

# Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment of New operations

## Direct Investment Lending Operations

### List of Activities Considered Universally Aligned with the Paris Agreement's Mitigation Goals or Not Aligned with the Mitigation Goals

Version 1.0 June 2023



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These principles were prepared by a group of multilateral development banks (MDBs), composed of the African Development Bank (AfDB), the Asian Development Bank (ADB), the Asian Infrastructure Investment Bank (AIIB), the Council of Europe Development Bank (CEB), the European Bank for Reconstruction and Development (EBRD), the European Investment Bank (EIB), the Inter-American Development Bank Group (IDBG), the Islamic Development Bank (IsDB), the New Development Bank (NDB) and the World Bank Group (WBG).

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# List of Activities Considered Universally Aligned with the Paris Agreement's Mitigation Goals or Not Aligned with the Mitigation Goals

Building on the discussion on the Joint MDB Methodological Principles for Assessment of Paris Agreement Alignment for Direct Investment Lending Operations, this note presents the lists of activity types that are currently considered to always be consistent or inconsistent with low-greenhouse gas (GHG) development pathways. It is important to stress that these lists are expected to be revised over time, as additional evidence becomes available to help determine which operations are or are not Paris-aligned, under which conditions.

## 1. Activities Considered Universally Aligned

Operation types included on this draft list will have to go through the specific criteria assessment if they fall under any of the following:

- Operations whose economic feasibility depends on external fossil fuel exploitation, processing, and transport activities.
- Operations whose economic feasibility depends on existing fossil fuel subsidies.
- Operations that rely significantly on the direct utilization of fossil fuels.

*Table 1. Activities considered universally aligned with the Paris Agreement's mitigation goals*

Sector	Eligible operation type	Conditions and guidance
Energy	Generation of renewable energy (e.g., from wind, solar, wave power, etc.) with negligible lifecycle GHG emissions.	Includes generation of heat or cooling.
	Rehabilitation and desilting of existing hydropower plants, including maintenance of the catchment area (for example, a forest management plan).	Rehabilitation includes work on the water holding capacity of the dam and work on pipes / turbines to increase productivity and bring additional grid stabilization benefits, and for pumped storage.
	District heating or cooling systems with negligible lifecycle GHG emissions.	Using significant renewable energy or waste heat or cogenerated heat or a) modifications to lower temperature delta b) advanced pilot systems (control and energy management, etc.).
	Electricity transmission and distribution, including energy access, energy storage, and demand-side management.	
	Cleaner cooking technologies.	Cleaner cooking technologies substitute the use of traditional solid biomass fuels in open fires; they include sustainable biomass or electric cook stoves.
Manufacturing	Non-energy-intensive industry (excludes chemicals, iron and steel, cement, pulp and paper, and aluminium).	Consider the nature of the product produced (carbon content, lifetime, ability to be reused/recycled).
	Manufacture of electric vehicles; non-motorized vehicles, electric locomotives; non-motorized rolling stock.	

Sector	Eligible operation type	Conditions and guidance
	Manufacture of components for renewable energy or energy efficiency.	
Agriculture, forestry, land use and fisheries	Afforestation, reforestation, sustainable forest management, forest conservation, soil health improvement.	With the exception of operations that expand or promote expansion into areas of high carbon stocks or high biodiversity areas.
	Low-GHG agriculture, climate-smart agriculture.	With the exception of operations that expand and promote expansion into areas of high carbon stocks or high biodiversity areas and taking into account (international) transport.
	Conservation of natural habitats and ecosystems.	With the exception of operations that expand or promote expansion into areas of high carbon stocks or high biodiversity areas.
	Fishing and aquaculture.	
	Non-ruminant livestock with negligible lifecycle GHG emissions.	
	Flood management and protection, coastal protection, urban drainage.	
Waste	Separate waste collection (in preparation for reuse and recycling), composting and anaerobic digestion of biowaste, material recovery, and landfill gas recovery from closed landfills.	
Water supply and wastewater	Water supply systems (e.g., expansion, rehabilitation); water quality improvement; water efficiency (e.g., non-revenue water reduction, efficient process in industries); drought management; water management at watershed level.	Desalination plants need to go through specific assessment
	Gravity-based or renewable energy-powered irrigation systems.	
	Wastewater treatment (domestic or industrial), including treatment and collection of sewage, sludge treatment (e.g., digestion, dewatering, drying, storage), wastewater reuse technology, resource recovery technologies (e.g., biogas into biofuel, phosphorus recovery, sludge as agriculture input, sludge as co-combustion material),	
Transport	Electric and non-motorized urban mobility.	
	Roads with low traffic volumes providing access to communities which currently do not have all-weather access (for example, connecting farmers to markets or providing access to a rural school, hospital, or better social benefits).	Except if there is any risk of contributing to deforestation
	Electric passenger or freight transport.	
	Short sea shipping of passengers and freight ships.	
	Inland waterways passenger and freight transport vessels	
	Port infrastructure (maritime and inland waterways).	

Sector	Eligible operation type	Conditions and guidance
	Rail infrastructure.	
	Road upgrading, rehabilitation, reconstruction, and maintenance without capacity expansion.	
Buildings and public Installations	Buildings (education, healthcare, housing, offices, retail, etc.).	Needs to meet green building certification criteria as established by each individual MDB <sup>1</sup> .
	LED street lighting.	
	Parks and open public spaces.	Excluding energy-consuming installations <sup>2</sup> .
Information and communications technology (ICT) and digital technologies	Information and communication.	Data centres need to go through specific assessment
Research, development, and innovation	Professional, scientific, research and development (R&D), and technical activities.	
Services	Public administration and compulsory social security.	
	Education (excluding infrastructure/buildings).	
	Human health and social work activities (excluding infrastructure/buildings).	
	Social protection, cash transfer schemes.	
	Arts, entertainment, and recreation (excluding infrastructure/buildings).	
Cross-sectoral activities	Conversion to electricity of applications that currently use fossil fuels.	

## 2. Activities Considered Universally Not Aligned

At this time, the MDBs consider four activity types to be universally not aligned with the Paris Agreement's mitigation goals:

- Mining of thermal coal.
- Electricity generation from coal.
- Extraction of peat; and
- Electricity generation from peat.

Note that the fact that being omitted from this list does not mean that an operation type is endorsed by or will be financed by the MDBs.

<sup>1</sup> MDBs are working on the approach to assess the Paris alignment of buildings and the role of certification schemes. This approach can also take into account the impact of materials on the alignment of buildings with the low-carbon pathways envisioned by the Paris Agreement.

<sup>2</sup> Energy-consuming installations are those beyond lighting and routine maintenance such as watering. Examples are major built-up area (i.e., buildings) or energy-intensive installations (e.g., fountains or playground and recreational equipment that need a non-renewable power source).