



Sustainable Financing Framework

North American
Development Bank

April 2024

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Introduction and General Information

The North American Development Bank (NADBank) is a binational financial institution established in 1994 by the Governments of the United States and Mexico with the unique mission of providing financing, as well as technical and other assistance, to support the development and implementation of infrastructure projects, that help preserve, protect and enhance the environment of the border region in order to advance the well-being of the people of the United States and Mexico. With this mandate, NADBank has become a binational leader, forging cooperative relationships with stakeholders at all levels of government and the private sector to catalyze environmental infrastructure investments aimed at achieving sustainable development in the communities it serves through innovative financial and technical solutions.

NADBank fulfills its mission by providing loans to public and private sponsors in both countries, administering and providing grants, and promoting public and private capital investment in environmental projects aligned with its mission. As a development bank, NADBank also offers various types of technical assistance and financial services to support border communities in the planning and design of sustainable projects, as well as to strengthen the institutional capacities of those responsible for implementing and operating the projects in the long term.

Historically, NADBank has focused on supporting water supply, wastewater treatment and solid waste management projects and later broadened its scope to include air quality projects aimed at reducing the emission of local pollutants and greenhouse gases, mainly through roadway improvements and renewable energy facilities. More recently, NADBank has begun to engage in other types of projects to support border communities and businesses make the transition to a greener economy and become more resilient to climate change, including sustainable urban development, the built environment, and green manufacturing.

To date, NADBank has financed 306 environmental infrastructure projects, of which 273 have completed the construction phase and started operations. The total cost of those projects is upwards of US\$11.5 billion, of which US\$3.1 billion was financed with loans and US\$0.8 billion with grants provided or administered by NADBank. Over the past five years, NADBank has disbursed an average of about US\$128 million in loans to support eight projects annually.

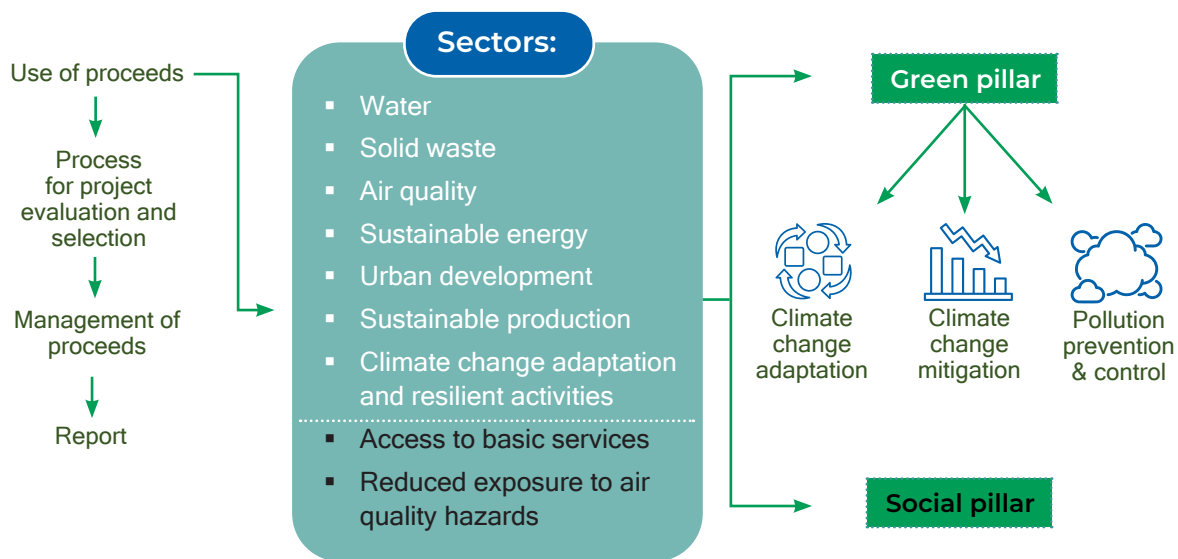
The priorities and objectives established in its recently approved 2024-2028 Strategic Plan are aligned to generate substantial growth in annual disbursements and its project portfolio, consistent with the growing economy and population of the border region, fueled in part by regional trends in nearshoring and the benefits of the trade agreement between the two countries.

NADBank has undertaken steps to stay at the forefront of international trends in green and climate financing. Among other actions, since 2018, NADBank has issued three green bonds totaling US\$478 million based on its existing framework, which is periodically updated. The bank publishes a Green Bond Report every year to disclose allocations and impacts related to the eligible projects supported by the proceeds of those bonds. Its Green Bond Framework has also been used to contract debt with private counterparties.

NADBank is now enhancing its Green Bond Framework with this Sustainable Financing Framework, which outlines guidelines and principles for issuing green, social or sustainability bonds or other financial instruments.¹ This framework is aligned with recommendations from the International Capital Markets Association and considers the activities outlined in the European taxonomy.

The Sustainable Financing Framework allows for proceeds from the financing to be used in all project types and sectors in which NADBank operates—sustainable water and wastewater management, solid waste, air quality, sustainable energy, sustainable production, urban development and climate change adaptation and resilience. These sectors include activities aligned with the Sustainable Taxonomy of the European Union and with the Sustainable Taxonomy of Mexico. The framework emphasizes the objectives of climate change mitigation and adaptation, as well as pollution prevention and control. In addition, it includes environmental projects with high social benefits, such as providing access to basic services. A summary of the framework is presented in Figure 1.

Figure 1 | Summary of the NADBank Sustainable Financing Framework



The framework and related materials will be published on the NADBank website <https://www.nadb.org/for-investors>, along with the previous green bond reports issued by NADBank. This framework is intended to be utilized for most of the financial instruments issued or acquired by NADBank, beginning in 2024 and until its subsequent update.

The external review of this framework was conducted by Standard & Poor’s (S&P). For more information in this regard, contact christina.sewell@spglobal.com

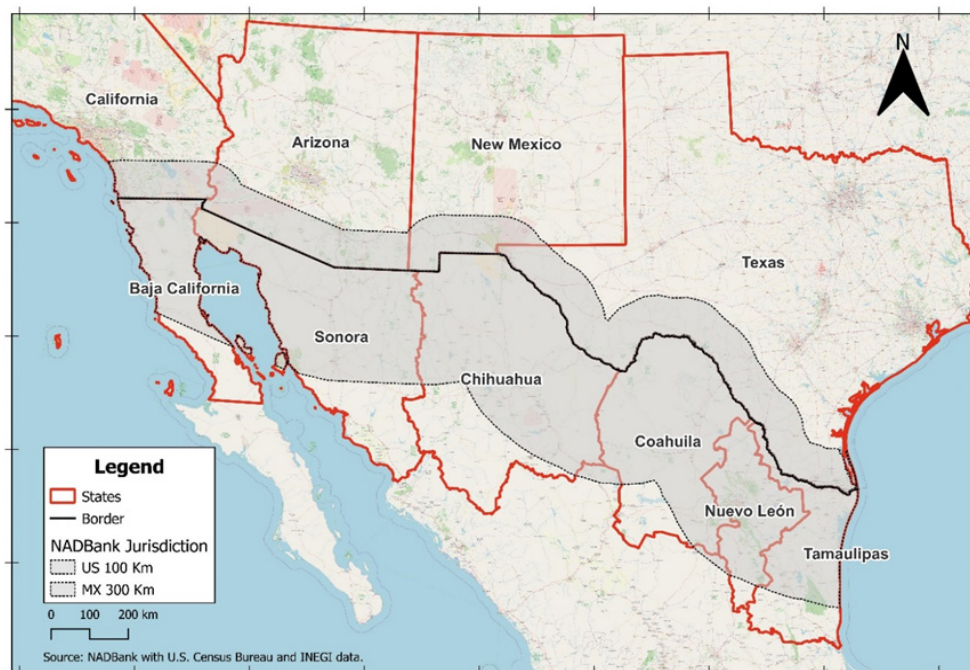
¹ NADBank Green Bond Framework, [https://www.nadb.org/uploads/content/files/for-investors/Green%20Bond/2020%20Green%20Bond%20Framework%20\(Eng\).pdf](https://www.nadb.org/uploads/content/files/for-investors/Green%20Bond/2020%20Green%20Bond%20Framework%20(Eng).pdf)

Role of NADBank in Supporting Sustainability

NADBank provides a wide range of financial and technical services to support U.S. and Mexican border communities in the development and implementation of sustainable projects in the areas of water and wastewater management, solid waste, air quality, energy, sustainable production, urban development, and climate change adaptation and resilience. The Banks also provide grants for water, wastewater, and solid waste projects from its own resources, as well as from third parties.

The Bank operates within an area of influence spanning 100 km north and 300 km south of the U.S.-Mexico international boundary, which encompasses ten states: six located in Mexico (Baja California, Chihuahua, Coahuila, Nuevo Leon, Sonora, Tamaulipas) and four in the U.S. (Arizona, California, New Mexico, and Texas). The population in this area of influence is around 26.4 million people, with approximately 73% in Mexico and 26% in the United States.

Figure 2 | NADBank Geographical Jurisdiction



The sustained economic and demographic dynamism of the border region fosters strong opportunities, but also creates many issues related to the environment and quality of life. The region represents 25% of Mexico's GDP, and the 10 states combined would create the third largest economy globally.² Around 20,000 cargo trucks, 200,000 private vehicles and 125,000 pedestrians cross the border from Mexico into the U.S. every day through 47 ports of entry. There are eight international railroad crossings for freight shipments. These conditions create many challenges and opportunities for communities in the region, and NADBank will continue playing a crucial role in their sustainable development.

² Source: <https://smartbordercoalition.com/about-the-border>

As of 2023, NADBank has promoted in the region the following: 157 million gallons a day (mgd) of new or improved water treatment capacity; 479 mgd of new or improved wastewater treatment capacity; 513 cubic feet per second (cfs) of water saved in irrigation districts; 3,170 megawatts of renewable generation capacity installed in 19 solar plants, 14 wind farms, and 2 biogas plants; 4.5 million metric tons/year of CO2 emissions displaced, equivalent to removing 969,612 vehicles from roadways; 39 communities with improved waste collection and disposal services, and 3,386 tons of waste per day collected and properly disposed.

NADBank’s sole mandate to finance environmental infrastructure projects is reflected in the composition of its Board of Directors, which include the U.S Environmental Protection Agency, and the Mexican Ministry of the Environment and Natural Resources (Secretaría de Medio Ambiente y Recursos Naturales). In addition, the Bank’s Management Team is composed of a Managing Director, a Deputy Managing Director, and a Chief Environmental Officer, all appointed by the Board. NADBank also adheres to strict standards of environmental and social responsibility through its Environmental, Social, and Governance Policy, and its Gender Equality and Inclusion Policy. The organization actively promotes transparency of these overarching policies through its dedicated portal: <https://www.nadb.org/about/basic-documents>.

Sustainability Needs in the U.S.-Mexico Border

This framework and projects will support mitigation and adaptation to climate change, as well as pollution prevention and control in compliance with applicable regulations. In the case of the United States, the projects under this framework will be supporting both the National Determined Contribution (2021³) and the Climate Action Adaptation Plan (2021⁴). In the case of Mexico, this framework will foster projects in line with the National Determined Contribution⁵, which includes the objectives of mitigation and adaptation.

Table 1 | Nationally Determined Contributions of the United States of America

Year of publication	2021
Target	50% to 52% reduction of GHG emissions from 2005 levels, including the sector of Land Use, Land Use Change and Forestry
Sector coverage	Focus on a sector-by-sector pathways in the fields of electricity, transportation, buildings, industry, and the land sector
GHG coverage	All greenhouse gas emissions
Other related information	The NDC set by the USA is in alignment with and surpasses the trajectory to achieve net zero emissions by 2050. Additionally, the NDC is aligned with the objective of restricting global warming to less than 1.5°C.

³ <https://unfccc.int/sites/default/files/NDC/2022-06/United%20States%20NDC%20April%2021%202021%20Final.pdf>

⁴ <https://www.epa.gov/system/files/documents/2021-09/epa-climate-adaptation-plan-pdf-version.pdf>

⁵ <https://unfccc.int/sites/default/files/NDC/2022-06/United%20States%20NDC%20April%2021%202021%20Final.pdf>

Table 2 | National Adaptation Plan of the United States of America

Year of publication	2021
Vulnerability assessment to environmental conditions	<p>Air quality:</p> <ul style="list-style-type: none"> » Potential increment in tropospheric ozone levels » Potential increment in particulate matter levels » Indoor air quality worsened by climate change » Recovery of the ozone layer halted by climate change » Deposition of environmental pollutant that might damage the environment. » Changes in meteorology that may affect forecast and communication of data <p>Water quality:</p> <ul style="list-style-type: none"> » Different pathways where climate change degrades water quality » Reduction of water supplies due to sea level rise, higher temperatures, intense storms and other effects of climate change » Changes in snowfall that could affect water supplies » Damages to water infrastructure <p>Contaminated sites:</p> <ul style="list-style-type: none"> » Wildfire, flooding and coastal storms, and sea level rise, can release pollution from contaminated sites and/or industrial facilities. » Increased temperatures and changes in runoff can adversely affect cleanups » Unexpected, climate-driven conditions can compromise the effectiveness of cleanup remedies selected without those impacts in mind » Climate impacts can increase the amount of debris sent to landfills and can also encroach on the landfills <p>Chemical safety and pollution prevention:</p> <ul style="list-style-type: none"> » Rising temperatures, changes in precipitation, runoff, and soil moisture, and shifts in ecosystems » Climate change and subsequent alteration of ecosystems will likely result in changes in where crops are grown and in the presence of pests and diseases
Climate Adaptation Priorities	<ul style="list-style-type: none"> » Integrate climate adaptation into institutional programs, policies, rulemaking processes, and enforcement activities » Consult and partner with states, tribes, territories, local governments, environmental justice organizations, community groups, businesses, and other federal agencies to strengthen adaptive capacity and increase the resilience of the nation, with a particular focus on advancing environmental justice » Implement measures to protect the agency’s workforce, facilities, critical infrastructure, supply chains, and procurement processes from the risks posed by climate change » Measure and evaluate performance. 5. Identify and address climate adaptation science needs
Priorities of the Adaptation Communication of the United States	<ul style="list-style-type: none"> » Improving community resilience planning » Promoting the design and construction of resilient infrastructure » Measuring, disclosing, managing, and mitigating climate-related financial risks to communities and the U.S. economy » Conserving and restoring lands and waters » Advancing innovative and measurable resilience solutions

Table 3 | Nationally Determined Contribution Mexico

Year of publication	2021
Target:	35% of reduction of greenhouse gas emissions against the Business-as-Usual trend, where 30% reductions should be achieved by the country's own funds and the remaining 5% from international funding. Furthermore, Mexico has stated the commitment to reduce 51% emissions of black carbon.
Sector coverage	Mexico's NDC covers both mitigation and adaptation objectives. For the mitigation axis, the NDC promotes reduction of emissions from land use, land use change and forestry, transport, electricity, oil and gas, agriculture and livestock production, buildings, and waste. Considering the adaptation axis, the NDC commits to foster the prevention and addressing of negative impacts on the human population and territory, resilient productive systems and food security, the conservation, restoration, and sustainable use, integrated management of water resources with a climate change focus and the protection of strategic infrastructure and tangible cultural heritage
GHG coverage	All greenhouse gas emissions including black carbon
Other related information:	The current NDC has increased the ambition going from 22% of GHG emission reduction to 35%. This enhancement also promotes the addressing of social situations such as the goal to reduce poverty, economic, ethnic, and demographic inequalities.

The bordering states of Mexico and the USA exhibit significant vulnerability to climate change. On the U.S. side, Texas ranks at the 86th percentile among the most vulnerable states, followed by New Mexico (82nd percentile), Arizona (62nd percentile), and California (57th percentile). A similar situation is observed in Mexico, where 172 out of the 278 cities located in the Northern border, experience high vulnerability to climate change.

Water stress represents an important matter of vulnerability that must be addressed aiming to guarantee a sustainable supply of water resources from the shared watersheds. To this end, promoting initiatives such as development of sustainable and resilient water management systems and efforts to keep waters free of trash, and safeguarding and restoring water quality in shared watersheds requires continuous collaboration through binational actions. As a binational organization, NADBank is uniquely positioned to assist in these tasks.

Regarding air quality issues, it is a shared priority for both the U.S. and Mexico to reduce air pollution in the common airshed along the border. This commitment is underscored by the U.S.-Mexico Border Program, which includes dedicated tasks on air quality. The program aims to facilitate measurements focused on enhancing air quality and mitigating the population's exposure to hazardous air pollutants.

In 2023, Mexico became the main commercial partner of the USA. The enhancement in the commercial relationship has resulted in a total trade equivalent to 263 billion USD in the first four months of the year. This accounts for 15% of total U.S. Trade. The promotion of commercial relationships has had, and will continue to have, an effect on the establishment of companies in the North of Mexico that can satisfy the requirements of supply chains from the USA. NADBank is well positioned to assist in the sustainable growth of the region while promoting the necessary safeguards for vulnerable groups and the reduction of inequalities.

The Rationale of the Sustainable Financing Framework

NADBank is a financial institution exclusively dedicated to promoting sustainable projects in the sectors of water and wastewater management, solid waste, air quality, pollution prevention and control, sustainable energy, sustainable production, urban development, and climate change adaptation and resilience. NADBank has achieved significant milestones, enhancing the environmental and social impact of its financing activities. In this context, in 2018 NADBank successfully raised \$126.4 million USD through the issuance of a green bond, followed by a subsequent green bond issuance in 2020 of \$349.9 million USD. These bond issuances were facilitated by implementing a Green Bond Framework developed in 2018 and updated in 2020.

This framework, however, encompasses a broader spectrum of sustainable activities, aligned with NADBank's diversified environmental infrastructure investment strategy. Originally, the Green Bond Framework focused on four sectors: renewable energy, sustainable water, energy efficiency, and pollution prevention. Recognizing the evolving landscape of the sectors approved by NADBank's Board of Directors, there's an opportunity to expand the framework into a more comprehensive Sustainable Financing Framework. This new framework leverages on recently issued policies, particularly the Environmental, Social, and Governance (ESG) policy⁶. This policy underscores the institution's environmental and social commitments, providing guidelines for the environmental and social risk management system, an ESG scoring methodology, disclosure topics, stakeholder engagement, grievance policies, as well as capacity building.

The alignment of the Sustainable Financing Framework with current standards allows for greater flexibility and relevance. Notably, the green and social axis aligns to best practices from International Capital Market Association (ICMA) for the case of bonds, as well as to the Green and Social Loan Principles for the case of other financing instruments. Furthermore, the framework considers activities from the EU and Mexico Taxonomies. Proceeds mobilized by NADBank under this framework will mainly finance new projects, but also will be used to support and refinance past projects already in the bank's portfolio, when necessary, as long as they are aligned to this framework and the criteria outlined in Table 4 and Table 5.

Alignment to the Sustainability Bond Principles and the Green and Social Loan Principles

Following the recommendations of the ICMA, this framework is aligned to the Sustainable Bond Guidelines (2021)⁷, the Green Bond Principles (2022)⁸ and the Social Bond Principles (2023)⁹. Furthermore, for the coverage of other financing instruments different than bonds, this framework aligns to the Green and Social Loan Principles from the Loan Market Association. The structure relies in establishing the conditions regarding the four main components of green/social bonds or loans frameworks which are: use of proceeds, project evaluation and selection process,

⁶ [https://www.nadb.org/uploads/content/files/Policies/NADBank%20ESG%20Policy%20\(Eng\).pdf](https://www.nadb.org/uploads/content/files/Policies/NADBank%20ESG%20Policy%20(Eng).pdf)

⁷ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

⁸ <https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>

⁹ <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/social-bond-principles-sbp/>

managements of proceeds, and reporting. Aiming to follow the most recent updates concerning recommendations and regulation of thematic bonds, this framework also considers the activities outlined in the European Union Taxonomy.

Use of Proceeds

The net proceeds derived from bonds and other financial instruments issued under this framework will be dedicated to financing and/or refinancing, in whole or in part, one or more eligible projects. Eligible projects consist of the development, construction, expansion, or rehabilitation of new or existing infrastructure projects that meet the eligibility criteria included in this section. Eligibility criteria are presented below, grouped under the sectors supported by NADBank. These sectors include:



Sustainable water & wastewater management



Solid waste



Air Quality



Sustainable Energy



Urban Development



Climate Change Adaptation & Resilience



Access to basic services for underserved groups



Reduced exposure to air quality hazards for specific groups

Projects within any of these sectors may be justified based on their climate change mitigation potential, climate change adaptation benefits, pollution prevention and control, or social impacts according to the eligibility criteria presented in Tables 4 and 5. Projects will be considered for funding through the net proceeds of the bonds or other financing instruments, ensuring alignment with NADBank's commitment to fostering environmental, social, and sustainable development.







The proceeds of a bond or financial instrument will be allocated to finance new or existing eligible projects, in the form of fixed assets or financial assets, no more than 24 months after the issue or the acquisition of the financial instrument. Allocations may also be assigned to eligible projects that have had a disbursement during the 24 months preceding the issue or acquisition of the bond or financial instrument.

The proceeds of a bond or financial instrument may also be used to refinance eligible operational projects already in NADBank's portfolio that were previously financed with proceeds of a bond that has matured and repaid. In all cases, allocation of proceeds will be done toward clearly identified existing eligible projects in operation and include specific indicators of environmental and/or social benefits.






NADBank's financial recordkeeping is done in US dollars, regardless of the currency of the bonds issued or the currency of the financial instruments that support the development of our loan portfolio. Proceeds of financial instruments issued in alignment with this framework will be allocated to eligible projects regardless of the currency of the financial instrument or the currency of the support provided to the project. All reporting will be done in US dollars.

Table 4 and Table 5, describe the eligibility criteria, objectives, and alignment to UN Sustainable Development Goals (SDG) and material National Determined Contributions (NDC) made by the counties under the Paris Agreement.

Table 4 | Environmental eligibility criteria of the bonds and other financial instruments issued under this framework

Asset type aligned with NADBank's Strategy	Eligibility Criteria	Expected benefits	Alignment with the NDC or NAP	Alignment with the SDGs
Sustainable water and wastewater management	<p>Projects that include studies, design, construction of new infrastructure, equipment, operation, maintenance and rehabilitation of existing infrastructure, expansion, and adaptation for the efficient and sustainable management of water, wastewater, and storm water including:</p> <ol style="list-style-type: none"> 1. Water resource development and/or conservation: development of water supply for communities (surface and/or groundwater), development or protection of water catchment areas, infiltration and groundwater recharge systems, rainwater harvesting systems, water pumping and conduction infrastructure, and water supply pollution prevention. 2. Water treatment and conditioning, including: water treatment & disinfection facilities, desalinization systems in areas of scarce freshwater availability. 3. Water storage and distribution, including: water pumping stations, water storage tanks, water distribution systems, new access to potable water, water meters. 4. Wastewater collection and treatment, including: wastewater collection systems, new access to wastewater collection & treatment, wastewater pump stations & main forces, wastewater & sludge treatment facilities, natural treatment and polishing systems, treated wastewater recycling systems. 5. Other Infrastructure that mitigates or prevents pollution, in watersheds, waterways or other water-related structures.¹⁰ 	<p>Provision of basic access to drinking water and sanitation services.</p> <p>Reduction of CO2e emissions by improving energy efficiency from collection, treatment of water or supply of water.</p> <p>Reduction on the vulnerability of the water infrastructure to effects of climate change.</p> <p>Reduction and control of pollutants in watershed, waterways or other water infrastructure that would otherwise negatively impact the environment, human health of humans or natural ecosystems.</p>	<p>Projects contribute to the National Climate Task Force on adaptation of USA, in the line of conserving and restoring lands and waters.</p> <p>Projects contribute to Mexico NDC section D. Integrated management of water resources with a climate change perspective.</p>	<p> 1.4 Access to basic services</p> <p> 3.9 Reduce deaths & illnesses from water pollution</p> <p> All 6.1 - 6.6</p> <p> 11.1 Access to basic services 11.5 Reduce water-related disasters</p> <p> 12.2 Sustainable management and efficient use of natural resources (water)</p> <p> 13.1 Resilience to climate-related hazards and disasters (water droughts and floods)</p>





¹⁰ Infrastructure planning, design or development that complies with local regulations and national, regional or local strategies for water quality enhancement.

Asset type aligned with NADBank's Strategy	Eligibility Criteria	Expected benefits	Alignment with the NDC or NAP	Alignment with the SDGs
Solid Waste	<p>Projects that include studies, design, construction of new infrastructure, operation, maintenance and rehabilitation of existing infrastructure, expansion, and adaptation for the efficient management of solid wastes, including:</p> <ol style="list-style-type: none"> 1. Solid waste collection of nonhazardous waste¹¹, including transfer stations for appropriate transportation to adequate treatment or disposal facilities 2. Solid waste disposal or treatment including nonhazardous waste treatment and/or final disposal.¹² 3. Solid waste recycling and valorization, including: sorting and separation facilities, recycling systems for nonhazardous wastes, non-hazardous waste composting, e-waste recovery and recycling facilities.¹³ 	<p>Reduction of CH4 emissions by waste management.</p> <p>Reduction and control of pollutants from waste that could negatively impact the environment, soil, groundwater, health, or ecosystems.</p>	<p>For USA, projects contribute to the NDC within the Sector-by-sector Pathways in the line of Non-CO₂ Greenhouse Gas Emissions.</p> <p>For Mexico, projects contribute to the NDC in the mitigation objective regarding waste.</p>	<p> 1.4 Access to basic services- solid waste collection</p> <p> 3.9 Reduce deaths & illnesses from soil and groundwater pollution</p> <p> 11.6 Reduce adverse environmental impact by appropriate waste management</p> <p> 12.4 Sound management of wastes & reduction of their release to soils</p> <p> 13.2 Support Climate Change mitigation NDCs regarding solid waste emissions</p>

¹¹ Collection of nonhazardous wastes for transport to an adequate solid waste management facility that complies with local regulations, conditions for safe transportation are met and, there is a waste management plan.

¹² New or improved waste management facilities in places where wastes are managed inadequately or improvements in existing facilities to reduce risks of fires, vectors, open-air emissions, and surface/groundwater pollution. Facilities must possess a management plan for CH4 emissions and a waste management Plan. Generated Biogas will be used for electricity generation.

¹³ There is separation from the source. The Secondary raw materials or suitable by-products are produced to replace virgin raw materials in production processes and there must be a waste Management Plan.

Asset type aligned with NADBank's Strategy	Eligibility Criteria	Expected benefits	Alignment with the NDC or NAP	Alignment with the SDGs
Air quality and pollution prevention and control	<p>Projects that include studies, design, construction of new infrastructure, operation, maintenance and rehabilitation of existing infrastructure, expansion, and adaptation for enhancement of ambient air quality, including:</p> <ol style="list-style-type: none"> Control and reduction of air criteria pollutants, such as PM_{2.5}, PM₁₀, SO₂ and NOx, or GHG emissions, or black carbon emissions, in the form of acquisition of new equipment or retrofitting of assets that directly mitigates emissions¹⁴. Low-emission cargo vehicles and infrastructure for low-carbon transport (land transport.)¹⁵. Public transportation systems and personnel fleets, including replacement of high emission vehicles with lower emission transport¹⁶, and ancillary infrastructure¹⁷. Low-emission private vehicles and ancillary infrastructure for low-carbon transportation¹⁸. 	<p>Reduction GHG emissions as well as emissions of Black Carbon by deployment of low or zero emission transport systems</p> <p>Reduction of pollution and emissions of particulate matter, NOx, and other criteria pollutants, that could damage the ambient air, or negatively impact the humans and the environment</p>	<p>For USA, projects contribute to the National Climate Task Force on adaptation in the line of design and construction of resilient infrastructure, and to the NDC in the line of Non-CO₂ Greenhouse Gas Emissions considering black carbon emission reductions.</p> <p>For Mexico, projects will contribute to the NDC for the objective of Mitigation for transport and to the adaptation axis for section A. Prevention and attention to negative impacts in human population and territories and D. Integrated management of water resources with a climate change perspective.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>3.9 Reduce deaths & illnesses from soil and groundwater pollution</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>9.4 Sustainable industries with clean technologies to combat air pollution.</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>11.2 Access to sustainable transport systems</p> <p>11.6 Reduce adverse environmental impact - air quality</p> </div> </div> <div style="display: flex; align-items: center;">  <div style="margin-left: 10px;"> <p>13.2 Support Climate Change mitigation NDCs regarding sustainable transportation</p> </div> </div> </div>




¹⁴ Any technology for flue gas treatment installed on industrial chimneys that reduces at least 51% of emissions of PM_{2.5} or that reduces flue gas emissions significantly beyond the levels required by local regulations. Industries user of these technologies should not include the production, management, or use of coal.

¹⁵ Fleets with zero tailpipe emissions dedicated to cargo-transport, or long-haul vehicles with direct emissions below 50 gCO₂/ton-km (through the end of 2025.)

¹⁶ Fleets, public or private buses/coaches with zero tailpipe emissions, or with direct emissions below 50gCO₂/p-km (through the end of 2025). Also, for Mexican projects only: transport vehicles that meet at least EURO VI or equivalent standards through the end of 2025, or until a regulation requiring this level of compliance enters into force, whichever comes first, so that the projects financed by NADBank always provide a benefit beyond what the applicable regulations require.

¹⁷ Ancillary infrastructure refers to confined lanes, appropriate bus stops, payment booths, and other infrastructure required for the system to operate efficiently. This does not include any type of fossil fuel re-fueling stations.

¹⁸ Zero tail-pipe emission vehicles and hybrid vehicles with direct emissions below 50gCO₂/p-km.

Asset type aligned with NADBank's Strategy	Eligibility Criteria	Expected benefits	Alignment with the NDC or NAP	Alignment with the SDGs
Sustainable Energy	<ol style="list-style-type: none"> Solar energy including Solar PV production, distributed generation, concentrated solar power. Production of Electricity from Wind Power Other clean energy including: production of electricity from ocean energy, hydropower, and geothermal. Cogeneration: cogeneration of heat/cool and power from concentrated solar power, geothermal energy, or bioenergy (biomass, biogas, biofuels). Waste to energy for production of electricity from bioenergy (biomass, biogas, and biofuels)¹⁹, and manufacture of biogas or biofuels²⁰. Energy efficiency in the transmission and distribution of electricity²¹, building renovation²² Energy storage of electricity or thermal energy, storage of hydrogen²³. 	<p>Mitigation of GHG emissions by generation of energy by renewable technology.</p> <p>Adaptation by reducing the risk or lack of access to electricity due to failures in other sources of electric generation.</p> <p>Pollution prevention and control by reducing emissions and other environmental externalities derived from burning fossil fuels.</p>	<p>For USA, Projects will contribute to the NDC in the line of sector-by-sector Pathways regarding Electricity and Buildings as well as to the National Climate Task Force on adaptation regarding the design and construction of resilient infrastructure.</p> <p>For Mexico, projects will contribute to the NDC in the mitigation axis in the lines of electricity generation, residential and commercial</p>	<p> All 7.1 - 7.3</p> <p> 9.4 Retrofit industry with energy efficiency and clean technologies</p> <p> 13.2 Support Climate Change mitigation NDCs regarding renewable energy</p>






¹⁹ Facilities operating above 80% of GHG emissions-reduction in relation to the relative fossil fuel comparator.

²⁰ Methane leakage from relevant facilities is controlled by a monitoring plan.

²¹ Directly eligible, except if dedicated to creating a direct connection, or expanding an existing direct connection, between a power production plant that is more CO₂ intensive than 100 gCO₂e/kWh

²² The renovation achieves savings in net Primary Energy Demand of at least 20% in comparison to the baseline performance of the building before the renovation.

²³ The infrastructure is used to store taxonomy-eligible hydrogen.

Asset type aligned with NADBank's Strategy	Eligibility Criteria	Expected benefits	Alignment with the NDC or NAP	Alignment with the SDGs
Sustainable Production	<ol style="list-style-type: none"> Manufacturing of green products²⁴ Efficient production or green manufacturing of certain products such as Manufacture of cement²⁵, Manufacture of aluminum²⁶, Manufacture of iron and steel²⁷, Manufacture of hydrogen²⁸, Manufacture of fertilizers and nitrogen compounds²⁹, manufacturing of other products that result in savings of water, energy or embedded carbon³⁰. Sustainable food value chains, including sustainable crop growing³¹ water conservation and efficiency, reduction of synthetic fertilizers. 	<p>Reduction of GHG emissions from industrial processes.</p> <p>Adaptation to climate change from sustainable food production.</p> <p>Improvement of air quality and reduction of pollution in water and soil by improvements in the food and industrial production.</p>	<p>For USA, projects will contribute to the NDC, Sector-by-sector Pathways in the lines of industry and agriculture and lands and to the National Climate Task Force on adaptation by advancing innovative and measurable resilience solutions.</p> <p>For Mexico, projects will contribute to the NDC in the mitigation axis in the lines of industry and agriculture and livestock as well as to the adaptation axis in the Resilient food productive systems and food security.</p>	<p> 2.4 Sustainable food production systems and implement resilient agricultural practices</p> <p> 6.3 Improve water quality reducing fertilizers</p> <p>6.4 Increase water-use efficiency</p> <p> 9.4 Sustainable industries with resource efficiency and clean technologies</p> <p> 12.2 & 12.3 Sustainable management of natural resources, reduce food losses</p> <p> 13.2 Support Climate Change mitigation & adaptation NDCs</p>

²⁴ Manufacture of products, key components and machinery that are essential for eligible renewable energy technologies or manufacture of low carbon transport vehicles and their respective key components.

²⁵ Production of Clinker with relative emissions of 0.766 tCO₂e/t or production of cement with relative emissions of 0.498 tCO₂e/t.

²⁶ Primary aluminum production with relative emissions of 1.514 tCO₂e/t and electricity consumption for electrolysis of 15.29 MWh/t, or 100 g CO₂e/kWh.




²⁷ Hot metal = 1.328 tCO₂e/t product, Sintered ore = 0.171 tCO₂e/t product, Iron casting = 0.325 tCO₂e/t product, Electric Arc Furnace (EAF) high alloy steel = 0.352 tCO₂e/t product, Electric Arc Furnace (EAF) carbon steel = 0.283 tCO₂e/t product, Coke (excluding lignite coke) = 0.286 tCO₂e/t product.

²⁸ Direct CO₂ emissions from manufacturing of hydrogen: 5.8 tCO₂e/t Hydrogen. Electricity use for hydrogen produced by electrolysis is at or lower than 58 MWh/t Hydrogen and average carbon intensity of the electricity produced that is used for hydrogen manufacturing is at or below 100 gCO₂e/kWh.

²⁹ Nitric acid production relative emissions of 0.302 tCO₂e/t and ammonia Scope 1 emissions lower than 1 tCO₂/tAmmonia.

³⁰ Water, energy or embedded savings of at least 20% in comparison to the base case.

³¹ The project must include at least two of the following activities: Crop rotation, Integration of cover crops, Conservation of segments and linear corridors of native vegetation, Planning in the application of fertilizers, Substitution of synthetic fertilizers by organic fertilizers or bio-inputs, Carrying out soil conservation works, Incorporation of organic matter into the soil, Minimum or reduced tillage application, Productive reconversion, Reduced burning of crop residues or plant parts to facilitate harvesting, Increase tree species, water efficiency or the implementation of efficient irrigation.

Asset type aligned with NADBANK's Strategy	Eligibility Criteria	Expected benefits	Alignment with the NDC or NAP	Alignment with the SDGs
Urban development	<ol style="list-style-type: none"> Mixed use & transport-oriented development in the form of infrastructure that fosters non-motorized transportation³², or more efficient use of public transport systems, or reducing travel distances. Re-densification of infrastructure that promotes mixed land uses, infill housing, smart growing or adaptive reuse, to increase efficiency in provision of basic services, and more effective mobility, including the reduction of energy consumption for water and wastewater services and transportation³³. Green infrastructure to assist in water infiltration, urban reforestation, and public space. Sustainable buildings in the form of the development³⁴ and renovation³⁵ of buildings, including residential, commercial, and industrial. Sustainable industrial parks including warehouses³⁶, and industrial buildings³⁷. Implementation of circular economy concepts and components to promote recycling and materials reduction. 	<p>Mitigation of GHG emission from energy efficiency, mobility, and land use.</p> <p>Adaptation of cities to climate change effects.</p> <p>Reduction of solid wastes, water usage, and criteria pollutant emissions from efficient buildings and industry, efficient mobility, and energy efficiency.</p>	<p>For USA, projects will contribute to the NDC in the lines of transportation and buildings as well as to the National Climate Task Force on adaptation on improving community resilience planning, advancing innovative and measurable resilience solutions and design and construction of resilient infrastructure.</p> <p>For Mexico, projects will support the NDC in the mitigation axis regarding transport and commercial and residential.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div>  <p>9.1 & 9.4 Sustainable infrastructure by energy efficiency and clean technologies</p> </div> <div>  <p>11.2 Access to sustainable transport systems</p> <p>11.3 Sustainable urbanization</p> <p>11.6 Reduce adverse environmental impacts - air quality and waste management</p> <p>11.7 Access to green & public spaces</p> </div> <div>  <p>13.1 Support Climate Change adaptation</p> <p>13.2 Support Climate Change mitigation & adaptation strategies</p> </div> </div>

³² Infrastructure and equipment (including fleets) for active mobility (on foot, by bicycle, on e-bikes and e-scooters.)





³³ Energy efficiency improvement of at least 20% considering the baseline before renovation, or from the average of the distribution system. All substantial contributions concerning water and wastewater, as well as mobility, must be align to the eligible criteria stated within this framework.

³⁴ Buildings with a primary energy demand from 200 kWh/m2a to 470 kWh/m2a or a 20% to 45% energy savings from the baseline, or buildings that are LEAD or EDGE certified. In all cases, projects will provide a substantial (at least 20%) improvement in terms of energy savings as well as water savings beyond both: any applicable regulations, and from the Business-as-Usual case according to the sector, type of project and location.

³⁵ Buildings that increase the energy savings from the baseline by at least 20%.








³⁶ Warehouses with manufacturing processes that present a primary energy demand from 100 190 kWh/m2a to 190 kWh/m2a, depending on the location of the project, and or, infrastructure that generates energy savings from the baseline by at least 20% or LEED or Edge certifications. In all cases, projects will provide a substantial (at least 20%) improvement in terms of energy savings as well as water savings beyond both: any applicable regulations, and from the Business-as-Usual case according to the sector, type of project and location. Projects that include the use of coal in their processes will not be considered for financing.

³⁷ For industrial buildings without industrial processes that present a primary energy demand from 190 kWh/m2a to 40 kWh/m2a, depending on the location of the project, or infrastructure that generates energy savings from the baseline by at least 20% or LEED or Edge certifications. In all cases, projects will provide a substantial (at least 20%) improvement in terms of energy savings as well as water savings beyond both: any applicable regulations, and from the Business-as-Usual case according to the sector, type of project and location. Projects that include the use of coal in their processes will not be considered for financing.

Asset type aligned with NADBANK's Strategy	Eligibility Criteria	Expected benefits	Alignment with the NDC or NAP	Alignment with the SDGs
Climate Change Adaptation and Resilience	<ol style="list-style-type: none"> 1. Flood defense systems, including: runoff control systems and surge barriers, pumping stations, dikes, and gates, drought proofing, Infrastructure resilience, other climate change adaptation and warning systems³⁸. 2. Public infrastructure that aids population centers to adapt to climate change effects of heat waves, drought and rapid flooding, such as water supply, water efficiency, water conservation, as well as stormwater infiltration or control structures. 	<p>Reducing the damage from climate change effects, thus enhancing resilience of crucial infrastructure.</p> <p>Adaptation of population centers to the effects of climate change.</p>	<p>Projects contribute to the National Climate Task Force on adaptation of USA, in the line of improving community resilience planning and promoting the design and construction of resilient infrastructure.</p> <p>Mexico, project will contribute to the NDC in the line of adaptation for, A. Prevention and attention to negative impacts in human population and territories, D. Integrated management of water resources with a climate change perspective, E. Protection to strategic infrastructure and from the real cultural heritage.</p>	<div style="display: flex; flex-direction: column; gap: 10px;"> <div>  <p>6 CLEAN WATER AND SANITATION</p> </div> <div>  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> </div> <div>  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div>  <p>13 CLIMATE ACTION</p> </div> </div> <p>6.4 to 6.6 Increase water efficiency, address water scarcity; protect & restore water-related ecosystems</p> <p>9.1 Develop and facilitate sustainable and resilient infrastructure</p> <p>11.3 Enhance sustainable and resilient urbanization</p> <p>13.1 Strengthen resiliency and adaptive capacity 13.2 Support Climate Change adaptation NDCs strategies</p>

³⁸ Projects that reduce the damage to critical infrastructure and the number of disruptions to basic services, attributed to disasters and changes in climate patterns.

Table 5 | Social eligibility criteria of the bonds and other financial instruments issued under this framework.

Asset type aligned with NADBank's Strategy*	Eligibility Criteria	Targeted population	Alignment with the SDGs
Access to basic services for underserved groups	<ol style="list-style-type: none"> Access to essential services: proceeds used to finance or refinance activities related to the design, development, rehabilitation and expansion of affordable basic infrastructure and access to essential services, including access to drinking water, sanitation or sewer systems and solid waste collection, with a focus on population that lack such services adequately. 	<p>People living in the US-Mexico border communities that lack adequate access to basic services such as drinking water, sewer system and waste collection. The exact number of people expected to benefit from the implementation of the project will be identified.</p>	 <p>1.4 Access to basic services</p>  <p>6.1 Access to safe and affordable water</p> <p>6.2 Access to sanitation</p>  <p>10.2 Promote inclusion and reduce inequalities through access to essential services</p>  <p>11.3 Enhance inclusive and sustainable urbanization through basic services.</p>
Reduced exposure to air quality hazards for specific groups	<p>Projects that include studies, design, construction of new infrastructure, operation, maintenance, expansion, and rehabilitation of existing infrastructure, that will result in a reduction of air pollutants with the subsequent enhancement of ambient air quality and the corresponding benefit to public health in a specific populated area. Specifically:</p> <ol style="list-style-type: none"> Pavement of existing unpaved roads for the purpose of reducing and controlling local PM emissions³⁹. Efficient border-crossing facilities and infrastructure, such as improvements to inspection facilities and traffic control to reduce wait-times and corresponding idle tail-pipe emissions⁴⁰. 	<p>People living in the US-Mexico border communities exposed to air quality hazards. The specific area and target population benefiting from reduced emissions will be identified, which may include children, elderly, or other groups particularly vulnerable to the effects of air pollution.</p>	 <p>3.9 Reduce deaths & illnesses from hazardous air pollutants.</p>  <p>9.1 Sustainable transborder infrastructure</p>  <p>11.3 Enhance sustainable and resilient urbanization</p> <p>11.6 Reduce adverse environmental impact - air quality</p>

³⁹ A reduction of at least 80% in PM emissions is required as the anticipated result vs. the base case (current) scenario. Paving of existing unpaved roads will only be performed in areas/streets where basic services, including water and sewer, already exist, or is included as part of the project prior to paving. People benefited will be considered the population living in blocks directly adjacent to the new paved roads.

⁴⁰ An overall emissions reduction of at least 15-30%, depending on the pollutant, is required as the anticipated result vs. the base case (current) scenario.

Considering the nature of NADBank as an International Development Bank, it's important to emphasize that this framework is designed for future bond issuances and other financing instruments. It is noteworthy that these issuances may differ in size, geographic allocation, and duration over time. As a result, there is not a predefined calculation of the potential impacts of this Financing Framework. Target impacts are calculated for each individual project before financing is approved by NADBank and will be included in the annual reports. Actual targets are also determined for each individual project during its closeout process and will also be reported once available. The flexibility inherent in the framework allows for adaptability to various circumstances and evolving project needs, providing the necessary tools to respond to changing conditions and emerging opportunities in alignment with NADBank's mission.

Project Evaluation and Selection Processes

All projects selected for financing by NADBank must be certified by the Bank's Board of Directors which is comprised by representatives from the U.S. and Mexico Governments, including the U.S. Environmental Protection Agency and Mexico's Ministry of Environment and Natural Resources, as well as representatives of the border states and the community from both sides of the border. The certification criteria include technical, financial, and environmental factors, as well as requirements for public access to project information. The certification process involves a thorough due diligence by NADBank of every potential project, that is presented to the Board of Directors for review and, if so determined, certification for financing. This robust internal certification process ensures that all projects financed by NADBank have clearly defined and measurable environmental benefits and align with its mandate to help protect, preserve, and enhance the environment of the border region for the well-being of its residents.

In addition to the certification process, NADBank has in place an Environmental, Social and Governance Policy that established an Environmental and Social Risk Management System (ESRMS), an ESG Risk Score methodology, and establishes training and disclosure requirements for NADBank's operations. The ESRMS is a systematic tool to identify, evaluate and follow up potential risks that the project may pose onto the environment and communities around them. The ESG Risk Score evaluates potential risks to the project due to ESG conditions surrounding it, thus ensuring a double materiality approach to risk management.

NADBank's ESRMS is aligned with the IFC Performance Standards and differentiates between direct financing to projects and to financial intermediaries. It includes a risk categorization that assesses the risk level of the project to establish the requirements of the Environmental & Social (E&S) due diligence.

E&S due-diligence processes include:

- » Review of compliance with applicable laws and regulations on environment, health and safety.
- » An E&S assessment, conducted by NADBank using the IFC Performance Standards as a basis. An Environmental Justice screening is also performed. Although NADBank is responsible for performing the E&S assessment, the clients are expected to collaborate with the Bank to identify and manage E&S risks, develop, and implement necessary actions, and cooperate with the Bank in its supervision and oversight.
- » Gender equality screening.

- » Review of applicable environmental documents that may be available.
- » Review of sponsor’s past and present record of E&S incidents, and its capacity to manage E&S risks.
- » Site visit, if applicable, based on assessed project risk.
- » Public consultation

Mitigation measures are proposed, if applicable, based on the identified risks, including specific tasks, milestones or indicators, that should be monitored during the project implementation and operation.

NADBank has implemented a Grievance Redress Mechanism (GRM) to capture and follow up any complaints related to the projects it finances.

NADBank’s ESG Risk Score methodology is applied to every project in the early stages of development and the score is updated throughout the project lifecycle to identify and manage potential ESG risks that could affect the project’s financial performance or operations, and thus its targeted positive impacts. ESG risk scores are assigned to each project using a numeric rating scale ranging from 1 to 5. A rating of 1 signifies very low ESG risk, while a rating of 5 indicates a very high ESG risk for the project⁴¹.

Through the ESRMS and the ESG Risk Score, NADBank ensures projects’ alignment with the criteria for environmentally sustainable economic activities concerning the No Significant Harm.

Management of Proceeds

Prior to allocation to eligible projects, the net proceeds will be held according to the Bank’s investment Policy. The proceeds from the financial instruments under this framework will be tracked by NADBank under its accounting system, and all proceeds from future issuances and financial instruments are intended to be used solely to finance and/or refinancing projects within the eligible criteria outlined in the Sustainable Financing Framework. This allows for targeted and purposeful investment in alignment with the specified criteria and objectives of NADBank’s sustainable strategy and this framework.

The Bank’s investment portfolio is managed with conservative guidelines, investing in US Treasuries or issuances of U.S. agencies, Mexican Government securities, or investment grade corporate notes and bonds, denominated in US dollars, rated A or better. NADBank intends to make the allocation to Eligible Sustainable Projects after issuing Green, Social or Sustainable Bonds, and other financial instruments, no later than 24 months after the issue or the acquisition of the financial instrument. Disbursements of proceeds obtained through this Sustainable Financing Framework will be made from NADBank’s general accounts and will be directly tagged to further use on Eligible Projects. Funds are tracked on a monthly basis and presented to management on a quarterly basis to ensure compliance with internal protocols.

⁴¹ [https://www.nadb.org/uploads/content/files/Policies/NADBank%20ESG%20Policy%20\(Eng\).pdf](https://www.nadb.org/uploads/content/files/Policies/NADBank%20ESG%20Policy%20(Eng).pdf)

Reporting

For all public instruments issued under this Framework, NADBank will provide investors with an Allocation Report and an Impact Report. This information will be published on NADBank website: <https://www.nadb.org/about/reports--financials>. The first report will be posted after a year following the first issuance date. Private instruments issued under this Framework will be reported directly to the counterparty and may be published on NADBank website, depending on the agreement with such counterparty.

Allocation Report

NADBank will provide information to investors and stakeholders on the allocation of proceeds from the issuances or private instruments until the total allocation of funds concludes, through an annual Allocation Report, which will include:

- » a brief description of the financing;
- » amounts disbursed by eligible category;
- » percentage of resources allocated by eligible category;
- » percentage of resources allocated for financing and refinancing, and
- » the remaining balance of unallocated income.

If non-disclosure agreements, competition considerations, or financial intermediaries cannot provide some of these data, NADBank will present the information in generic terms or based on an aggregate portfolio (for example, the percentage allocated to specific categories of projects).

Impact Report

Additionally, NADBank will produce an Impact Report every year, in alignment with the ICMA Harmonized Framework for Impact Reporting standards⁴². NADBank will consolidate the projects' information on social and/or environmental indicators reported by NADBank and/or its financial intermediaries. The Impact Report will include all available information related to the following:

- » The projects' expected environmental or social impact,
- » The projects' actual environmental or social impact when available and,
- » The methodology and underlying assumptions used to identify and calculate the impact indicators.

External audit

NADBank commits to engaging an independent external assurance provider to ensure that Allocation Reports are aligned with the NADBank Sustainable Finance Framework. This process will be carried out for all annual reports until the entire proceeds of bonds or private instruments under this framework are allocated to eligible projects. The independent external assurance provider will provide an attestation aligned to international best practices for sustainability (non-financial) reporting.

⁴² ICMA (2021) "Harmonized Framework for Impact Reporting". <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2021-100621.pdf>

As a layer of assurance to investors regarding the Impact Reports, all projects financed by NADBank must undergo a certification process in which the Board of Directors, including the U.S. Environmental Protection Agency and Mexico’s Ministry of Environment and Natural Resources, reviews and approves each project for NADBank financing. This certification process includes the analysis and approval of the expected (target) quantified outcome and output indicators of the project. The projects approved by the Board for financing are published on the NADBank website along with the Project Certification Document. The expected (target) indicators provided in the Impact Reports for each eligible project will align with the data provided in the Project Certification Document.

Furthermore, to reinforce the process of impact reporting, NADBank will apply its Result Measurement System (RMS)⁴³. The RMS provides an objective assessment of actual project outcomes and performance results through a Closeout Process that documents actual results in terms of the output and outcome indicators identified for each project. The Closeout Process is generally conducted for each project after one year of operation. Actual results, when available for eligible projects that have undergone the closeout process, will be included in the annual Impact Report.

Sample Indicators for Impact Reporting

Metric Name	Units	Metric Description
Irrigation water savings (acre-ft/year)	acre-ft/year	Water saved from water conservation projects for irrigation districts
Area of dump sites closed (acres)	acres	Area of land recovered by cleaning, remediating or closing dumpsites as a result of the project
[New/Improved] access to drinking water service (# of new/existing connections)	connections	Number of new water service connections installed for households receiving first-time service, or connections improved as a result of a water infrastructure project that improves the service
[New/Improved] access to wastewater collection services (# of new/existing connections)	connections	Number of new service connections installed for households receiving first-time service, or improved service as a result of rehabilitated wastewater system infrastructure as a result of the project
Production of biodiesel (gallons/year)	gallons/yr	Production of biodiesel
Clean energy generated (GWh/year)	GWh/year	Actual generation of clean energy
Energy Delivered (GWH/Y)	GWh/year	Energy delivered as result of the implementation of the project
Households protected from flooding (# of households)	households	Households at risk of flooding that are being protected by the new or improved infrastructure
[New/Additional/Improved] water treated (mgd)	mgd	Water flow actually being treated (quantity) or enhanced (quality) by new/expanded/improved facilities
Water supply available from new sources (mgd)	mgd	Additional water flows available as a result of the new water supply sources developed by the project

⁴³ <https://www.nadb.org/our-impact>

Metric Name	Units	Metric Description
Urban water reuse (mgd)	mgd	Flow of treated water supplied by treating wastewater using wastewater reuse infrastructure
Stormwater [captured/infiltrated] for urban usage (mgd)	mgd	Stormwater reclaimed by capturing or infiltrating into an aquifer, obtained by implementing retention dams, green infrastructure or similar conservation efforts
Water losses eliminated (mgd)	mgd	Water savings obtained by improvements to distribution systems and fixing leaks
Water savings (mgd)	mgd	Water savings obtained by newer/better equipment/fixtures planned in new infrastructure or actual water usage reductions by improvements to existing ones.
Wastewater collected (mgd)	mgd	Quantity of wastewater actually being collected or conveyed by new sewer or conveyance system. This corresponds to new users of the system that were previously discharging to a decentralized system.
Wastewater discharges eliminated (mgd)	mgd	Quantity of wastewater discharges/spills actually eliminated/prevented by the portion of the existing system that was rehabilitated/replaced/improved
Risk of potential wastewater discharges eliminated (mgd)	mgd	Quantity of potential wastewater discharges/spills that is substantially reduced by the portion of the existing system that was rehabilitated/replaced/improved
[Additional/Improved] wastewater treatment (mgd)	mgd	Additional/improved wastewater actually being treated by new/expanded /improved/upgraded facilities and/or to a higher quality standard (ie. upgrade to secondary or tertiary treatment) as a result of the implementation of the project
Area protected from flooding (miles ²)	miles ²	Area at risk of flooding that is being protected by the new or improved infrastructure
Energy savings (MWh/year)	MWh/year	Energy saved as a result of the project that would otherwise have been needed
Population benefitted (pop)	population	Number of people directly benefitted by the implementation of the project
Solid waste removed from improper disposal sites (tons)	tons	Solid wastes removed from dump sites that do not comply with regulations
[New/Additional/Improved] waste managed (tons/day)	tons/day	New, expanded or improved quantity of solid wastes processed with collection, transfer or disposal equipment and/or facilities (only include additional capacity)
Solid wastes recovered for beneficial reuse (tons/day)	tons/day	Quantity of solid wastes being recovered for beneficial uses through reuse, recycling, composting, waste-to-energy or other beneficial uses as a result of the project implementation
GHG emissions avoided (tons/year)	tons/year	Emissions of CO ₂ and other GHG avoided as a result of the project, expressed in terms of tons of CO ₂ equivalent per year
NOx emissions avoided (tons/year)	tons/year	Emissions of criteria pollutants avoided as a result of the project
SO ₂ emissions avoided (tons/year)	tons/year	Emissions of criteria pollutants avoided as a result of the project
CO emissions avoided (tons/year)	tons/year	Emissions of criteria pollutants avoided as a result of the project
PM ₁₀ emissions avoided (tons/year)	tons/year	Emissions of criteria pollutants avoided as a result of the project
PM _{2.5} emissions avoided (tons/year)	tons/year	Emissions of criteria pollutants avoided as a result of the project

Exclusion List

Recognizing that several economic activities are inconsistent with its mandate and the principles established in this policy, NADBank's evaluation process will reasonably assure that it does not finance, directly or indirectly through financial intermediaries, any project or asset associated with the following activities:

- » Exploration and production of fossil fuels.
- » New energy generation capacity based on burning fossil fuels.
- » Construction of rail infrastructure solely to transport fossil fuels.
- » Industries for alcohol, arms, tobacco, or gambling.
- » The production or trade of any product or activity that is considered illegal according to national laws or regulations or international agreements and conventions.
- » Deforestation, forest degradation, or production or trade of forestry products from unmanaged forests.
- » Activities in protected areas.
- » Activities that violate the rights of indigenous peoples recognized under international human rights treaties ratified by the United States and Mexico.
- » Companies that exhibit unethical behavior, particularly in the context of abuses of the environment, human rights, or illegal activities.
- » Production or trade in radioactive materials.
- » Production or trade in unbonded asbestos fibers.
- » Production or activities involving forced labor or harmful or exploitative forms of child labor.

Second-party Opinion

NADBank has committed to utilizing the proceeds from financing instruments within this framework for projects that meet the eligibility criteria outlined in Table 4 and Table 5, and to follow the requirements described in the sections of, process of selection of projects, management of proceeds and report. This commitment underwent revision by an external entity, (Second Party Opinion) conducted by S&P.



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