# Form 4: New Work Item Proposal

<table>
<thead>
<tr>
<th>Circulation date:</th>
<th>Reference number: Click here to enter text. (to be given by Central Secretariat)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017-06-20</td>
<td></td>
</tr>
<tr>
<td>Closing date for voting:</td>
<td>2017-09-12</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposer (e.g. ISO member body or A liaison organization)</th>
<th>ISO/TC Click here to enter text. /SC Click here to enter text.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAC</td>
<td>Proposal for a new PC</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Secretariat</th>
<th>N Click here to enter text.</th>
</tr>
</thead>
<tbody>
<tr>
<td>SAC</td>
<td></td>
</tr>
</tbody>
</table>

A proposal for a new work item within the scope of an existing committee shall be submitted to the secretariat of that committee with a copy to the Central Secretariat and, in the case of a subcommittee, a copy to the secretariat of the parent technical committee. Proposals not within the scope of an existing committee shall be submitted to the secretariat of the ISO Technical Management Board.

The proposer of a new work item may be a member body of ISO, the secretariat itself, another technical committee or subcommittee, an organization in liaison, the Technical Management Board or one of the advisory groups, or the Secretary-General.

The proposal will be circulated to the P-members of the technical committee or subcommittee for voting, and to the O-members for information.

**IMPORTANT NOTE:** Proposals without adequate justification risk rejection or referral to originator.


**Proposal** (to be completed by the proposer)

<table>
<thead>
<tr>
<th>Title of the proposed deliverable.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>English title:</strong></td>
</tr>
<tr>
<td>Green Finance: Assessment of Green Financial Projects</td>
</tr>
<tr>
<td><strong>French title (if available):</strong></td>
</tr>
<tr>
<td>Click here to enter text.</td>
</tr>
</tbody>
</table>

*(In the case of an amendment, revision or a new part of an existing document, show the reference number and current title)*
Scope of the proposed deliverable.

This International Standard specifies the classification of green financial projects. This International Standard also specifies a framework for assessing green financial projects, including principles, scope, methodologies, procedure, reporting, and assessment bodies.

This International Standard helps users to identify and assess green financial projects.
Purpose and justification of the proposal*

Green finance is a kind of financing of investments that provide benefits in the broader context of reduction in air, water and land pollution, reductions in GHG emissions, improved energy efficiency while utilizing natural resources and their co-benefits. Green finance could also facilitate the growth of high-potential green industries, promote technological innovation and create business opportunities for the financial industry. The green finance market has a rapid growth recently. In 2015, global investment in energy efficiency was USD 221 billion and in renewable energy was USD 442 billion.¹ Notably, the green bond market is booming and the global value is close to USD 90 billion in 2016².

Meanwhile, the development of green finance faces general challenges: 1) there is no universally accepted definition of green financial activities, either internationally or even at the country or market level³. As most green financial activities are based on projects, it is difficult to allocate financial resources, manage risks, evaluate progress, understand impact, communicate information, and design policy and regulations without appropriate definitions and classification of green financial projects. 2) there are no common guidelines for assessing green financial projects before investment decisions. Therefore, financial institutes have difficulty to technically identify and assess the green financial projects. It also weakens the credibility of the assessment by the third-party bodies. The lack of standard in such areas can result in overinvestment in pollution intensive sectors and underinvestment in green sectors. Therefore, the market needs are urgent for international harmonized definitions and guidelines to avoid investor confusion.

This International Standard will provide a universal definition and classification of green financial projects based on international consensus and best practices. The harmonized definition and classification will avoid the danger of not adequately reflecting different contexts and priorities in different countries or markets as well as costly comparison across institutions and markets and for cross-border green investment. This International Standard will also provide a comprehensive framework for assessing green financial projects. Considering many financial institutes have yet to develop the capacity to identify and assess green financial projects, this framework can increase the confidence of green financial projects as it can be assessed by financial institutes or the third-party bodies on a common basis.

Therefore, it is necessary for policy makers, international organizations and the private sectors to work together to develop a voluntary standard for classifying and assessing green financial projects. This standard may help investors, firms, governments and the wider public for better projects identification, risk mitigation, understanding impact, and mobilizing capital for green investment. This could help level the playing field within and among countries, and provide the foundations for scaling up green finance globally.

As the proposed working item does not fall in the scope of any existed ISO technical committee, China (SAC) proposes to lead the process to develop the above-mentioned standard through the establishment of a Project Committee. Liaisons will be established and maintained with related ISO technical committees for good coordination and consistency of approach, and avoiding clashes or duplication.

Consider the following: Is there a verified market need for the proposal? What problem does this standard solve? What value will the document bring to end-users? See Annex C of the ISO/IEC Directives part 1 for more information.

See the following guidance on justification statements on ISO Connect:
https://connect.iso.org/pages/viewpage.action?pageId=27590861

---

² Source: www.climatebonds.net
**Preparatory work** (at a minimum an outline should be included with the proposal)

- ☐ A draft is attached
- ☒ An outline is attached
- ☐ An existing document to serve as initial basis

The proposer or the proposer's organization is prepared to undertake the preparatory work required:

- ☒ Yes
- ☐ No

If a draft is attached to this proposal:

Please select from one of the following options (note that if no option is selected, the default will be the first option):

- ☒ Draft document will be registered as new project in the committee's work programme (stage 20.00)
- ☐ Draft document can be registered as a Working Draft (WD – stage 20.20)
- ☐ Draft document can be registered as a Committee Draft (CD – stage 30.00)
- ☐ Draft document can be registered as a Draft International Standard (DIS – stage 40.00)

**Is this a Management Systems Standard (MSS)?**

- ☐ Yes
- ☒ No

NOTE: if Yes, the NWIP along with the Justification study (see Annex SL of the Consolidated ISO Supplement) must be sent to the MSS Task Force secretariat (tmb@iso.org) for approval before the NWIP ballot can be launched.

**Indication(s) of the preferred type or types of deliverable(s) to be produced under the proposal.**

- ☒ International Standard
- ☐ Technical Specification
- ☐ Publicly Available Specification
- ☐ Technical Report

**Proposed development track**

- ☐ 1 (24 months)
- ☒ 2 (36 months - default)
- ☐ 3 (48 months)

**Note:** Good project management is essential to meeting deadlines. A committee may be granted only one extension of up to 9 months for the total project duration (to be approved by the ISO/TMB).

**Known patented items** (see ISO/IEC Directives, Part 1 for important guidance)

- ☐ Yes
- ☒ No

If "Yes", provide full information as annex

**Co-ordination of work:** To the best of your knowledge, has this or a similar proposal been submitted to another standards development organization?

- ☐ Yes
- ☒ No

If "Yes", please specify which one(s):

Click here to enter text.
A statement from the proposer as to how the proposed work may relate to or impact on existing work, especially existing ISO and IEC deliverables. The proposer should explain how the work differs from apparently similar work, or explain how duplication and conflict will be minimized.

The proposed item has no duplication or conflicts with existing work. The proposed item will improve the consensus on green financial activities among different areas of energy, environment and finance. It will not duplicate deliveries of related technical committees but facilitate users to adopt best available international standards in those areas. It will also provide opportunities for relevant technical committees to be aware of emerging needs for standardization. Especially, it will increase effective implementation of relevant ISO deliveries such as ISO 14000 series, ISO 10845 series, ISO 50001 series and ISO 52000 series in financial sector.

ISO/TC 207/SC 7 is developing ISO 14097 on the Framework and principles for assessing and reporting investments and financing activities related to climate change. Although it focuses on the climate related investment of organization, this proposed item is distinct from that standard as it will be applicable at project level. Additionally, green finance is more extensive than climate finance as it covers sectors such as renewable energy, sustainable construction, energy efficiency and waste management.

ISO/TC 207/SC 1 is developing ISO 14007 Environmental management: Determining environmental costs and benefits – Guidance and ISO 14008 Monetary valuation of environmental impacts and related environmental aspects — Principles, requirements and guidelines. This proposed item will not touch upon the evaluation of environmental costs and benefits or monetary valuation of environmental impacts and related environmental aspects. The proposed item will refer to these available ISO standards but will not develop technical approaches.
A listing of relevant existing documents at the international, regional and national levels.

**ISO**
- ISO 10006:2003 Quality management systems -- Guidelines for quality management in projects
- ISO 10845-1:2010 Construction procurement -- Part 1: Processes, methods and procedures
- ISO 13065:2015 Sustainability criteria for bioenergy
- ISO 14001:2015 Environmental management systems -- Requirements with guidance for use
- ISO 14064-2:2006 Greenhouse gases -- Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements
- ISO 16075-1:2015 Guidelines for treated wastewater use for irrigation projects -- Part 1: The basis of a reuse project for irrigation
- ISO 16075-2:2015 Guidelines for treated wastewater use for irrigation projects -- Part 2: Development of the project
- ISO 16075-3:2015 Guidelines for treated wastewater use for irrigation projects -- Part 3: Components of a reuse project for irrigation
- ISO 17741:2016 General technical rules for measurement, calculation and verification of energy savings of projects
- ISO 20121:2012 Event sustainability management systems -- Requirements with guidance for use
- ISO 21500:2012 Guidance on project management
- ISO 50001:2011 Energy management systems -- Requirements with guidance for use

**Climate Bonds Initiative (CBI)**
Climate bonds standard and sector specific standards for water, solar, wind, low carbon buildings, geothermal and low carbon transport

**Equator Principles (EP) Association**
The Equator Principles

**G20 Energy Efficiency Finance Task Group**
Energy Efficiency Investment Toolkit

**International Capital Market Association (ICMA)**
Green Bond Principles

**International Finance Corporation (IFC)**
Performance Standards on Environmental and Social Sustainability
Please fill out the relevant parts of the table below to identify relevant affected stakeholder categories and how they will each benefit from or be impacted by the proposed deliverable(s).

<table>
<thead>
<tr>
<th>Benefits/impacts</th>
<th>Examples of organizations/companies to be contacted</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry and commerce – large industry</strong></td>
<td>Financial institute will improve investment on reliable green financial projects and reduce the risks; Large industry and commerce companies will invest more on energy saving and environmental technology</td>
</tr>
<tr>
<td></td>
<td>Banks, institutional investors, assurance companies, bond issuers, green technology companies, renewable energy operators</td>
</tr>
<tr>
<td><strong>Industry and commerce – SMEs</strong></td>
<td>Business opportunity for new services and more incentives for R&amp;D of green technology</td>
</tr>
<tr>
<td></td>
<td>Energy Service Companies (ESCos), environmental protection consulting firms, the third-party assessors</td>
</tr>
<tr>
<td><strong>Government</strong></td>
<td>Government can promote the green finance on a common technical basis. It will help government to design policy and regulations to achieve energy and environmental target through green finance.</td>
</tr>
<tr>
<td></td>
<td>Regulators for financial institutes, regulators for resource and environment</td>
</tr>
<tr>
<td><strong>Consumers</strong></td>
<td>More efficient and environmental products/services</td>
</tr>
<tr>
<td></td>
<td>Consumer associations</td>
</tr>
<tr>
<td><strong>Labour</strong></td>
<td>More development opportunity in new and green business</td>
</tr>
<tr>
<td></td>
<td>Labour organization</td>
</tr>
<tr>
<td><strong>Academic and research bodies</strong></td>
<td>Incentives for R&amp;D on energy saving and environmental technology</td>
</tr>
<tr>
<td></td>
<td>University, Research Institutes</td>
</tr>
<tr>
<td><strong>Standards application businesses</strong></td>
<td>New business for certification and verification of green financial projects</td>
</tr>
<tr>
<td></td>
<td>Certification bodies</td>
</tr>
<tr>
<td><strong>Non-governmental organizations</strong></td>
<td>Better technical basis to promote green finance</td>
</tr>
<tr>
<td></td>
<td>NGOs for environment, UNEP, IPEEC</td>
</tr>
<tr>
<td><strong>Other (please specify)</strong></td>
<td>Click here to enter text.</td>
</tr>
</tbody>
</table>
| | Click here to enter text.
**Liaisons:**
A listing of relevant external international organizations or internal parties (other ISO and/or IEC committees) to be engaged as liaisons in the development of the deliverable(s).

**External:**
Climate Bonds Initiative (CBI)
Equator Principles (EP) Association
International Capital Market Association (ICMA)

**Internal:**
ISO/TC 28/SC 7 Liquid biofuels
ISO/TC 59/SC 18 Construction procurement
ISO/TC 68 Financial services
ISO/TC 180 Solar energy
ISO/TC 207 Environmental management
ISO/TC 228 Tourism and related services
ISO/TC 238 Solid biofuels
ISO/TC 255 Biogas
ISO/TC 258 Project, programme and portfolio management
ISO/TC 282 Water reuse
ISO/PC 295 Audit data collection
ISO/TC 301 Energy management and energy savings
ISO/PC 305 Sustainable non-sewered sanitation systems

**Joint/parallel work:**
Possible joint/parallel work with:
- ☐ IEC (please specify committee ID)
  Click here to enter text.
- ☐ CEN (please specify committee ID)
  Click here to enter text.
- ☐ Other (please specify)
  Click here to enter text.

**A listing of relevant countries which are not already P-members of the committee.**
Click here to enter text.

Note: The committee secretary shall distribute this NWIP to the countries listed above to see if they wish to participate in this work

<table>
<thead>
<tr>
<th><strong>Proposed Project Leader</strong> (name and e-mail address)</th>
<th><strong>Name of the Proposer</strong> (include contact information)</th>
</tr>
</thead>
</table>
| Li Pengcheng, China National Institute of Standardization lipch@cnis.gov.cn | Li Yubing
Director General,
Department of International Cooperation,
SAC |

FORM 4 – New work item proposal
Version 01/2016
**This proposal will be developed by:**
- ☐ An existing Working Group (please specify which one: Click here to enter text.)
- ☐ A new Working Group (title: Click here to enter text.)
  (Note: establishment of a new WG must be approved by committee resolution)
  - ☒ The TC/SC directly
  - ☐ To be determined

**Supplementary information relating to the proposal**
- ☒ This proposal relates to a new ISO document;
- ☐ This proposal relates to the adoption as an active project of an item currently registered as a Preliminary Work Item;
- ☐ This proposal relates to the re-establishment of a cancelled project as an active project.
  Other:
  - Click here to enter text.

- ☒ Annex(es) are included with this proposal (give details)
  - Annex B. Analysis of the scopes of the proposed new working item and relevant TCs/SCs

**Additional information/questions**

**NOTE from ISO/CS:**
ISO/CS would like to draw the attention of the ISO members to the fact that TC 207 projects cover ‘Climate finance’ and that this proposal could therefore lead to a potential overlap.

If the NWIP is approved by ISO members, ISO/CS would recommend to the ISO/TMB that this proposal is developed under a new WG in ISO/TC 207.
ANNEX A. Outline of Green Finance: Assessment of Green Financial Projects

1. Scope

This International Standard specifies classification of green financial projects. This International Standard also specifies a framework for assessing green financial projects, including principles, scope, methodologies, procedure, reporting, and assessment bodies.

This International Standard helps users to identify and assess the green financial projects.

2. Terms and conditions

3. Classification of green financial projects

3.1 Principles of classification

3.2 Hierarchical classification

3.2.1 Energy efficiency project

3.2.2 Renewable energy project

3.2.3 Pollution reduction project

3.2.4 Resource saving project

3.2.5 Others

4. Principles of assessment

5. Scope of assessment

5.1 Compliance

5.2 Resource and Environmental Benefits

5.3 Control of Risks

5.4 Management Arrangement

5.5 Information Disclosure

5.6 Verification Arrangement

6 Methodology of Assessment

6.1 Standard Control

6.2 Comparison Test

6.3 Peer Review

7 Procedure of Assessment
8 Reporting

9 Assessment Bodies
ANNEX B. Analysis of the scopes of the proposed new working item and relevant TCs/SCs

We have investigated the scopes and business plans of relevant TCs/SCs in ISO as listed in table 1.

<table>
<thead>
<tr>
<th>TC</th>
<th>Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISO/TC 68</td>
<td>Standardization in the field of banking, securities and other financial services.</td>
</tr>
<tr>
<td>ISO/TC 207</td>
<td>Standardization in the field of environmental management systems and tools in support of sustainable development. Excluded: *test methods of pollutants, setting limit values and levels of environmental performance, and standardization of products. Note: The TC for environmental management will have close cooperation with ISO/TC 176 in the field of environmental systems and audits.</td>
</tr>
<tr>
<td>ISO/TC 207/SC 1</td>
<td>Standardization in the field of environmental management systems to support the achievement of sustainability.</td>
</tr>
<tr>
<td>ISO/TC 207/SC 2</td>
<td>Standardization in the field of environmental auditing and related environmental investigations.</td>
</tr>
<tr>
<td>ISO/TC 207/SC 4</td>
<td>Standardization in the field of environmental performance evaluation in support of sustainability.</td>
</tr>
<tr>
<td>ISO/TC 207/SC 7</td>
<td>Standardization related to the management of greenhouse gas emissions and removals and related activities.</td>
</tr>
<tr>
<td>ISO/TC 301</td>
<td>Standardization in the field of energy management and energy savings.</td>
</tr>
</tbody>
</table>
According to the analysis, we think the proposed item brings forward an emerging topic which doesn’t fall in the scope of existed TCs. Firstly, the scope of the proposed item is beyond the scope of environmental management system or tools standard. The assessment framework of green financial projects has very loose connection with environmental management, environmental audit or environmental performance. The scopes of relevant TCs are defined so it is difficult to cover the broad theme of green finance. Secondly, the proposed standard will not touch the specific environmental issue, energy saving issue or financial service as its main purpose is to harmonize conception and guidelines for internal/external bodies assessing green financial projects before investment decision. It will consider the broader context of pollution reduction, GHG emission reduction, energy efficiency improvement, renewable resources utilization and their co-benefits.

Therefore, we think it is logical to develop the standard in a project committee. We also think this is an efficient and effective way especially when market demand grows rapidly.