components: (i) results in the development of the intervention and, (ii) institutional development effectiveness. The first component involves impact indicators specifically selected for each economic sector; for instance, volume of water treated for the sanitation sector or quantity of energy produced for the electrical sector, as well as result indicators such as number of treatment plants built or length of power lines installed. The second component assesses project's alignment with SDG, national priorities and CABEI's institutional strategy.

2.3.6. Green and Blue portfolio

CABEI's credit portfolio (March 2022) includes several operations which suit the categories established in [2.2. Use of Proceeds](#) and respect all management and exclusion criteria indicated above. According to [2022 CABEI's Green Bond Use of Proceeds](#) Report, the bank has disbursed USD 256 million to green projects, 88% of which for sustainable water management category and 12% for renewable energy.

Some categories defined in section [2.2. Use of Proceeds](#) are not currently represented in CABEI's portfolio. However, the Bank has the objective to support these new projects and/or programs, as part of its institutional strategy. Another important disclosure is that the proceeds from a Green Bond and Blue Bond issuance do not need to cover all the categories foreseen in this Framework.

2.4. Management of Proceeds

The net proceeds of the CABEI Green and Blue Bond issuances will be managed within CABEI's treasury liquidity portfolio, in cash or other liquidity instruments, until the total amount of the net proceeds equals the total cumulative disbursement to selected Eligible Green and Blue Projects. The proceeds of CABEI's Green and Blue Bonds issuances will only be used to finance activities that are aligned to this Framework's eligibility criteria. Proceeds from Green and Blue issuances will be managed by:

- The Department of Investments, Asset and Liability Management is responsible for managing the resources based on the nature deposit.
- The Department of Capital Markets and External Financing, in order to have greater control of the proceeds, is responsible for managing and identifying, through an established database, the projects and disbursements that will receive proceeds from green and blue bond issuances in accordance with the decision made by the corresponding Working Group.

CABEI will take specific measures to track the invested amounts used and the loans granted to finance the selected Eligible Green and Blue Projects. The proceeds must remain assigned during the duration and life of the bond which are normally 5-year tenor issuances. Best efforts will be made to disburse investments within three years of the issuance of the Green Bond and Blue Bond (new financing).

A pool of projects selected by the Green Bond and Blue Bond working group will be receiving the proceeds of the Green Bond and Blue Bond issuance.

2.5. Reporting

CABEI commits to provide investors with both a reporting on the allocation of proceeds (allocation reporting) and the impact of eligible Green and Blue Projects (impact reporting) on a yearly basis for the duration of the Green Bond(s) and Blue Bond(s). The Finance Department will coordinate the collection of data to consolidate the allocation and impact reports.

These reports shall be made publicly available to all stakeholders on CABEI's website [<https://www.bcie.org/en/investor-relations/green-bank/>]. The reports will focus on the projects carried by the institution in all member countries. The first report will be published within the following year after the issuance.

2.5.1. Allocation reporting

Annually, until full allocation of proceeds, CABEI will provide information on the allocation of the proceeds that should include:

- Total amount of proceeds allocated to Eligible Green and Blue Projects per category
- The share of financing and refinancing
- Total amount of unallocated proceeds
- A brief description of selected projects

2.5.2. Performance and impact reporting

As long as the Green and Blue Bond is outstanding, and where feasible, an annual Impact Report will be provided. The impact report will rely on both output and impact metrics – at least one per eligible category – as illustrated below, subject to data availability. CABEI intends to rely on its already existing Development Impact Evaluation System, which identifies the development effects/ impacts of financed operations.

To the extent possible, the core principles and recommendations for reporting as well as impact indicators contained in ICMA's Harmonized Framework for Impact Reporting will be considered.

Table 3. Example of indicators and metrics for eligible projects for Green Bond Financing

Eligible Green Projects Categories	Sub-categories	Examples of output indicators	Examples of impact indicators
Sustainable Land Use	<ul style="list-style-type: none"> Forestry 	<ul style="list-style-type: none"> Surface area of FSC and/or PEFC certified forests (ha) Area of native forest restored (ha) 	<ul style="list-style-type: none"> Approximate sequestered and/or avoided GHG emissions (tCO_{2e}/year)
	<ul style="list-style-type: none"> Agriculture 	<ul style="list-style-type: none"> Area covered by sustainable agriculture (ha, km²) 	<ul style="list-style-type: none"> Approximate sequestered and/or avoided GHG emissions (tCO_{2e}/year)
Renewable Energy Generation	<ul style="list-style-type: none"> Wind energy Solar energy Geothermal Bioenergy Hydropower 	<ul style="list-style-type: none"> Installed capacity (GW or MW) Power Energy production (MWh) 	<ul style="list-style-type: none"> Reduced and/or avoided GHG emissions (tCO_{2e}/year)
Clean Transport	<ul style="list-style-type: none"> Clean transport 	<ul style="list-style-type: none"> Number of clean transportation systems financed by type Number of kilometers of rail constructed or maintained (km) 	<ul style="list-style-type: none"> Reduced and/or avoided GHG emissions (tCO_{2e}/year)
Energy Efficiency (Including Efficient buildings)	<ul style="list-style-type: none"> Buildings and built environments 	<ul style="list-style-type: none"> Number of facilities financed for energy performance improvements Number of buildings with certifications Number of governmental policies/regulations aimed at climate change mitigation Number of lightbulbs/lamps replaced with LED technology 	<ul style="list-style-type: none"> Reduced and/or avoided GHG emissions (tCO_{2e}/year) Savings in energy bills (USD/year)
	<ul style="list-style-type: none"> Energy transmission, distribution, and storage 	<ul style="list-style-type: none"> Number of kilometers of transmission/distribution lines installed (km) Number of sub-stations installed Number of MWh/year transported Installed capacity of the energy storage systems (batteries) (MW) Energy capacity of the energy storage systems (MWh) 	<ul style="list-style-type: none"> Reduced and/or avoided GHG emissions (tCO_{2e}/year) Technical losses reduced (% , MWh/year) Reduction in the mean interruption time (min/year) Increase in electric energy coverage rate (%)

Eligible Green Projects Categories	Sub-categories	Examples of output indicators	Examples of impact indicators
Climate Change Adaptation	<ul style="list-style-type: none"> Cities, settlements, and buildings 	<ul style="list-style-type: none"> Number of facilities financed for climate resilient improvements Area (ha) destined as buffer zones against climate hazards Number of facilities relocated Capacity of pluvial drainage improved/installed to prevent/control floods (m³/s) Pluvial drainage improved/installed to prevent/control floods in meters (m) 	<ul style="list-style-type: none"> Savings in resilient infrastructures investments (USD/year) Savings in energy bills (USD/year) Number of people with increased climate resilience
	<ul style="list-style-type: none"> Agriculture 	<ul style="list-style-type: none"> Volume of water harvested and collected (m³) Area (ha) with efficient irrigation systems Number of new technologies and resilient practices introduced Volume of agricultural yield (ton) Number of scientific research projects supported 	<ul style="list-style-type: none"> Water savings (USD/year) Reduction in fossil fuels consumption (gal/year) Water irrigation efficiency increase (%) Reduction in yield losses (USD/year) Savings in energy bills (USD/year) Number of scientific articles published
	<ul style="list-style-type: none"> Early warning systems 	<ul style="list-style-type: none"> Number of early warning systems implemented 	<ul style="list-style-type: none"> Number of beneficiaries

Table 4. Example of indicators and metrics for eligible Projects for Blue Bond Financing

Eligible Blue Projects Categories	Sub-categories	Examples of output indicators	Examples of impact indicators
Water resources protection	<ul style="list-style-type: none"> Efficient water use Water pollution prevention 	<ul style="list-style-type: none"> Volume of water saved (m³) Volume of rainwater harvesting used (m³) Volume of pollutants that affect water resources reduced Number of facilities built 	<ul style="list-style-type: none"> Savings in water consumption of the project (Thousands of USD) Increase in water saved (m³) Reduction in water losses (%) Amount of pollutants prevented from reaching the water (tons/year; m³/year)

Eligible Blue Projects Categories	Sub-categories	Examples of output indicators	Examples of impact indicators
Sustainable water management	<ul style="list-style-type: none"> Water distribution Water treatment Water treatment from maritime transportation 	<ul style="list-style-type: none"> Volume of water treated (m³) Number of facilities built Volume of solid sludge collected and treated/reused (tons/year) Installed capacity for water systems (m³/s) Volume of ballast/bilge water treated (m³) Volume of wastewater treated (m³) Volume of solid waste managed (tons) Number of facilities built for the prevention of discharges generated by maritime transport 	<ul style="list-style-type: none"> Amount of avoided/reused/recycled plastic (tons/year) Reduction in water usage (%) Increase in water reuse (m³/year) Increase in solid sludge collected and treated/reused (tons/year) Number of new connections to drinking water system Number of new connections to sewerage system
Renewable energy	<ul style="list-style-type: none"> Offshore Renewable Energy 	<ul style="list-style-type: none"> Installed capacity (GW or MW) Power Energy production (MWh) 	<ul style="list-style-type: none"> Reduced and/or avoided GHG emissions (tCO_{2e} /year)
Blue economy	<ul style="list-style-type: none"> Ports Fisheries, aquaculture, and seafood value chain 	<ul style="list-style-type: none"> Installed capacity (GW or MW) Power Energy production (MWh) 	<ul style="list-style-type: none"> Reduced and/or avoided GHG emissions (tCO_{2e} /year) Savings in water consumption of the project (Thousands of USD) Number of beneficiaries Volume of fishery and aquaculture products produced under sustainability certifications (tons) Value of fishery and aquaculture products produced under sustainability certifications (USD)
Nature protection	<ul style="list-style-type: none"> Water ecosystem protection and restoration 	<ul style="list-style-type: none"> Number of new protected areas created 	<ul style="list-style-type: none"> Area of ecosystems restored (km²)

Eligible Blue Projects Categories	Sub-categories	Examples of output indicators	Examples of impact indicators
	<ul style="list-style-type: none"> Scientific research 	<ul style="list-style-type: none"> Number of community participatory approaches supported Number of protected areas management plans supported Number of scientific research projects supported 	<ul style="list-style-type: none"> Surface covered by new protected areas (km²) Carbon sequestration absorbed from marine ecosystems restored (blue carbon; tCO_{2e}) Number of scientific articles published

III. External review

3.1. Second-Party Opinion

CABEI has mandated Sustainalytics to provide a Second-Party Opinion on its Green and Blue Bond Framework. The Second-Party Opinion ensures the Green and Blue Bond Framework follows the highest standards as defined by the Green Bond Principles, and the best market practices. In addition to the Green Bond Principles, CABEI’s blue bonds are consistent with the voluntary Sustainable Blue Economy Finance Principles, hosted by the United Nations Environment Programme – Finance Initiative. The Second Party Opinion is available on CABEI’s website [<https://www.bcie.org/en/investor-relations/green-bank/>].

3.2. Annual Review

In order to provide the best information possible about the reporting of the funds from the Green Bond and Blue Bond, CABEI intends to engage a Second Party Opinion Provider to provide annual assessments on the alignment of the allocation of funds with Green and Blue Bond Framework’s criteria and themes. This review will be conducted on an annual basis until full allocation.

Annex 1. Exclusion list

CABEI will not finance operations, programs or projects related to:

- a) Production or activities involving exploitative forms of forced labour or human trafficking.
- b) Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
- c) Production or trade in weapons and munitions or other activities related to war industry.
- d) Gambling, casinos, and equivalent enterprises.
- e) Trade in wildlife or wildlife products protected by national or international law or regulations.
- f) Production or trade in radioactive materials.
- g) Production or trade in unprotected asbestos fibres as well as their use.
- h) Commercial logging operations or the purchase of logging equipment for use in primary tropical moist forest.
- i) Production or trade in products that contain high toxic chemicals.
- j) Production or trade in pharmaceutical products subject to gradual elimination or international bans.
- k) Production or trade in pesticides or herbicides or any other agrochemical subject to gradual elimination or international bans.
- l) Production or trade in ozone depleting substances subject to gradual elimination or international bans.
- m) Drift net fishing in the marine environment using nets in excess of 2.5 km in length.
- n) Production, trade or manufacture of illegal drugs or psychotropic substances.
- o) Activities which, because of their nature, are deemed against CABEI's environmental policy or host country laws.
- p) Activities which, because of their nature, are deemed against the ethical and moral principles established in the CABEI's Ethic's Code and complementary laws.
- q) Financing of energy generation projects based on mineral coal and the exploration and/or extraction of mineral coal.