

**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

Approved by the Board of Directors on 6 November
2024¹

REGIONAL

Green Cities Framework 3

[Redacted in line with the EBRD's Access to Information Policy]

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¹ As per section 1.4.8 of EBRD's Directive on Access to Information (2019), the Bank shall disclose Board reports for State Sector Projects within 30 calendar days of approval of the relevant Project by the Board of Directors. Confidential information has been removed from the Board report.

For the avoidance of any doubt, the information set out here was accurate as at the date of preparation of this document, prior to consideration and approval of the project.

TABLE OF CONTENTS

	Page
TABLE OF CONTENTS	2
ABBREVIATIONS	3
PRESIDENT’S RECOMMENDATION	4
BOARD DECISION SHEET	5
REGIONAL - Green Cities Framework 3 (‘GrCF3’)	5
ADDITIONAL SUMMARY TERMS FACTSHEET	6
1. STRATEGIC FIT AND KEY ISSUES	9
1.1 STRATEGIC CONTEXT	9
1.2 TRANSITION IMPACT	11
1.3 ADDITIONALITY	13
1.4 SOUND BANKING - KEY RISKS	13
2. MEASURING / MONITORING SUCCESS	14
3. KEY PARTIES	18
3.1 INDIVIDUAL SUB-PROJECTS AND ELIGIBILITY	18
3.2 BORROWER / INVESTEE COMPANY	19
3.3 GUARANTOR / KEY OFF-TAKER / PUT COUNTERPARTY / CO-INVESTOR ETC.	19
4. MARKET CONTEXT	20
5. FINANCIAL / ECONOMIC ANALYSIS	20
5.1 FINANCIAL PROJECTIONS	20
5.2 EXIT STRATEGY	20
5.3 SENSITIVITY ANALYSIS	20
5.4 PROJECTED PROFITABILITY FOR THE BANK	20
6. OTHER KEY CONSIDERATIONS	21
6.1 ENVIRONMENT	21
6.2 INTEGRITY	21
6.3 PROCUREMENT	21
ANNEXES TO OPERATION REPORT	22
Annex 1 – Green Cities Frameworks Overview	23
Annex 2 - EBRD Green Cities Achievements and Portfolio	24
Annex 3 - EBRD Green Cities Interim Evaluation	25
Annex 4 - Green City Action Plan Methodology Update	26
Annex 5 - EBRD Green Cities Theory of Change	28
Annex 6 - Transition Impact Monitoring Indicators and Benchmarks for sub-Project under GrCF3	29
Annex 7 - Donor Funding	29
Annex 8 – Capital Market Instruments Under EBRD Green Cities	30

ABBREVIATIONS

ABI	Annual Bank Investment
CCFLA	Cities Climate Finance Leadership Alliance
CDP	Corporate Development Programme
CHAMP	Coalition for High Ambition Multilevel Partnerships
COO	Countries of Operation
COP	United Nations Climate Change Conference of the Parties
CP	Condition Precedents
CTF	Clean Technology Fund
E5P	Eastern Europe Energy Efficiency and Environment Partnership
ECEPP	EBRD Client e-Procurement Portal
EFSD	European Fund for Sustainable Development
ESDD	Environmental and Social Due Diligence
ETI	Expected Transition Impact
EU	European Union
FOPIP	Financial and Operational Improvement Programme
FW	Framework
GCAP	Green City Action Plan
GCAP+	Enhanced Green City Action Plan
GCAP ₂	Green City Action Plan refresher
GCF	Green Climate Fund
GCO	Green City Officers
GET	Green Economy Transition
GHG	Greenhouse Gases
GPSC	World Bank Global Platform for Sustainable Cities
GrCF	Green Cities Framework
GrCF2	Green Cities Framework 2
GrCF3	Green Cities Framework 3
GrCF3 W1	Green Cities Framework 3 Window I
GrCF3 W2	Green Cities Framework 3 Window II
ICLEI	International Council for Local Environmental Initiatives
IEvD	Independent Evaluation Department
IFC	International Finance Corporation
IPCC	Intergovernmental Panel on Climate Change
IWG	Infrastructure Working Group
LCAW	London Climate Action Week
MDB	Multilateral Development Bank
MEI	Municipal and Environmental Infrastructure
NBS	Nature-Based Solution
NDCs	Nationally Determined Contributions
NECP	National Energy and Climate Action Plans
NYCW	New York Climate Week
OPRG	Operational Programme “Regions in Growth”
PIU	Project Implementation Unit
PPP	Public-Private Partnership
PPR	EBRD’s Procurement Policies and Rules
PSC	Public Service Contract
PSO	Public Service Obligation
SIG	Sustainable Infrastructure Group
SLA	Service Level Agreement
SSA	Sub-Saharan Africa
SSF	Shareholder Special Fund
TC	Technical Co-operation
TI	Transition Impact
URP	Unfunded Risk Participation
VAT	Value Added Tax
WUF	World Urban Forum

PRESIDENT’S RECOMMENDATION

This recommendation and the attached Report concerning the Green Cities Framework 3 (**‘GrCF3’**), are submitted for consideration by the Board of Directors. The GrCF3 consists of loans, bonds, and guarantees, to sovereigns, municipalities, municipally-owned and private companies as well as other sovereign entities, including state owned enterprises, supporting green urban infrastructure investments. The total amount of GrCF3 will be up to EUR 3 billion and will be available in all of the Bank’s Countries of Operation (**‘COO’**).

Both GrCF² and GrCF³, have far exceeded expectations, as evidenced by a strong portfolio and pipeline. GrCF3 is required to meet the continued high demand for Green City investments and sub-Projects would continue to be financed subject to clear and ambitious eligibility targets. Moreover, the Transition Impact (**‘TI’**), remains true to the spirit of previous Frameworks, with Green remaining the primary transition quality and a wider set of secondary transition qualities, when relevant, are proposed, with Integrated added to Well-governed, Inclusive, Resilient and Competitive.

The Technical Cooperation (**‘TC’**) support will include pre-signing project preparation support, Green City Action Plans (**‘GCAPs’**), capacity building and implementation support. The TC component is expected to be funded by the Green Climate Fund (**‘GCF’**), Clean Technology Fund (**‘CTF’**), the EBRD Shareholder Special Fund (**‘SSF’**); and other bilateral or multilateral donors.

I am satisfied that the GrCF3 is consistent with the Municipal and Environmental Infrastructure (**‘MEI’**) Sector Strategy, the Green Economy Transition Approach 2021–2025 (**‘GET’**), the Strategy for the Promotion of Gender Equality, the Equality of Opportunity Strategy 2021-2025, the EBRD Approach to Accelerating the Digital Transition and with the Agreement Establishing the Bank.

I recommend that the Board approve the proposed Framework, substantially on the terms of the attached Report.

Odile Renaud-Basso
President

² GrCF - Regional: Green Cities Framework

³ GrCF2 - Regional: Green Cities Framework 2 (GrCF2)

BOARD DECISION SHEET

REGIONAL - Green Cities Framework 3 ('GrCF3') Green Cities Framework 3 – Window I (GCF) ('GrCF3 W1'), 55846; Green Cities Framework 3 – Window II ('GrCF3 W2'), 55845	
Transaction / Board Decision	Board approval ⁴ is sought for the Green Cities Framework 3 ('GrCF3'), which will consist of loans, bonds, and guarantees, to sovereigns, state owned enterprises, municipalities, municipal owned utility companies, private companies, and other sovereign entities supporting green urban infrastructure investments, in an aggregate amount of up to EUR 3 billion. It is envisaged that some loans will be in local currency. In keeping with Green Cities Framework 2 ('GrCF2'), GrCF3 will be divided into two 'windows', to align with the co-financing requirements of the Green Climate Fund ('GCF') as follows: EUR 350 million under Green Cities Framework 3 - Window I (GCF co-financing) ('GrCF3 W1') for the fifteen eligible countries ⁵ ; and EUR 2,650 million under Green Cities Framework 3 – Window II ('GrCF3 W2') for all EBRD Countries of Operations ('COO'). GrCF3 availability period will be until end of 2029. [REDACTED]. Approval of sub-Projects of up to EUR 25 million to be delegated to Management. Non-TC grants managed by EBRD and/or concessional loans will not count towards the applicable delegated approval limit. Category A sub-Projects under the Bank's Environmental and Social Policy will be submitted to the Board for approval regardless of the size of the Bank financing.
Client	The municipal entity, the company or the enterprise that is directly implementing the sub-Project will be considered the EBRD client (including for the purposes of Section 5.4 of the Banking Credit Process Policy. The borrowers under the EBRD loan agreement can be sovereigns, state-owned enterprises and other sovereign entities, municipalities, municipally owned utility companies as well as private companies supporting green city investments, for the purpose of investing in green urban infrastructure.
Main Elements of the Proposal	– <u>Framework coverage</u> – GrCF3 will cover all COO – <u>Transition impact</u> – The primary transition quality remains Green, as do the secondary transition qualities of Well-governed, Inclusive, Resilient, Competitive, or Integrated. Digital components enhancing TI will be considered as relevant. – <u>Additionality</u> – is determined for each sub-Project with the key dimensions likely to include mobilisation of concessional loans and grants, focus on sub-national financing including crowding in the private sector, the impact of the network and through this, knowledge sharing, scaling-up and going deeper into cities and the GCAP as a delivery tool. – <u>Sound banking</u> – Each sub-Project undergoes a due diligence process and is structured to mitigate to the extent possible the identified risks.
Key Risks	Risks are typically associated with a client's creditworthiness, volatility of exchange rate, financial performance, sustainability and implementation capacity. Each sub-Project and client will undergo due diligence, in order to mitigate identified risks to the extent possible.
Strategic Fit Summary	The GrCF3 is compatible with Green Economy Transition 2.1, Strategy for the Promotion of Gender Equality, the Equality of Opportunity Strategy 2021-2025, the EBRD Approach to Accelerating the Digital Transition 2021-2025 and the MEI Strategy.

⁴ Article 27 of the AEB provides the basis for this decision.

⁵ Eligible fifteen countries under GrCF3 W1, as per the GCF-GrC Facility: Albania, Armenia, Bosnia and Herzegovina, Georgia, Jordan, Kazakhstan, Kyrgyz Republic, Moldova, Mongolia, Morocco, North Macedonia, Serbia and Tunisia, Tajikistan and Uzbekistan

ADDITIONAL SUMMARY TERMS FACTSHEET

EBRD Transaction	GrCF3 will consist of sovereign and non-sovereign loans to governments, state owned enterprises, municipalities, municipally owned and private companies and other sovereign entities, together with bonds, and guarantees supporting green urban infrastructure investments in aggregate amount up to EUR 3 billion. It is envisaged that some loans may be in local currencies. In keeping with GrCF2, GrCF3 will be divided into two ‘windows’, to align with the co-financing requirements of the GCF ⁶ as follows: EUR 350 million under Green Cities Framework 3 - Window I (GCF co-financing) (‘GrCF3 W1’) for the fifteen eligible countries ⁷ ; EUR 2,650 million under Green Cities Framework 3 – Window II (‘GrCF3 W2’) for all EBRD Countries of Operations (‘COO’). GrCF3 availability period will be until end of 2029. [REDACTED]. Approval of sub-Projects of up to EUR 25 million to be delegated to Management. Non-TC grants managed by EBRD and/or concessional loans will not count towards the applicable delegated approval limit. Category A sub-Projects under the Bank’s Environmental and Social Policy will be submitted to the Board for approval regardless of the size of the Bank financing.
Existing Exposure	[REDACTED].
Maturity / Exit / Repayment	Tenor, together with grace period, will be determined at the sub-Project level. [REDACTED].
Potential AMI eligible financing	AMI eligible co-financing, including primary and/or secondary funded or unfunded sell-downs, will be explored for non-sovereign projects on a sub-Project by sub-Project basis.
Use of Proceeds - Description	The proceeds of the loans, grants, and guarantees where applicable, will focus on urban infrastructure investments. The eligibility criteria for the sub-Projects under GrCF3 is presented in Section 3.1.
Investment Plan	GrCF3 will continue to focus on the core urban sectors of water and wastewater, urban transport, buildings, solid waste management and environmental clean-up, district energy, power, and urban regeneration, with expansion to other sub-sectors including ports and logistics anticipated ⁸ . Within each of these sectors, GrCF3 will also continue to promote effective integration of the cross-cutting features such as electrification, energy efficiency and decarbonisation, water conservation, climate resilient infrastructure and adaptation measures (including nature-based solutions (‘NBS’)), biodiversity, renewables, digital solutions and smart technologies, circular economy practices, gender equality and human capital development, and crowding-in the private sector, including capital markets. GCAPs remain central to this programme, with sub-Projects clearly aligned to address city-specific priority climate and environmental challenges, while maintaining a strong connection to other key national or local strategic documents such as Nationally Determined Contributions (‘NDCs’) and National Energy and Climate Action Plans (‘NECP’).
Financing Plan	[REDACTED]
Key Parties Involved	• Government • Governorates or regional authority • State-owned Enterprises active in the municipal sector • Municipality/City • Municipal Utility Companies • Private Companies

⁶ Noting that it is as we move into this third FW it is critical to have a Funded Accredited Activity (FAA) fully aligned to the needs of the business.

⁷ Eligible fifteen countries under GrCF3 W1, as per the GCF-GrC Facility: Albania, Armenia, Bosnia and Herzegovina, Georgia, Jordan, Kazakhstan, Kyrgyz Republic, Moldova, Mongolia, Morocco, North Macedonia, Serbia and Tunisia, Tajikistan and Uzbekistan

⁸ Sectors follow the Infrastructure Sector Strategy.

	• Donors
Conditions to subscription / disbursement	Condition precedents ('CP') will be determined individually for each sub-Project.
Key Covenants	All sub-Projects, which are trigger investments, where the City is the borrower will include a covenant requiring the development and submission for approval of a GCAP. When the City is not the borrower, the Bank will seek to obtain a commitment through other means, including a Project Support Agreement, MOU or other commitment with the relevant authority. The remaining covenants will be based on the operating, financial and technical realities of both the City and/or the relevant utility or private company.
Security / Guarantees	Security, where required, will be defined for each sub-Project individually. It is however expected that non-sovereign and private loans will benefit from the following types of security: • For non-sovereign transactions security may include municipal guarantees, pledge of physical assets, receivables or bank accounts, where prevailing legislation allows and in conformity with the World Bank negative pledge. • Depending on the risk profile debt to some municipalities and utility companies (with Public Service Contracts ('PSC')) may be unsecured. • For private sector clients, a standard security package will be adopted, and defined at the level of sub-Project.
Other material agreements	• For sub-Projects where the municipality is not the borrower, Project Support Agreement or other relevant documentation supporting inter alia the GCAP with the respective municipality. • PSC between the utility Company and the municipality, when applicable. • Grant agreements with relevant donor⁹. • Other agreements to be determined for each sub-Project dependent on the investment.

⁹ Applicable for Capex grants.

Associated Donor Funded TC and Blended Concessional Finance	A. Technical Cooperation ('TC') • All trigger sub-Projects under the GrCF3 will be linked with TC to formulate, help implement, and monitor GCAPs. In addition, sub-Projects are expected to benefit from TC support which might include: • Project preparation: to develop an affordable, cost effective and bankable investment programme; including, financial, technical, environmental, social, and gender and human capital aspects as appropriate. • Post signing TCs: covering project implementation support, to facilitate the timely and effective implementation of each sub-Project; capacity building support to build the capacity of city administrators and key stakeholders (such as through Corporate Development Programmes ('CDPs') and Financial and Operational Improvement Programme ('FOPIPs'), as well as promoting gender equality and equal economic opportunities for all. The need for deploying such TC support will be assessed at the sub-Project level and will be submitted for review (Grant Review, Delegated Approval, etc.) and funding approval, in line with the standard processes related to the sub-Project and included in the relevant internal approval documentation. Client contributions: The clients will be responsible for paying all Value Added Tax ('VAT') and other indirect taxes that are applied to the post-signing TC assignments as a parallel cost sharing contribution to the Project [REDACTED]. The clients will also maintain dedicated Project Implementation Unit ('PIU') staff, which they will fund, for the duration of the individual sub-Projects. B. Co-investment grants / Concessional Finance (Non-TC)¹⁰ Where appropriate, blended and concessional finance including investment grants and First Loss Risk Covers will be applied to address affordability issues, mitigate project-specific (construction, technology, market) risks, address externalities or compensate for the costs of achieving higher standards to deliver transformative climate change mitigation and adaptation outcomes. The need and level of concessionality will be assessed for each sub-Project during project structuring in line with the Bank's guidelines for the use of concessional finance products in EBRD operations and will be presented in the relevant approval documentation. Further, the Bank will adhere to agreements on concessional resources including the CTF, GCF and European Union ('EU'). [REDACTED]
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[REDACTED]

¹⁰ This is not exhaustive and other sources of non-TC concessional grants and loans will continue to be sought.

INVESTMENT PROPOSAL SUMMARY

1. STRATEGIC FIT AND KEY ISSUES

1.1 STRATEGIC CONTEXT

- **Urban action is critical to tackling the climate emergency:** Currently 55 per cent of the global population lives in cities, a share projected to grow to nearly 70 per cent by 2050. Cities are at the frontline of the climate crisis driven by their rapid growth, concentrated emissions and heightened vulnerability to climate impacts. The Intergovernmental Panel on Climate Change ('IPCC') Sixth Assessment Report (2023) highlights that climate change has already led to adverse impacts on human health, livelihoods and key infrastructure in urban settings, compromising water, sanitation, transport and energy systems. These disruptions have resulted in economic losses, service interruptions and overall reduced well-being for citizens. However, cities are uniquely positioned to harness synergies across different sectors, enabling them to implement comprehensive strategies that maximise emissions reductions and advance climate resilient development. Furthermore, cities hold a unique capacity to drive equality of opportunity and gender equality by fostering human capital development and promoting inclusive and gender-responsive infrastructure that empower all residents, particularly women and underserved groups, to thrive in a low-carbon future. This can be achieved through investments in green urban infrastructure and relevant policy actions. To align with the goals of the Paris Agreement, it is essential for cities to fully leverage this potential through ambitious and transformative actions, including through the adoption of digital technologies. Many central and local governments and organisations are already supporting urban climate action, which is increasingly recognised internationally including at COP, where Mayors now have an active role, at the G20, where cities were the prime focus of the Infrastructure Working Group ('IWG') in 2023 and the EU's NetZeroCities initiative.¹¹ GrCF3 will continue to focus on supporting planning and investments in green urban infrastructure needed for cities to transition to low-carbon, inclusive and resilient futures.
- **Strong Pipeline:** GrCF3 is required to meet the strong demand for Green City investments. There are several reasons for this strong demand, including:
 - the move into larger countries (Egypt, Türkiye, Morocco, Uzbekistan and Kazakhstan), leading to engagement in more cities and, in turn, a growing number of investment opportunities;
 - the impact of the GCAPs in generating follow-on investments, with Sarajevo and Tbilisi exemplifying this and, on average, the programme generating two EBRD financed sub-Projects per Green City;
 - stimulus given to innovation both in terms of technical and financial solutions, with for instance renewable energy supporting heating and transport investments and a growing interest in sourcing funding through capital markets;
 - the wide spectrum of financial structures offered through this Framework from sovereign through to private sector, which includes sub-sovereign as supported by the Coalition for High Ambition Multilevel Partnerships ('CHAMP').¹²

¹¹ https://cinea.ec.europa.eu/featured-projects/netzerocities_en , <https://netzerocities.eu/>.

¹² CHAMP is a commitment for greater multilevel cooperation in producing a country's climate plans, such as NDCs, to ensure that the next round of national pledges reflect greater ambition and inclusivity. The initiative aims to empower subnational governments in CHAMP countries to progress, finance and deliver more ambitious, inclusive climate action.

- the ‘network effect’ with the current network of over 50 cities, providing the ideal forum for knowledge sharing and outreach, achieved through a dedicated Green Cities Mayors’ event, webinars and specific sessions at high-profile external events including the UN Framework Convention on Climate Change’s Conference of the Parties (‘COP’), the World Urban Forum (‘WUF’), London Climate Action Week (‘LCAW’) and New York Climate Week (‘NYCW’). Beyond external events, the Programme also includes a dedicated EBRD Green Cities website (www.ebrdgreencities.com), a Green City Officers (‘GCO’) network and significant stakeholder engagement embedded in the GCAP process. Partnerships are also critical, and are expected to grow especially with expansion to Sub-Saharan Africa (‘SSA’), and include targeted collaboration which might include the Global Covenant of Mayors, International Council for Local Environmental Initiatives (‘ICLEI’), C40, the World Bank Global Platform for Sustainable Cities (‘GPSC’), Cities Climate Finance Leadership Alliance (‘CCFLA’), EU’s NetZeroCities initiative, UN-Habitat and UN Energy through the Green Cities Energy Compact.
- **Green Urban Infrastructure and GCAPs:** GrCF3 will continue to focus on the core urban sectors of water, urban transport, buildings, solid waste and environmental clean-up, district energy, power, and urban regeneration, with expansion to other sub-sectors including ports and logistics anticipated.¹³ Within each of these sectors, GrCF3 will also continue to promote effective integration of the cross-cutting features such as electrification, energy efficiency and decarbonisation, water conservation, climate resilient infrastructure and adaptation measures (including NBS)), biodiversity, renewables, digital solutions and smart technologies, circular economy practices, gender equality and human capital development, and crowding-in the private sector, including capital markets following one of the key recommendations of the Independent Evaluation Department (‘IEvD’) report.¹⁴ GCAPs remain central to this programme, with sub-Projects clearly aligned to address city-specific priority climate and environmental challenges, while maintaining a strong connection to other key national or local strategic documents such as NDCs and National Energy and Climate Action Plans (‘NECP’). As part of GrCF3, a revised and updated version of the GCAP methodology will be deployed. The new methodology aims to enhance the depth of the approach to city-specific climate challenges and solutions, allowing for a more tailored response to each City’s unique needs. It will also feature two new products, the GCAP refresher (‘GCAP₂’), and a more in-depth GCAP (‘GCAP+’), both needing roughly the typical GCAP timeline. The GCAP₂ is designed for cities that developed their GCAP over five years ago and have since been working on implementing the proposed actions. The main enhancements associated with the new products include modules for topics recommended by EBRD or requested by the city. Examples for these modules include deep-dives into green capital markets, climate adaptation and nature or digital. Please see Annex 4 for more details on the GCAP methodology update.
- **GCAPs support the digital transformation of municipal infrastructure and services.** As part of the GCAP baseline assessment, a Smart Maturity Assessment is conducted enabling cities to mainstream digital considerations in the identified actions. Sub-Projects and actions developed under the GCAP that incorporate the use of digital technologies where relevant are eligible for the Digital Tag (the digital tag is awarded at the sub-Project level if the use of proceeds or transactional TCs deployed in the

¹³ Sectors follow the Infrastructure Sector Strategy.

¹⁴ The EBRD Green Cities Programme interim evaluation (2016–21) (EvD ID: SS21-169)

context of an investment contribute to the Transition Impact objectives of the investment). As part of the proposed update to the GCAP methodology (Annex 4), a new module dedicated to digitalisation is currently under development. This is in line with the identified priority of the Digital Approach around mainstreaming digital considerations across Green Cities engagements.

- **EBRD Donors:** The programme, from the onset, has proven a key means of attracting donor funds. To date, EUR 358 million has been mobilised, both for capex grants, concessional loans and TC, with the main funding sources being the Green Climate Fund ('GCF'), Clean Technology Fund ('CTF'), Eastern Europe Energy Efficiency and Environment Partnership ('E5P'), together with many bi-lateral donors and the SSF [REDACTED].
- **IEvD:** Importantly, an evaluation was undertaken on the performance of the Frameworks for the first five years of its operation (2016 to 2021), with the key recommendations being to deepen GCAP engagement with follow-on projects, enhance capital markets transactions, together with a more localised approach to GCAP implementation and strengthen the transition monitoring framework. These recommendations have provided the steer for GrCF3, the implementation of which is detailed in Annex 3.
- Please note that the Ganja Water and Wastewater project will be submitted for Board consideration, along with the proposed Framework, as the first sub-Project under GrCF3.

1.2 TRANSITION IMPACT

The 'Theory of Change' for the GrCF3 was developed (following IEvD management action plan) and is presented in Annex 5, setting the building blocks of the TI. This TI remains true to the spirit of the GrCF and GrCF2, with Green remaining the primary transition quality, underpinning the ambition to continue acceleration of the green urban agenda. To better reflect current city challenges and the strategic priorities of the Bank as reflected in the SCF, a wider set of secondary transition qualities, when relevant, are proposed, with Integrated added to Well-governed, Inclusive, Resilient and Competitive.

The GCAP is an important commitment by the City and, as such, trigger sub-Projects will receive an Expected Transition Impact ('ETI') score of 75, together with follow-on sub-Projects initiating a GCAP refresher. For the majority of follow-on sub-Projects, the ETI will continue to be 70,

Qualities Eligibility Criteria

Primary Quality: Green

Obj. No.	Objective	Details
1.1	<i>The Framework will help improve the identification, planning and supervision of green activities.</i>	GCAPs, together with additional policy efforts where necessary, will be promoted in all cities supported under the Framework. This will help build capacity and set new standards for evidence-based diagnostics, planning, consultation, supervision and monitoring of green activities.
1.2	<i>The Framework and all its sub-Projects will scale up the green</i>	EBRD's proceeds will be used for green investments and every sub-Project under the Framework will meet the eligibility criteria for investments. Through multiple interventions in each city, including follow-on investments and policy initiatives, the scale

	<i>ambition within the respective Green Cities.</i>	and synergies are expected to bring significant environmental benefits.
1.3	<i>A significant scale of environmental benefits to be achieved and verified for the respective cities under the Framework.</i>	Significant environmental improvements are expected to materialise on the back of the activities promoted under the Framework. These benefits will be verified through the initial assessment of the aggregated environmental performance of sub-Projects and the monitoring framework set up for each of the Green Cities as part of the GCAP methodology.

Secondary Quality: Well-Governed | Inclusive | Resilient | Competitive | Integrated

The GrCF3 continues with a flexible approach to the secondary quality for sub-Projects' Transition Impact, where the Well-governed, Inclusive, Resilient, Competitive or Integrated Quality can be pursued by sub-Projects.

Obj. No.	Objective	Details
	<i>The extended Framework and its sub-projects will help promote wider sustainable urban development.</i>	Sub-Projects under the Framework will target additional Transition Qualities aimed at sustainable green and urban development - either through the a) Well-governed, b) Inclusive, c) Resilient, d) Competitive or e) Integrated Transition Qualities. These sustainability efforts may be further underpinned by technical cooperation and support when needed.
2	Well-Governed: <i>To help strengthen the contractual and regulatory set-up.</i>	Sub-Projects can implement one or more Well-governed dimensions from the following list: • Introduce a well-defined service contract between the relevant authority and the publicly or privately owned infrastructure operator. • Introduce a well-defined Corporate Governance Action Plan and/or Anti-corruption plan. • Introduce improved/certified standards and capacity for procurement, disclosure and management, as well as cybersecurity standards. • Pursue relevant priority policy actions.
3	Inclusive: <i>To help promote inclusive and gender-responsive urban development with equal influence and economic opportunities for all residents.</i>	Sub-Projects can implement one or more Inclusive dimensions from the following list: • Introduce more open, equal and diverse Human Resource ('HR') policies and practices (e.g. including care responsibilities support), with a focus on promoting women's and underserved groups' participation and leadership and improving the quality, productivity or sustainability of work. • Create new economic opportunities through increased access to services, including through digital solutions. • Introduce new standards and policies for infrastructure design or delivery in line with Multilateral Development Bank ('MDB') best practice to broaden service coverage to new users, unlock services through inclusive design and delivery and improve service quality and value for end-users. • Broaden access to market-relevant skills and training through introducing new, replicable and accredited training programmes in partnership with (local) vocational schools or universities to foster inclusive human capital development. • Introduce improved policy practices to unlock inclusive and gender-responsive growth (e.g. to support municipal childcare solutions, universal access principles, etc.).
4	Resilient: <i>To help mitigate socioeconomic risks affecting the city's current and future residents and urban functioning.</i>	Sub-Projects implement one or more socioeconomic Resilience dimensions from the following list: • Tariff increases leading to a substantial reduction of the cost recovery gap. • The project introduces a financial instrument to fund infrastructure that is novel in the context of the country and/or sector.

		• Pursue relevant policy actions or improve capacity in areas such as risk assessment, warning systems and response planning. • The project helps the client achieve better cyber resiliency, including through more cyber secure digital products and/or services
5	Competitive: To help implement smart solutions and economic efficiency or benefits.	Sub-Projects implement one or more urban solutions that meet the dimensions listed below: • Introduce new technological/digital solution as one of the first three in the relevant sector/country, leading to significant cost reductions. • Introduce a well-defined Corporate Development Plan ('CDP') or Financial and Operational Performance Improvement Plan ('FOPIP') that targets significant cost efficiencies through operational or organisational restructuring. • Introduce a new or updated GET or digital technology or product leading to resource efficiency and cost savings. • Introduce better land planning or urban regeneration bringing substantial urban land into productive use. • Pursue relevant priority policy actions.
6	Integrated: To help expand or upgrade infrastructure services and improve connectivity for residents.	Sub-Projects can implement one or more Integrated dimensions from the following list: • Network expansion leading to connection of previously not connected population. • Introduce a new technology or solution that improves the quality or expands the relevant infrastructure. • Promote successful restructuring or planning capacity of the operating entity leading to improved or expanded infrastructure. • Pursue relevant priority policy actions.

1.3 ADDITIONALITY

Additionality will be determined for each sub-Project, with the key dimensions likely to include mobilisation of concessional loans and grants, including GCF and CTF, the deployment of sub-national financing which includes crowding in the private sector, the impact of the network and through this knowledge sharing, scaling-up and going deeper into cities, as highlighted by IEvD, and the GCAP as a delivery tool.

1.4 SOUND BANKING - KEY RISKS

A sound banking analysis will be undertaken for each sub-Project separately [REDACTED].

2. MEASURING / MONITORING SUCCESS

The Framework is/will be monitored both at Framework and sub-Project level.
[REDACTED].

Primary Quality: Green					
Obj. No.	FW Monitoring Indicator	Details (FW)	Baseline	Target	Due date (FW)
1.1	Number of recommended policy or strategy agreed by relevant stakeholder(s)	New Green City Action Plans: [REDACTED] new GCAPs (including GCAP₂) finalised and submitted for approval by relevant authorities, and includes priority actions and a monitoring strategy in each participating City. Baseline target of the GrCF and GrCF2 combined is [REDACTED] GCAPs.	[REDACTED]	[REDACTED]	[REDACTED]
1.2	Performance or action plan implemented by the client	Strong follow-on support: [REDACTED] transactions (under GrCF3 and future extensions) are follow-on investments which address one of the city's recognised environmental or climate challenges or contribute towards the achievement of targets or actions within the GCAP.	[REDACTED]	[REDACTED]	[REDACTED]
1.3	Performance or action plan implemented by the client	Multiple green investments: Each participating city makes [REDACTED] investments (with or without EBRD financing) that address priority challenges identified by the GCAP, where all EBRD financed projects will meet the Framework's eligibility criteria for investments.	[REDACTED]	[REDACTED]	[REDACTED]
1.4	Performance or action plan implemented by the client	Effective GCAP implementation: For each Green City, [REDACTED] actions set in the GCAP are implemented or under implementation [REDACTED] (including both investments and well-defined policy measures)	[REDACTED]	[REDACTED]	[REDACTED]
1.5	Improved environmental standards	Sustainable Impact: Climate and Environmental impact: The Framework achieves environmental and/or climate-related improvements for at least one priority challenge as specified in the GCAPs, i.e. the enhancement of baseline performance levels (or their protection, when already positive) [REDACTED].	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Well Governed					
Obj. No.	FW Monitoring Indicator	Details (FW)	Baseline	Target	Due date (FW)
2.1	Number of Public Service Contract ('PSC'), Service Level Agreement ('SLA'), or Public Service Obligation ('PSO') signed and implemented	A new/ updated service PSC, SLA, or PSO in line with international practices is developed and signed (not a revision to an existing contract and/or agreement) and respected by the parties during the first 2 years of the contract – and where such contract is not a norm in the country.	[REDACTED]	[REDACTED]	[REDACTED]
2.2	Number of corporate governance improvements: Commitment to Corporate Governance and/or Anticorruption Plan	Develop and implement a well-defined Corporate Governance Action Plan and/or Anticorruption Plan that addresses most of the corporate governance issues and/or corruption issues identified in the company.	[REDACTED]	[REDACTED]	[REDACTED]
2.3	Improved standards	Introduce or significantly improve procurement standards/capacity in line with best international practices or certification requirements (e.g.CIPS certification or Management ISO).	[REDACTED]	[REDACTED]	[REDACTED]
2.4	Number of institution-level capacity strengthened in target area	Promote and help implement priority policy actions, as identified in the GCAP, enabling governance or land planning improvements.	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Inclusive					
Obj. No.	FW Monitoring Indicator	Details (FW)	Baseline	Target	Due date (FW)
3.1	Number of stakeholders with practices improved (e.g. inclusive infrastructure services/design, inclusive HR policies and practices, equal opportunities, inclusive procurement practices)	Relevant stakeholders will develop and adapt new or substantially improved policies and practices to promote gender equality, human capital development and equal opportunities for all, on topics such as infrastructure service delivery and design (accessibility, safety and security, etc.), HR policies and practices, support for equal opportunities and/or inclusive procurement approaches.	[REDACTED]	[REDACTED]	[REDACTED]
3.2	Number of beneficiaries with	The sub-Projects will create new economic opportunities (e.g. by enabling reallocation of time towards economic	[REDACTED]	[REDACTED]	[REDACTED]

	improved access to services	activities or education) through increased access to services and infrastructure. [REDACTED]			
3.3	Number of training programs developed and implemented	The sub-Projects will introduce new, replicable and accredited training programmes in partnership with local training institutions. Training numbers will be set in line with client's workforce size and training needs. [REDACTED] Gender-disaggregated data will be reported and, where relevant, specific targets for female participants will be set.	[REDACTED]	[REDACTED]	[REDACTED]
3.4	Number of institution-level capacity strengthened in target area	Promote and help implement priority policy actions, as identified in the GCAP, to unlock inclusive growth.	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Resilient

Obj. No.	FW Monitoring Indicator	Details (FW)	Baseline	Target	Due date (FW)
4.1	Number of tariffs reaching target level with EBRD assistance	Relevant stakeholders will develop and implement new tariff methodology and tariff increases leading to a substantial [REDACTED] reduction in the cost recovery gap.	[REDACTED]	[REDACTED]	[REDACTED]
4.2	Number of clients introducing new financing instrument or method: green bonds	Improved access to new sources of financing or funding e.g. demonstrated access to fully commercial bank debt or access to bond markets for the first time; or introduction of land value capture or congestion charges.	[REDACTED]	[REDACTED]	[REDACTED]
4.3	Number of institution-level capacity strengthened in target area	Promote and help implement priority policy actions, as identified in the GCAP, to enhance urban resilience (including better risk assessment and mitigation, warning systems or emergency response planning).	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Competitive

Obj. No.	FW Monitoring Indicator	Details (FW)	Baseline	Target	Due date (FW)
5.1	Number of clients introducing new or updated technology	Relevant stakeholders will successfully implement new or updated technological/digital solutions which will either result in significant cost savings [REDACTED] or significant service improvement.	[REDACTED]	[REDACTED]	[REDACTED]

5.2	Number of clients completing organisational restructuring as targeted	Relevant stakeholder will implement specific organisational measures (e.g. CDP or FOPIP) to reduce costs	[REDACTED]	[REDACTED]	[REDACTED]
5.3	Total area of land under sustainable land management practices (ha)	Numbers of hectares of urban land moved into economically productive and sustainable use.	[REDACTED]	[REDACTED]	[REDACTED]
5.4	Number of institution-level capacity strengthened in target area	Promote and help implement priority policy actions, as identified in the GCAP, to enable digitalisation of information and services.	[REDACTED]	[REDACTED]	[REDACTED]
5.5	Number of Public-Private Partnership ('PPP') contracts OR Concessions awarded	PPP contract between the Concessionaire and the General Authority for Land and Dry Ports successfully signed and implemented with no material disputes or unexpected financial losses among the parties.	[REDACTED]	[REDACTED]	[REDACTED]

Secondary Quality: Integrated

Obj. No.	FW Monitoring Indicator	Details (FW)	Baseline	Target	Due date (FW)
6.1	Number or beneficiaries connected to the network	Number of people previously not connected which will be connected as a result of the network expansion.	[REDACTED]	[REDACTED]	[REDACTED]
6.2	Number of clients introducing new or updated technology	Relevant stakeholders will successfully implement new technological/digital solution which will either result in significant quality improvement or significant expansion of the relevant infrastructure.	[REDACTED]	[REDACTED]	[REDACTED]
6.3	Number of clients completing organisational restructuring as targeted	Relevant stakeholder will promote successful restructuring or planning capacity of the operating entity leading to improved or expanded infrastructure.	[REDACTED]	[REDACTED]	[REDACTED]
6.4	Number of institution-level capacity strengthened in target area	Promote and help implement priority policy actions, as identified in the GCAP, to enable digitalisation of information and services.	[REDACTED]	[REDACTED]	[REDACTED]

3. KEY PARTIES

3.1 INDIVIDUAL SUB-PROJECTS AND ELIGIBILITY

The key objectives and activities of GrCF3 are:

- Help cities identify and prioritise climate and environmental challenges and possible solutions;
- Help cities plan and prepare investments, reforms and other activities necessary to address identified climate and environmental challenges;
- Invest in urban infrastructure aimed at addressing climate and environmental challenges in cities for the period 2025-2029; and
- Conduct policy dialogue targeting legal/institutional reforms promoting environmental improvements in a financially sustainable manner.

The following are the minimum eligibility criteria and thresholds sub-Projects under the GrCF3 must meet in order to be included under the Framework.

1. Are consistent with the GET approach, have a minimum GET share of 50 per cent and are aligned with the goals of the Paris Agreement.
2. Sectors: All investments will fall within the urban infrastructure sector with at least 50 per cent of EBRD ABI dedicated to project activities with environmental/climate/nature benefits to the local government/city/canton/region territory relevant to the GCAP.
3. Concessionality: Employ the minimum level of concessionality to address financing requirements, market entry barriers or incremental costs in line with the EBRD's internal process for utilising concessional instruments.
4. Address climate and environmental challenges within the city:
 - i) For 'trigger' projects, development of a GCAP will be obligatory for each participating city; **or**
 - ii) Follow-on projects must address:
 - a) one of the city's recognised environmental or climate challenges; **or**
 - b) contribute towards the achievement of targets or actions within the GCAP.
5. The project will meet the green impact criteria from at least ONE of the following categories or be a capital market instrument supporting the following thresholds:
 - i) All projects with climate mitigation impacts will deliver one of the following:
 - a) reduce greenhouse gas ('GHG') emissions by at least 20%; **or**
 - b) improve energy efficiency by at least 20%; **or**
 - c) align with EU Taxonomy¹⁵ Substantial Contribution Criteria for Climate Change Mitigation
 - ii) All projects with climate adaptation impacts will:
 - a) have a Climate Resilience Benefit Ratio of at least 10 per cent; **or**

¹⁵ In line with requirements set out in Article 10 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment

- b) Align with EU Taxonomy Substantial Contribution Criteria for Climate Change Adaptation¹⁶;
- iii) All projects targeting environmental and/or nature impacts will:
 - a) employ EU environmental standards, including Best Available Techniques, **or**
 - b) where EU standards do not exist, recognised Good International Practice of pollution prevention and control techniques and standards, for example the World Bank Group/ International Finance Corporation ('IFC') Environmental, Health and Safety Guidelines, **or**
 - c) reduce local pollution from the relevant municipal activity by at least 20%, **or**
 - d) improve resource efficiency by at least 20%, **or**
 - e) align with EU Taxonomy Substantial Contribution Criteria for either Water, Circular Economy, Pollution Prevention or Biodiversity¹⁷; **or**
 - f) have at least 50% of activities included on the j-MDB nature finance taxonomy, with all relevant activities consistent with the criteria for nature mainstreaming finance or have at least 25% of activities included on the j-MDB nature finance taxonomy, with all relevant activities consistent with the criteria for nature-positive finance, **or**
 - g) Where nature finance activities are in the water, wastewater, sanitation and waste management sectors or would otherwise qualify for projects targeting environmental impacts beyond climate change, projects will meet the above associated criteria.

Cities with populations exceeding 50,000 will qualify for inclusion under GrCF3.

Beyond this, some donors may require additional criteria to reflect their specific mandate and operational priorities. [REDACTED].

3.2 BORROWER / INVESTEE COMPANY

The Clients (borrowers) for GrCF3 sub-Projects will continue to be sovereigns, state-owned enterprises (including Banks), municipalities and municipal utility companies, private companies and sovereign entities supporting Green City investments. GCAPs will continue to be delivered through the city or, where appropriate, through regional entities such as Oblasts, Cantons and Rayons. Where there is limited municipal de-centralisation, central government will also be involved, with the prime examples of this being Egypt and Uzbekistan.

3.3 GUARANTOR / KEY OFF-TAKER / PUT COUNTERPARTY / CO-INVESTOR ETC.

Some sub-Projects may include a guarantor. For sovereign transactions, any loan directly to the municipality or the utility company may be guaranteed by the state. For non-

¹⁶ In line with requirements set out in Article 11 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment

¹⁷ In line with requirements set out in Articles 12, 13, 14 and 15 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment

sovereign transactions, any loan to the utility company may be guaranteed by the relevant municipality. Moreover, the GrCF3 will seek to deploy, when appropriate, guarantee instruments such as the InvestEU or the European Fund for Sustainable Development (‘EFSD’).

4. MARKET CONTEXT

The operating environment is constantly changing, with the ever-escalating climate crisis, prompting cities to prioritise investment in green urban infrastructure and deploy a diverse set of financing solutions from direct sovereign loans through to facilities deploying guarantees, harnessing the private sector and accessing capital markets. Moreover, increasingly the importance of climate resilience is highlighted, prompted by the increasing number of extreme weather events and natural disasters globally, together with the importance of NBS, progression to digitalisation, and the pivotal role of gender equality and human capital development in preserving livelihoods and promoting equality of opportunity.

5. FINANCIAL / ECONOMIC ANALYSIS

5.1 FINANCIAL PROJECTIONS

Financial projections will be provided at the sub-Project level.

5.2 EXIT STRATEGY

Were relevant, will be provided at the sub-Project level.

5.3 SENSITIVITY ANALYSIS

Sensitivity analysis will be provided at the sub-Project level.

5.4 PROJECTED PROFITABILITY FOR THE BANK

Projected profitability will be calculated and presented separately for each sub-Project.
[REDACTED]

6. OTHER KEY CONSIDERATIONS

6.1 ENVIRONMENT

GrCF3 is not/will not be categorised. Each sub-Project will be categorised and will undergo separate Environmental and Social Due Diligence ('ESDD'). The sub-Projects under the GrCF3 will comply with the Bank's Environmental and Social Policy and the Green Cities eligibility criteria (Section 3.1). Each sub-Project will be screened for alignment with the Paris Agreement. GET share will be confirmed for each sub-project separately at final review stage. All sub-Projects categorised as "A" will be submitted to Board for approval regardless of the size of the loan.

6.2 INTEGRITY

All actions required by applicable EBRD procedures relevant to the prevention of money laundering, terrorist financing and other integrity issues will be taken with respect to each sub-Project. The files containing the integrity checklists and other required documentation will be properly and accurately completed to proceed with each sub-Project.

Integrity checks will be conducted separately for each sub-Project, according to the Bank's procedures.

6.3 PROCUREMENT

Procurement will be categorised for each sub-Project, depending on the Client and the relevant project implementation arrangements and remains unchanged. Goods, works and services for public sector clients will be procured in accordance with the Bank's Procurement Policies and Rules ('PPR') for the public sector, using the Bank's electronic procurement portal ('ECEPP') where applicable. For private sector clients, acceptable procedures to the Bank's private procurement procedures will apply. In exceptional cases, when sub-Projects under GrCF3 are expected to be co-financed with other financial institutions, subject to the approval of the Board of Directors, the Bank may agree to the application of alternative procurement rules as applied by other institutions. The specific procurement and implementation arrangements for each individual sub-project will be subject to PPAD review and sign-off.

ANNEXES TO OPERATION REPORT

Annex 2	EBRD Green Cities Achievements and Portfolio
Annex 3	EBRD Green Cities Interim Evaluation
Annex 4	Green City Action Plan Methodology Update
Annex 5	EBRD Green Cities Theory of Change
Annex 7	Donor Funding
Annex 8	Capital Market Instruments Under EBRD Green Cities

Annex 1 – Green Cities Frameworks Overview

[REDACTED]

Annex 2 - EBRD Green Cities Achievements and Portfolio

1. EBRD Green Cities Achievements

Table 1: EBRD Green Cities Achievements

Achievements			Additional Info
EBRD Green Cities Portfolio	Green Cities Network	54 cities	Benefitting 76 million citizens
	Total ABI	EUR 2,848 million	91 Projects [REDACTED]
	GET % ABI	98%	EUR 2,786 m
	Follow on investments	52%	47 out of the 91 projects signed to date are follow-on investments
	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]
	Total donor funding	EUR 358.1 million	Including TCs (GCAPs and others), Investment Grants and Concessional Loans. [REDACTED]
Green Impacts ¹⁸	Annual CO₂ eq. savings	5.13 million tonnes CO₂ eq. / yr	Equivalent to annually removal 1,115,734 polluting cars (Internal Combustion Engine) off the road
	Annual water savings or wastewater treated	304.2 million m³ / yr	Equivalent to annual water consumption of 5.79 million people (EU avg)
	Annual energy savings	6,943,917 GJ / yr	Equivalent to annual electricity consumption of 516,153 households (EU avg)
	Annual material savings	450,643 t / yr	Equivalent to annual municipal solid waste of 915,941 people (EU avg)
Green City Action Plans ('GCAPs')	# of GCAPs	54 GCAPs in different phases	36 GCAPs have been completed and adopted, 14 GCAPs are under development (4 GCAPs in Ukrainian cities are on hold)
	Stakeholders engaged	Approx. 99,000 people	Through GCAP outreach
	GCAPs actions implementation	75% of GCAP actions started / showing progress	The GCAP actions comprise Policy and Investment actions across sectors including: Land use and Biodiversity, Solid Waste Management, Water and Wastewater, Industry, Energy, Buildings, Urban Transport, Climate Adaptation and Resilience. [REDACTED]
	GCAP investment actions per city	11 GCAP investment actions on avg.	For the 36 cities with an adopted GCAP, avg investments per city is 10.9 investments, including both projects with EBRD under EBRD Green Cities and GCAP investment actions that the cities are working to finance from other organisations, and their own budget. [REDACTED]
Visibility and Outreach	EBRD Green Cities webinars series	7 webinars >2,000 participants	Topics covered: 2020 - response to the Covid19 pandemic, transition to recovery that is green , digital , inclusive and resilient ; 2021 - Women Leading on Green . Featured Cities representatives from 10 Green Cities.
	EBRD Green Cities conference	3 events ~ 2,600 participant	London, 2019; Online, 2021; Vienna, 2022
	International events	COP, WUF, LCAW	COP23 (2017), COP24 ('18), COP25 ('19), COP26 ('21), COP27 ('22), COP28 ('23); COP29 (planned '24); World Urban Forum (2020, '22, planned '24); London Climate Action Week (2019, '20)
	Green City Officers network	16 quarterly meetings since Q4 2020	Green City Officers network aims to facilitate collaboration, learning and climate leadership among city officials in the Green Cities network

[REDACTED]

¹⁸ In line with the Bank's GET assessment, benefits are based on ex-ante estimates.

Annex 3 - EBRD Green Cities Interim Evaluation

The EBRD's Independent Evaluation Department ('IEvD') in 2023 completed an independent interim evaluation of the GrC Programme to identify emerging results and lessons learnt. The evaluation scope covered the first five years of implementation of the Green Cities Programme (2016-21), covering GrCF, GrCF2 and its first extension.

The evaluation found the Programme highly relevant in systematically delivering GET and responding to cities' needs and aspirations. Further, despite the setbacks posed by the COVID-19 crisis, the Programme demonstrated its agility and proactive approach in responding to emergencies and incorporating the resulting lessons into a subsequent revised GCAP methodology and Framework. From an operational standpoint, the Programme successfully introduced cross-team integration between banking and climate strategy functions, together with a broad spectrum of policy and delivery departments.

To further augment the value added of the Programme, the evaluation provided four recommendations. [REDACTED]

Table 5: Overview on GrC Interim Evaluation Recommendations [REDACTED]

IEvD Recommendations	[REDACTED]
Deepen GCAP implementation with follow-on investments, including in the energy sector, and accompanying policy action	
Clarify ambition in providing support to cities in financial mobilisation in capital markets	
Enhance localisation of approach to GCAP development and implementation	
Strengthen the transition monitoring framework	

Annex 4 - Green City Action Plan Methodology Update

Since its first development in 2016, the GCAP methodology has undergone continuous updates to meet the evolving needs of both the EBRD and the cities within the network. As part of the GrCF3 framework, a comprehensive update has been undertaken, refining past adjustments, and integrating a range of new internal and external drivers. These include shifting priorities of existing and prospective cities in response to climate change and geopolitical developments, the adoption of new global standards and best practices across relevant sectors, recommendations from the IEvD Report¹⁹, as well as lessons learned from completed and ongoing GCAP processes.

The updates to the GCAP methodology are informed by a series of internal consultations, as well as an external review [REDACTED]. These consultations address the design of the approach, processes and deliverables, the continued engagement with the cities and the programme's approach to data.

Additions to the GCAP methodology over the past years have resulted in several parallel activities and a multiplication of deliverables. This update will synthesise historically grown additions into a new streamlined GCAP timeline.

The revised methodology responds to the updated product offering within the Green Cities programme. These updates acknowledge the need to tailor the GCAP development to the vastly varying boundary conditions of cities within EBRD's COOs. [REDACTED]

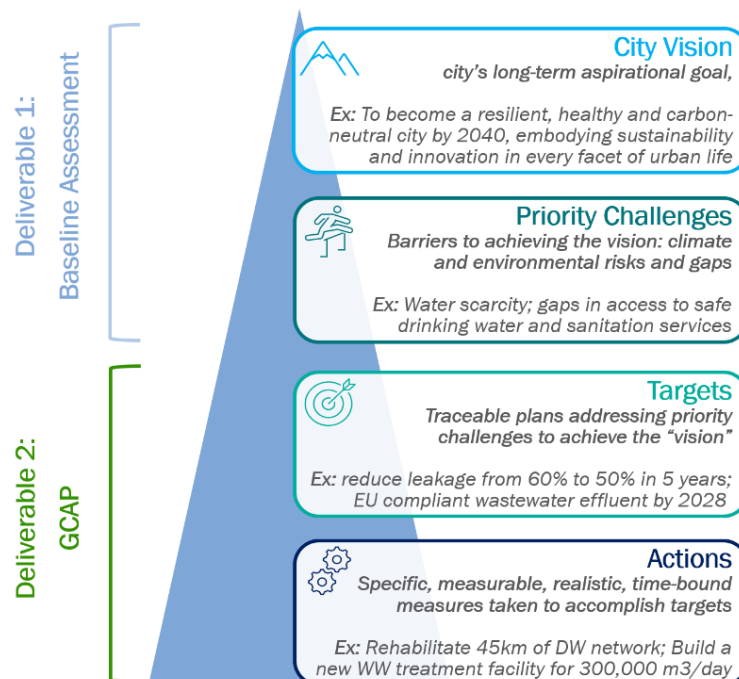
	GCAP	GCAP+	GCAP ₂
Definition	Standard GCAP with fast-delivery in-mind	Enhanced: + Stronger baseline + Modules	A refresher GCAP with specific modules subject to needs
Target clients	Small cities Cities with strong baseline Cities with similar plans	Medium and large cities Cities without any baseline Cities with particular interest	Existing EBRD Green Cities
Requirement	trigger investment	trigger investment	5+ years old GCAP min 1 follow-on investment Regular reporting
Baseline	Subject to needs	Full-scale Strengthened with modules	Subject to needs
Modules	N/A	As many modules as necessary	Subject to needs Digital and GEI for pre-2020 GCAPs
Timeline	9 months + Monitoring support	12 months + Monitoring support	9 months No monitoring support

To meet the specific needs of each city, the addition of tailored modules [REDACTED] enables cities to address their unique contexts in greater detail. [REDACTED] These customized solutions provide deeper, actionable insights into complex challenges and are supported by additional technical expertise, specific indicators, and dedicated outputs, either integrated into GCAP deliverables or developed in parallel. The modules offered include, among others, green capital markets, green logistics, marine environment and coastal management, net-zero trajectories, deep dives into digital transformation, climate adaptation, and gender and economic inclusion. [REDACTED].

The updated methodology places an emphasis on translating the vision into measurable outcomes. This leads to a more structured pathway and streamlined structure. Broad thematic areas move towards defining precise challenges within each sector, to target issues more effectively and design tailored interventions. Baseline assessments will also make use of GIS-supported mapping and data from publicly available sources in addition to city-provided data, insights from stakeholder consultations and plans and policies. 'Strategic Objectives' have been renamed as 'Targets' to emphasize quantitative, traceable goals with clear timelines. Moving towards KPI structures, as in

¹⁹ EBRD Green Cities Programme interim evaluation (2016–21) (EvD ID: SS21-169)

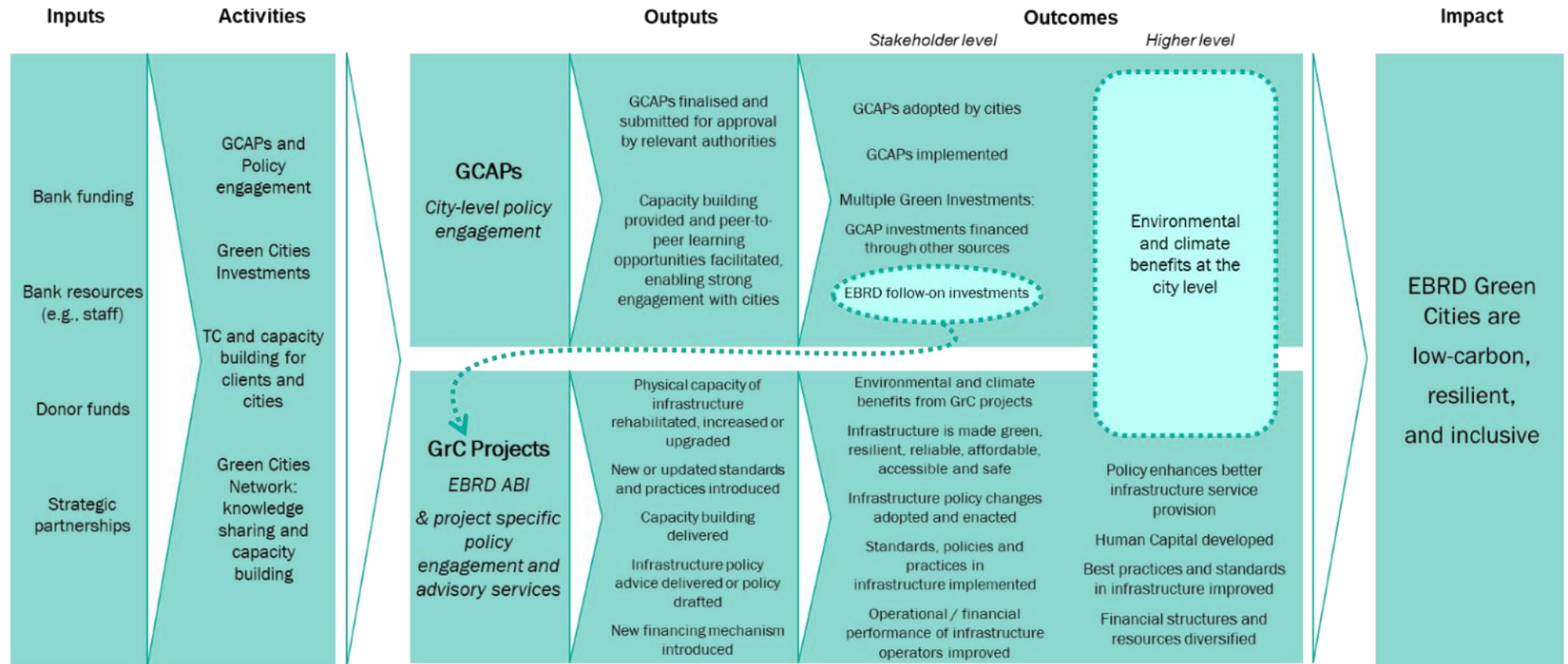
Sustainability-Linked Bonds, allows for better monitoring and potential use in green capital market transactions. Each target is linked to a specific priority environment and climate challenge identified in the GCAP and cover one or more action which will then transform into potential transaction or policy activity. The GCAP will include all active green infrastructure commitments previously announced by the City, thus ensuring coherence. Below chart depicts the link between the priority challenges, the vision established within the GCAP setting the City's long-term goals and targets and actions.



The vision represents where the city aims to be in the long term—its desired state in terms of sustainability, liveability, and resilience over the next decades. It serves as the anchor and guiding principle for all subsequent steps in the GCAP process and sets the overall direction and desired outcomes that the city aspires to achieve. The challenges identify the specific obstacles standing in the way of the vision. They inform the focus areas of the GCAP by highlighting the critical issues that need to be addressed. The challenges directly shape the targets by identifying the most pressing areas that need intervention. Targets translate the vision into concrete, achievable outcomes. They are informed by the priority challenges, ensuring that each target is directly linked to resolving the issues identified. By focusing on traceable and quantifiable metrics, targets allow the city to measure progress toward its vision. Actions are the final link in the chain, connecting directly to the targets. Each action is crafted to address a specific aspect of a target, ensuring that the city's efforts are aligned and effective. By delivering on these actions, the city moves closer to overcoming its challenges and achieving its long-term vision.

As part of the revision process, the indicators used in the methodology—both to track the impact of GCAP actions and to assess the baseline state of the city—are being optimized. New indicators, including those related to public health, are being introduced to better link environmental quality with public health outcomes. The revised GCAP methodology also seeks to strengthen cross-city collaboration by promoting best practices, sharing case studies, and facilitating exchanges within the network of cities.

Annex 5 - EBRD Green Cities Theory of Change



Annex 6 - Transition Impact Monitoring Indicators and Benchmarks for sub-Project under GrCF3

[REDACTED]

Annex 7 - Donor Funding

[REDACTED]

Annex 8 – Capital Market Instruments Under EBRD Green Cities

Promoting access to diverse capital sources and expanding offering of financial instruments to scale up climate action in urban space have been in the focus of the GrCF2.

The piloting work was initiated with **City of Tirana (Albania)** through a dedicated TC to develop a **Green Finance Roadmap** to outline a plan for the Municipality to access capital markets and ensure that public and private finance will support the city's low-carbon, resilient development, thus enabling scaling up the implementation of the GCAP and related green investments. The TC supported by the GCF and completed in 2021, resulted in the publication of the Green Finance Roadmap for Tirana, available on both the Municipality's and EBRD Green Cities' websites (link [English](#), [Albanian](#)). The roadmap provided the Municipality with guidance on the next steps to diversify green finance sources and to develop the necessary processes and procedures for accessing finance, particularly from private sector sources, to implement sustainable infrastructure projects. Annex 4[REDACTED].

The first **municipal bond issuance** under the GrCF2 was observed in 2022 by the **City of Agadir (Morocco)**. [REDACTED]. The Bank's investment will help Agadir to implement its ongoing Urban Development Program, focusing on green and inclusive infrastructure projects. This bond subscription served as a trigger investment under the EBRD Green Cities, formally initiating Agadir's participation in the programme and making Agadir the first city in Morocco to join the network.

In 2024, under the GrCF2, the EBRD has successfully participated in the Green Bond issuance by JSC **Georgia Global Utilities**, a private water utility company serving **City of Tbilisi** and surrounding areas. This transaction constitutes the **first Green Eurobond under the Green Cities**. [REDACTED]. The proceeds of the Green Bond will be allocated to projects in water-network infrastructure improvements in Tbilisi.

It is also worth noting the **municipal bond** issuance from the **City of Bucharest** in 2022., [REDACTED] it served as a trigger project for the city to join the Green Cities and commit to develop its Green City Action Plan. The GCAP will articulate the City's vision, strategic objectives and priority actions and investments to address its priority environmental challenges.

These pioneering bond issuances across the cities in diverse geography (Morocco, Georgia, Romania) have been demonstrative across the Green Cities network and created strong interest among other municipalities. [REDACTED].

The lessons we are learning as we endeavour to expand this important business model are as follows:

- The importance of buy-in and commitment of the client to follow through after capital market road map has been undertaken.
- Key ingredients for success are a developed local capital market, city credit rating and the institutional capacity to deliver the bond.