

**FLAG – Financial instrument for clean
energy transition**

**LIFE Programme of the European
Union**

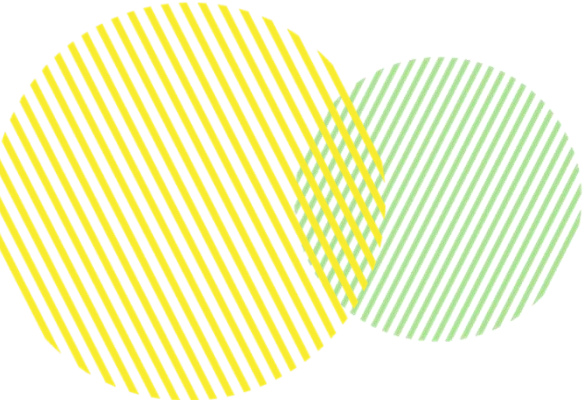
Grant Agreement № 101076662 --
LIFE21-CET-PDA-FLAG FICET -- LIFE-
2021-CET



SUMMARY REPORT

METHODOLOGY FOR ASSESSMENT OF GREEN PROJECTS





GENERAL OVERVIEW

The report has been developed as a result of the implementation of Task T.2.5. Elaboration of a methodology for evaluation of green projects and improvement of the municipal creditworthiness assessment methodology, Work Package 2 “Analysis of the supply and demand for CET project financing of the Project LIFE „FLAG - Financial instrument for clean energy transition“, 101076662 -- LIFE21-CET-PDA-FLAG FICET -- LIFE-2021-CET.

The objective of the report is to elaborate a proposal for incorporation of a methodology for evaluation of green projects (Green Eligibility Checker) in the deployment of the innovative financial instrument to be structured under Project LIFE „FLAG - Financial instrument for clean energy transition“, 101076662 -- LIFE21-CET-PDA-FLAG FICET -- LIFE-2021-CET.

The green eligibility check aims to assess whether a potential investment contributes to clean energy transition and environmental sustainability, in accordance with the applicable substantial contribution criteria of the European taxonomy.

RESEARCH TASKS

The objective has been achieved through the implementation of the following research tasks:

- Analysis of the objectives of the EU green policy
- Analysis of the EIB Green Eligibility Checker
- Analysis of other instruments used for the assessment of green project eligibility
- Development of a proposal for incorporation of the EIB Green Eligibility Checker in the deployment of the innovative financial instrument to be structured under Project LIFE „FLAG - Financial instrument for clean energy transition “, 101076662 -- LIFE21-CET-PDA-FLAG FICET -- LIFE-2021-CET.

The analysis has been developed based on desk research. In addition, as a part of the study tour programme in Portugal 9-13 May 2023 (Task T.2.3. Study of good European practices and experience in the implementation of CET financial instruments) an online session was held with the EIB team, responsible for the development of the EIB Green Eligibility Checker.

STRUCTURE OF THE REPORT

The report’s structure is based on the logic of the above pointed research tasks.

- In **PART ONE** detailed analysis of the EU green policy has been made.
- In **PART TWO** analysis of the instruments for green eligibility assessment of projects has been made including Triple A, Oxygen and Green Eligibility Checker.

The analyses have confirmed that the EIB Green Eligibility Checker covers to the highest extent the requirements of the EU green policy and can be implemented for the purposes of the innovative financial instrument.

- In **PART THREE** detailed analysis of the functionality of the Green Eligibility Checker has been made.

MAIN CONCLUSIONS

The research confirmed that the Green Eligibility Checker, developed by EIB, covers the requirements of the green policy of the EU to the highest degree compared to other instruments for checking the eligibility of green projects.

When using the Green Eligibility Checker to assess project financing, users of the instrument benefit additionally from the validation of the EIB's climate action and environmental sustainability, as well as from additional evaluations for saved emissions. The EIB green (climate action criteria and environmental sustainability) criteria are aligned with the substantial contribution (SC) criteria as defined in the first Delegated Act developed under REGULATION (EU) 2020/852 (EU Taxonomy), where applicable.

In terms of the project schemes envisaged in FLAG FICET pipeline of investments, the Green Eligibility Checker does not include a section dedicated to the assessment of projects connected with utilizing the potential of thermal mineral water.

In the online session experts from EIB confirmed that the Green Eligibility Checker does not maintain functionality connected to assessment of such projects due to the lack of a demand for financing of such projects in the EU. However, in case of requests from various financial intermediaries from Member states, EIB may develop the relevant functionalities. This is a possible future solution regarding the green eligibility assessment of such projects.