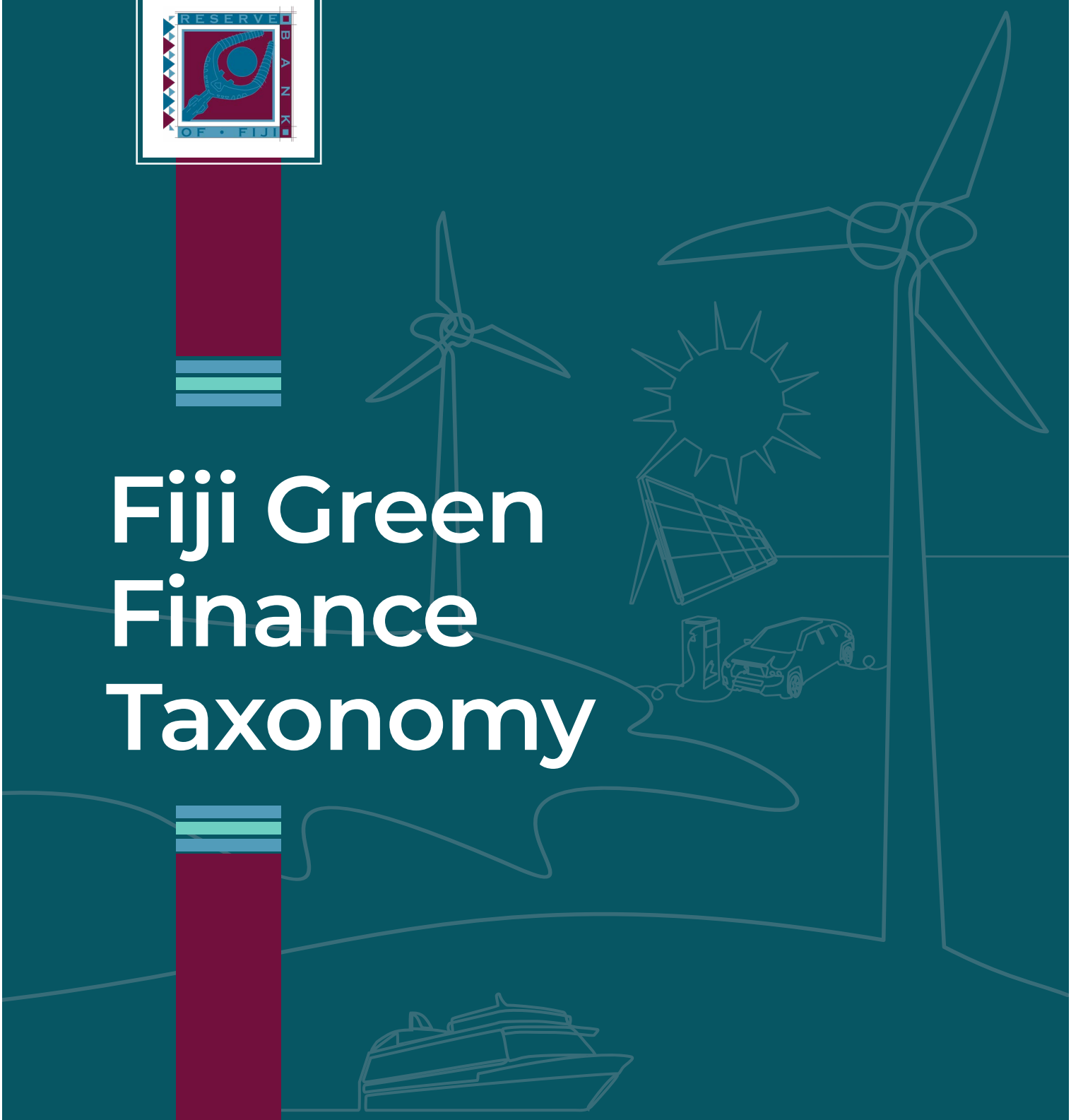
Fiji Green Finance Taxonomy



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Foreword

Fiji stands at a pivotal moment in its journey towards a sustainable and climate-resilient future. As a small island developing state, Fiji faces unique and urgent challenges from climate change, including rising sea levels, intensifying cyclones, and shifting rainfall patterns that threaten lives, livelihoods and ecosystems. These realities demand bold and coordinated actions.

The Fijian Government has demonstrated unwavering commitment to global climate action through the Paris Agreement and ambitious national strategies, including the updated Nationally Determined Contribution (NDC), the National Climate Change Policy 2018–2030, and the Low Emission Development Strategy 2018–2050. These frameworks chart a clear path toward a low-carbon, inclusive economy.

The Fiji Green Finance Taxonomy, developed under the leadership of Reserve Bank of Fiji with technical support from the International Finance Corporation and Climate Bonds Initiative, marks a transformative step in this journey. This landmark framework provides a clear, science-based classification system for economic activities that are environmentally sustainable, tailored to Fiji's context and aligned with international best practices. By defining and labeling green and sustainable investments, the Taxonomy empowers investors, financial institutions, and policymakers to direct capital flows toward projects that advance Fiji's climate and development goals.

At its core, the Taxonomy is structured around environmental objectives, with an initial focus on climate change mitigation and a vision to expand into adaptation and resilience. The first phase prioritizes the energy and transport sectors—key contributors to Fiji's greenhouse gas emissions and economic activity.

Through a rigorous traffic light system, activities are classified as green (aligned), amber (transition), or red (ineligible), guided by science-based technical screening criteria and robust social safeguards.

This framework enhances transparency, prevents greenwashing, and supports the development of innovative green financial products. It mobilizes private sector investments and builds national capacity for sustainable finance, ensuring that Fiji remains at the forefront of climate leadership in the Pacific region.

The Taxonomy is a living document, which has been shaped by collaboration among government, private sector, and technical experts and reflects scientific, policy and market developments.

It is more than a technical framework—it is a testament to Fiji's vision, resilience, and commitment to building a greener, sustainable and more inclusive future, in which we can unlock green investments, accelerate climate action, and secure a prosperous future for all.

Ariff Ali
Governor | Reserve Bank of Fiji

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A&R	Adaptation and Resilience
AER	Annual Efficiency Ratio
ASEAN	Association of Southeast Asian Nations
2BSvs	Biomass Biofuels voluntary scheme
BAU	Business-as-Usual
°C	Degrees Celsius
CBI	Climate Bonds Initiative
Cm	Centimetres
CO2	Carbon Dioxide
CO2e	Carbon Dioxide Equivalent
CSP	Concentrated Solar Power
DNSH	Do No Significant Harm
EEOI	Energy Efficiency Operation Index
EHS	Environmental, Health and Safety
EPR	Extended Producer Responsibility
EU	European Union
EV	Electric Vehicle
FDI	Foreign Direct Investment
gCO2e	Grams of CO2e
GDP	Gross Domestic Product
Gg	Gigagrams
GHG	Greenhouse gas
GT	Gross Tonnage
GWP	Global Warming Potential
ICT	Information and Communication Technology
IEA	International Energy Association
IFC	International Financial Corporation
IMO	International Maritime Organization
IPCC	Intergovernmental Panel on Climate Change
ISCC Plus	International Sustainability and Carbon Certification
ISIC	International Standard Industrial Classification
Ktoe	Kilotonnes equivalent
kWh	Kilowatt-hour
LEDS	Low Emission Development Strategy
m²	Square metre
M&E	Monitoring and Evaluation
MRV	Measurement, Reporting and Verification
MSMEs	Micro, Small, and Medium Enterprises
MSS	Minimum Social Safeguards
NDC	Nationally Determined Contribution
NDP	National Development Plan
OECD	Organisation for Economic Co-operation and Development
PDP	Power Development Plan
PPA	Power Purchasing Agreement
PV	Photovoltaic
RBF	Reserve Bank of Fiji
RSB	Roundtable of Sustainable Biomaterials
RTRS	Round Table on Responsible Soy
SC	Fiji Green Finance Taxonomy Steering Committee
SDA	Sectoral Decarbonisation Approach
SDGs	Sustainable Development Goals
tCO2e	Tonne CO2 equivalent
t-km	Tonne-kilometre
TPI	Transition Pathway Initiatives
TWG	Taxonomy Technical Working Group
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change
WEO	World Energy Outlook

Glossary of terms

Terms	Definition
Amber Activities (transition activities)	Economic activities that do not yet operate at a green performance level, but contribute to greenhouse gas (GHG) emission reductions as they are on a credible decarbonisation pathway towards meeting green criteria. They are subject to specific performance thresholds and *'sunset dates*,' by which they must meet green criteria to remain Taxonomy-aligned. These activities are crucial for supporting the transition of essential sectors that feature in a 2050 net-zero carbon future aligned with the Paris Agreement goals, but that are currently high emitting sectors. Transition activities need to avoid long-term carbon lock-in.
Blue Economy	The blue economy refers to the sustainable use of ocean and water resources for economic growth, improved livelihoods and jobs, while preserving the health of marine ecosystems and ensuring availability of clean water.
Business-as-Usual (BAU)	A scenario projecting future trends (such as emissions, economic growth), assuming no new policies or measures are implemented beyond those already in place. It serves as a baseline against which the impacts of new actions can be assessed. Fiji's NDC specifies two distinct BAU scenarios to differentiate its commitments: ▪ **Unconditional BAU Scenario:** This represents the projected emissions pathway based on policies and actions that Fiji commits to implementing using its own domestic resources. It reflects the country's sovereign commitment to climate action. ▪ **Conditional BAU Scenario:** This represents a more ambitious emissions pathway that Fiji could achieve if it receives international support, such as climate finance, technology transfers, and capacity building. It highlights the greater potential for climate action when enabled by global cooperation.
Carbon Lock-in	A situation where investments in long-lived, carbon-intensive infrastructure, technologies or practices create path dependencies that make it challenging or costly to transition to low-carbon alternatives in the future, thereby "locking in" future GHG emissions.
Climate Change Adaptation and Resilience (A&R)	The process of adjustment to actual or expected climate change risk. A&R activities aim to reduce vulnerability and exposure to underlying climate hazards and increase the resilience of human and natural systems to these climate impacts.
Climate Change Mitigation	Human interventions to reduce the sources or enhance sinks of GHG. The primary objective of mitigation activities within Fiji's Green Finance Taxonomy is contributing to limiting increases in global average temperatures, consistent with the Paris Agreement goals.
Carbon Dioxide Equivalent (CO_2e)	A standard unit for measuring the global warming potential (GWP) of different GHGs relative to carbon dioxide (CO_2) over a specified timeframe (typically 100 years). It allows for the impact of various GHGs to be expressed as a single, comparable figure.
Decarbonisation Pathway	A projected trajectory of GHG emission reductions over time for a specific sector, activity or entity, aiming to align with long-term climate goals such as net-zero by 2050 or limiting global warming to 1.5°C.
Do No Significant Harm (DNSH)	A core principle ensuring that an economic activity, while contributing substantially to one environmental objective (such as climate change mitigation), does not cause significant harm to other specified environment objectives under the Taxonomy (including climate change A&R, water sustainability, circular economy, pollution prevention and biodiversity).

Emission Intensity	A measure of GHG emissions per unit of physical activity or output, such as grams of CO_2e per kilowatt-hour (gCO_2e/kWh) of electricity generated, or per tonne-kilometre (t-km) of freight transported, or per square metre (m^2) of building area. Commonly used for setting Technical Screening Criteria in taxonomies.
Greenhouse Gas Emissions	Gases in the Earth's atmosphere that trap heat, contributing to global warming and climate change. The main GHGs include CO_2, methane (CH_4), nitrous oxide (N_2O), and fluorinated gases. Emissions are typically measured in tonnes of CO_2 equivalent (tCO_2e). Scope 1, 2, and 3 are categories used to classify GHG emissions according to the Greenhouse Gas Protocol[1], which is the most widely used international standard for GHG accounting and reporting: ▪ **Scope 1 Emissions:** Direct GHG emissions that occur from sources owned or controlled by an entity (such as emissions from fuel combustion in owned vehicles or facilities). ▪ **Scope 2 Emissions:** Indirect GHG emissions from the generation of purchased electricity, steam, heating, or cooling consumed by an entity. ▪ **Scope 3 Emissions:** All other indirect GHG emissions that occur in an entity's value chain (such as emissions from purchased goods and services, transportation of goods, employee commuting, use of sold products, waste disposal).
Greenwashing	Greenwashing is the practice by which companies, organisations or institutions exaggerate, misrepresent or falsely communicate the environmental benefits of their products, services, or activities in order to appear more sustainable or environmentally responsible than they actually are. It typically involves using misleading claims, vague language, selective disclosures, or superficial marketing tactics—such as highlighting minor “green” features, while ignoring significant negative impacts—to influence public perceptions, attract customers, investors or regulators, and gain a competitive advantage without making meaningful changes to reducing environmental harm.
Minimum Social Safeguards (MSS)	A set of social and governance standards and best practices that entities undertaking Taxonomy-aligned activities must adhere to. These typically align with internationally recognised principles and conventions on human rights, labour rights, community health and safety, and responsible business conduct (IFC Performance Standards, UN Guiding Principles on Business and Human Rights, among others).
Nationally Determined Contribution (NDC)	A climate action plan submitted by countries party to the Paris Agreement, outlining their targets, policies, and measures for reducing national emissions and adapting to climate impacts. Fiji’s updated NDC was a key reference for Fiji’s Green Finance Taxonomy.
Net-Zero	Achieving a balance where anthropogenic GHG emissions are reduced to as close to zero as possible, with any remaining residual emissions being permanently removed from the atmosphere. For a national or corporate target, this typically refers to achieving this balance by a specific year, such as 2050 for Fiji's carbon neutrality goal.
Stranded Assets	Assets that have suffered from unanticipated or premature write-downs, devaluations, or conversion to liabilities due to climate-related risks and transitions (policy changes, market shifts towards low-carbon technologies, physical climate impacts).
Substantial Contribution Criteria	Science-based and activity-based criteria that define the specific quantitative or qualitative requirements that an economic activity must meet to be considered "green" or "transition" under the Taxonomy's environmental objectives.

[1] https://ghgprotocol.org/standards-guidance.

Sustainable Finance	Financial services integrating Environmental, Social, and Governance (ESG) criteria into business or investment decisions for the lasting benefit of both clients and society. A sustainable finance Taxonomy is a key tool to support and scale-up sustainable finance.
Sunset Date	A pre-defined date specified in the Taxonomy by which an 'Amber' (transition) activity must meet more stringent 'Green' criteria to continue being classified as Taxonomy-aligned. After the sunset date, the amber classification for that specific activity or technology ceases to be applicable under the Taxonomy.
Taxonomy (Green or Sustainable Finance Taxonomy)	A classification system that defines criteria for economic activities to be considered environmentally sustainable. It aims to provide clarity and transparency for investors, financial institutions and companies. This helps to channel financial flows towards sustainable development objectives, such as climate change mitigation and A&R.
Technical Screening Criteria (TSC)	Specific, often quantitative, thresholds and qualitative conditions that an economic activity must meet to be classified as sustainable under the Taxonomy for a particular environmental objective. TSCs are ideally science-based and follow three core principles: 1. Substantial contribution: The activity must make a significant positive impact on at least one environmental objective, such as climate change mitigation or pollution prevention. In Taxonomy criteria, that positive impact (contribution) is often expressed as a percentage improvement over a baseline (BAU) such as a 20 percent reduction in GHG emissions. 2. Do No Significant Harm: The activity must not cause significant harm to any of the other environmental objectives. 3. Minimum Social Safeguards: The activity must comply with minimum social and governance safeguards.
Transition Finance	Financing directed towards supporting entities or economic activities in their transition towards lower GHG emissions and greater environmental sustainability. This often involves financing 'amber activities' that have credible, science-based decarbonisation plans and meet Taxonomy criteria.

Chapter 1.
Background and Overview

1.1 Introduction

Fiji, as a small island developing state in the Pacific, is particularly vulnerable to climate change impacts such as rising sea levels, increasingly frequent and intense cyclones, and changing rainfall patterns. Recognising the urgent need for climate action in terms of both mitigation and A&R, the Government of Fiji is committed to transitioning towards a low-carbon, climate-resilient, and sustainable economy. This commitment is reflected in Fiji's ratification of the Paris Agreement, its Third Nationally Determined Contribution (NDC 3.0) 2025–2035, the National Climate Change Policy 2018–2030, Low Emission Development Strategy (LEDS) 2018–2050, and the comprehensive Five- and 20-year National Development Plan 2025–2029 and Vision 2050 (NDP).

The Fiji Green Finance Taxonomy (hereafter referred to as the Taxonomy) is a critical instrument in realising the country's ambitious national goals, including achieving net-zero emissions by 2050 and reaching 100 percent renewable energy in the electricity sector by 2035. It offers a clear, science-based classification system for economic activities, identifying those that substantially contribute to climate change mitigation, while ensuring they Do No Significant Harm (DNSH) to other environmental objectives and meet Minimum Social Safeguards (MSS). This Taxonomy is designed to be a practical resource for financial institutions, investors, businesses, and policymakers to enable them to:

- Identify and label green and sustainable investments: Providing a common language and consistent framework for understanding what constitutes a "green" or "sustainable" activity in the Fijian context.
- Direct capital flows: Guiding both domestic and international investment towards projects and activities that support Fiji's climate and sustainable development objectives.
- Enhance transparency and tackle greenwashing: Providing clear criteria and thresholds, the Taxonomy will improve financial sector transparency and help prevent "greenwashing" (misleading claims about environmental benefits).
- Support policy implementation: Serving as a reference point for developing incentives, regulations, and financial products that promote sustainable economic activity.
- Mobilise private sector investment: Creating a more attractive and predictable investment environment for green projects.
- Build national capacity: Fostering a common understanding of sustainable finance principles and practices across different sectors and stakeholders.
- Measure and report: It is also essential to integrate this Taxonomy with a functional Measurement, Reporting and Verification (MRV) system to measure and report its impacts as part of the overall green financing reporting mechanisms introduced by the RBF.

The development of this Taxonomy is aligned with international best practices, drawing inspiration from the ASEAN Taxonomy, EU Taxonomy, and Climate Bonds Taxonomy, while tailored to Fiji's unique circumstances, priorities, and data availability. It recognises the importance of both climate change mitigation (reducing GHG emissions) and adaptation and resilience (A&R – building resilience to climate change hazards). This first version of the Taxonomy primarily focuses on mitigation activities in the two key sectors of energy and transport, with the intention to expand its scope to include A&R and other environmental objectives in future iterations.

As such, this Taxonomy is considered a "living document" and will be regularly reviewed and updated to reflect advancements in science, technology, policy, and market developments. It marks a crucial step in Fiji's pursuit of a sustainable, resilient, and prosperous future, ensuring that economic growth is aligned with environmental protection and social well-being. The development of this Taxonomy is aligned with the principles of inclusivity, collaboration, and transparency, having engaged a multi-stakeholder consultation process and been guided by a leading scientific evidence.

1.2 Rationale for Developing a National Taxonomy

Development of this Fiji Green Finance Taxonomy is driven by the urgent need to mobilise financial resources towards achieving Fiji's ambitious climate and development goals in a sustainable manner.

This Taxonomy serves as a critical tool to:

1. **Define and categorise "green" and "sustainable" activities:** The Taxonomy provides a clear, science-based classification system for economic activities that contribute to climate change mitigation and ensure no significant harm is caused to the environment, while meeting MSS. This common language and set of definitions are essential for all stakeholders – government, financial institutions, businesses, and investors – to understand what constitutes a genuinely sustainable investment in the Fijian context.
2. **Mobilise and direct capital flows:** By clearly defining "green" and "sustainable," the Taxonomy will help to direct both domestic and international capital towards projects and activities that support Fiji's climate and development objectives. It will reduce the risk of "greenwashing" and increase investor confidence, making Fiji a more attractive destination for sustainable finance. The Taxonomy is intended to be used to develop green and sustainable financial products and services, for example, green bonds.
3. **Support policy implementation:** The Taxonomy will provide a framework for developing and implementing effective policies, regulations, and incentives that promote sustainable economic activity. It will inform the design of financial instruments, support the monitoring of progress towards national climate targets, and facilitate the integration of climate considerations into broader economic planning.
4. **Enhance transparency and accountability**: A clear and transparent Taxonomy will improve the quality and comparability of sustainability-related information, enabling better MRV of the environmental and social impacts of investments. This will build trust and accountability within the financial system and across the economy.
5. **Promote market development:** The Taxonomy will stimulate green finance market growth in Fiji by creating a common understanding of eligible activities, reducing transaction costs, and fostering innovation in financial products and services.
6. **Align with international best practices:** While tailored to Fiji's specific context, the Taxonomy is designed to be interoperable with international and regional taxonomies (such as the ASEAN Taxonomy, phase 1 of the Australian Sustainable Finance Taxonomy, and the Climate Bonds Taxonomy). This alignment will facilitate access to international capital markets and ensure that Fiji's efforts are recognised and supported globally. It will also be useful in attracting climate finance to meet national mitigation as well as A&R needs.
7. **Support a just transition:** The Taxonomy recognises the importance of a just transition that is mindful of consequences for communities, an important element of a successful transition to a low-emissions and climate-resilient economy.

In essence, this Taxonomy is a foundational element of Fiji's broader strategy to build a more resilient, sustainable, and prosperous future. It is a tool for unlocking the financial resources needed to achieve this vision, ensuring that economic growth goes hand-in-hand with environmental protection and social well-being. This initiative is timely, as it will be critical for helping the country achieve its climate targets under the NDC, its long-term goals under the LEDS, and support progress towards wide-ranging UN Sustainable Development Goals as the 2030 deadline approaches.

1.3 Sectoral Assessment

Development of Fiji's Green Finance Taxonomy initially focused on climate change mitigation, which relates to the abatement of anthropogenic GHG emissions. This objective guided the preparation of the following sectoral assessment. However, considering the significance of climate change A&R, future versions of this Taxonomy may consider the inclusion of an A&R objective, in line with global progress in recognising economic activities that can support such an objective.

The sectoral assessment for the first phase of Green Finance Taxonomy development focused on five key sectors: agriculture, buildings, energy, manufacturing and transport. Each sector was evaluated based on its contribution to Fiji's GHG emissions or mitigation targets, Gross Domestic Product (GDP), its potential to attract Foreign Direct Investment (FDI), value of exports, and alignment with national priorities.

Table 1 outlines the results of this prioritisation exercise, where a higher score indicates that a particular assessment factor is more material for the specific sector. The scoring was conducted on a scale of 1 (lowest) to 5 (highest priority) for each of the following criteria:

1. *GHG emissions or mitigation targets:* A higher score indicates a larger contribution to national GHG emissions or a greater potential for emissions reduction, making the sector a high priority for mitigation action.
2. *Contribution to GDP:* A higher score reflects the sector's significant contribution to Fiji's GDP, linking climate action to economic stability.
3. *Potential for FDI:* A higher score indicates a greater potential to attract international green investment, a key goal of the Taxonomy.
4. *Value of exports:* A higher score signifies the sector's importance to Fiji's trade balance and its potential to transition towards sustainable export-oriented activities.
5. *Alignment with national priorities:* A higher score indicates strong alignment with existing national strategic documents, such as the National Development Plan and the National Energy Policy, particularly their climate change mitigation goals.

The scores for each criterion were determined through a qualitative and quantitative assessment, based on available national data and strategic documents. The final score for each sector is the sum of its scores across the five criteria.

Table 1. Sectoral assessment results

Sector	GHG emissions or mitigation targets	Contribution to GDP	FDI for the sector	Value of exports	National priorities[2]	Total
Transport	5	4	3	4	5	21
Energy	4	4	4	3	5	20
Agriculture	4	4	2	4	4	18
Buildings	2	2	3	1	5	13
Manufacturing	1	4	2	3	3	13

Source: Authors' calculation

Based on this evaluation, the recommended priority sectors for inclusion in this first phase of the Taxonomy's development are:

- Energy
- Transport.

The transport sector notably emerges as the most significant contributor to Fiji's GHG emissions, whereas the energy sector plays a crucial role in supporting economic activities across all sectors and is closely aligned with national goals for transitioning to renewable energy. Although the agriculture sector received high scores, reflecting its importance to Fiji's economy and exports, it is recommended to be considered in a subsequent phase of the Taxonomy's development due to its complex structural challenges and current emphasis on climate A&R, rather than mitigation.

[2] National priorities related to climate change mitigation.

1.4 Taxonomy Structure Overview

This Fiji Green Finance Taxonomy is structured to provide a clear, consistent, and science-based framework for identifying and classifying economic activities that contribute substantially to Fiji's climate and environmental objectives. The Taxonomy is designed to be a practical tool for:

- **Financial institutions:** To guide lending and investment decisions, develop green financial products, and report on the environmental performance of their portfolios.
- **Businesses:** To identify opportunities for greening their operations, attracting investment, and demonstrating a commitment to sustainability.
- **Government:** To inform policy development, design incentives, track progress towards national climate goals, and mobilise public and private finance.
- **Investors:** To make informed decisions about sustainable investments and manage climate-related financial risks.
- **Other stakeholders:** For researchers, civil society organisations and the public to understand and engage with Fiji's transition to a low-carbon, climate-resilient economy.

The Taxonomy adopts a multi-layered approach, incorporating the following key components:

1. **Environmental objectives:** Built around clearly defined environmental objectives, the Taxonomy reflects Fiji's national priorities and international commitments. As mentioned, while the initial focus of the Taxonomy is climate change mitigation, future iterations are expected to incorporate additional objectives, such as climate change A&R as well as the protection and restoration of Fiji's unique marine ecosystems.
2. **Priority sectors:** The Taxonomy focuses on key sectors of the Fijian economy with significant potential to contribute to climate change mitigation and/or are particularly vulnerable to climate impacts. As outlined in the sectoral assessment, the initial sectors covered are energy and transport.
3. **Eligible activities:** Within each sector, the Taxonomy identifies specific economic activities eligible for classification. These activities are selected based on their potential to make a substantial contribution to the defined environmental objectives.
4. **Substantial Contribution Criteria:** For each eligible activity, the Taxonomy provides detailed, science-based TSC. These criteria define the specific requirements that an activity must meet to be considered "green" (aligned) or "amber" (transition) with the Taxonomy's objectives. The TSC are designed to be:
    - **Ambitious:** Reflecting best practices and driving significant improvements in environmental performance.
    - **Measurable:** Based on quantifiable metrics and thresholds, whenever possible.
    - **Technology-neutral:** Focused on outcomes rather than prescribing specific technologies.
    - **Dynamic:** Subject to regular reviews and updates to reflect technological advancements, scientific developments, and evolving policy priorities.
5. **Do No Significant Harm (DNSH):** These criteria ensure that activities contributing to one environmental objective do not cause significant harm to other environmental goals. DNSH criteria are based on existing Fijian environmental regulations, international best practices, and relevant standards.
6. **Minimum Social Safeguards (MSS):** The Taxonomy also includes MSS criteria to ensure activities are carried out in a socially responsible manner, respecting human rights, labour rights, and community well-being.
7. **Traffic light system:** A 'traffic light system' is adopted by the Taxonomy to categorise activities:

🟢	**Green:**	Aligned to a net-zero pathway.
🟠	**Amber:**	On a pathway to becoming green (transition).
🔴	**Red:**	Not aligned, with no pathway to becoming green.
⚪	**Out of scope:**	Presently not included in the current version of the Taxonomy.

Table 2. Examples of environmental objectives

European Union	ASEAN	Australia	Papua New Guinea
Climate change mitigation	Climate change mitigation	Climate change mitigation	Climate change mitigation
Climate change adaptation	Climate change adaptation	Climate change adaptation and resilience	Climate change adaptation and resilience
Sustainable use and protection of water resources		Sustainable use and protection of water resources	Sustainable use and protection of water resources
Transition to a circular economy	Promote resource resilience and transition to a circular economy	Circular economy	Conservation and resource efficiency
Pollution prevention and control		Pollution prevention and control	Pollution prevention and control
Protection and restoration of biodiversity and ecosystems	Preservation of healthy ecosystems and biodiversity	Biodiversity and ecosystem protection	Protection and recovery of biodiversity and ecosystems

Source: Authors' research

Structure and Hierarchy

This Taxonomy is structured hierarchically, using International Standard Industrial Classification (ISIC) codes as a foundation, while adapting it to Fiji's specific needs and context. This approach ensures a degree of international comparability, while allowing for flexibility to address the country's unique circumstances. The general structure is as follows:

Environmental objectives	Climate change mitigation
Sector	Energy, Transport
Sub-sector	If applicable, such as renewable energy generation
Activity	Solar PV power generation (for example)
Technical Screening Criteria	Substantial Contribution, DNSH, MSS

Relationship to Other Frameworks and Initiatives

Fiji's Green Finance Taxonomy is designed to be consistent with and supportive of:

- **Fiji's Third Nationally Determined Contribution (NDC 3.0):** Objectives and criteria of the Taxonomy are aligned with Fiji's commitments under the Paris Agreement.
- **National Climate Change Policy (NCCP):** The Taxonomy stands as a practical tool for implementing NCCP goals.
- **Low Emissions Development Strategy (LEDS):** It supports the transition to a low-carbon economy as outlined in the LEDS.
- **National Adaptation Plan (NAP):** While the initial focus is on mitigation, the Taxonomy incorporates DNSH criteria that consider A&R needs and will be expanded to include such criteria in future iterations.
- **Sustainable Development Goals (SDGs):** It contributes to achieving multiple SDGs, particularly those related to climate action, clean energy, sustainable cities, and responsible consumption and production.
- **International best practices:** Drawing on leading international frameworks, such as the EU and Climate Bonds taxonomies, Fiji's Taxonomy is also adapted to its national context.

Chapter 2.
Economic Activities and Traffic Light System

Like other global taxonomies, Fiji's is centred on economic activities rather than broad sectors or entities. This approach allows for a more precise identification of eligible investments that can be deemed to significantly contribute to a particular environmental objective.

During this initial phase of the Taxonomy's development, eligible activities must substantially contribute to climate change mitigation, in alignment with Fiji's enhanced national commitments under NDC 3.0. For instance, electricity generation from renewable sources, such as solar energy and hydropower, are activities that substantially contribute to climate change mitigation goals. As such, they achieve GHG emissions reductions aligned with decarbonisation trajectories compatible with the Paris Agreement goal of maintaining global temperatures below the 2°C threshold in pursuit of 1.5°C.

Economic activities within Fiji's energy and transport sectors can be categorised into five distinct groups based on their potential for decarbonisation:

1. **Near-zero activities:** At or near net-zero emissions and may require minimal further decarbonisation. Examples include solar power generation, wind power and other renewable technologies, which are crucial for Fiji's energy transition and contributors to the NDC 3.0 objective to achieve 100 percent renewable electricity generation by 2035. The projected use of renewable energy will reduce energy sector emissions by 36 percent below BAU by 2035, with an unconditional contribution of 12 percent (Government of Fiji, 2025).
2. **Pathway to net-zero activities:** Essential for achieving net-zero emissions by 2050 and with a clear decarbonisation pathway. In Fiji, this includes adoption of energy-efficient technologies in the transport sector, vital for tackling the reliance on fossil fuels (Ministry of Economy, 2018).
3. **No pathway to net-zero activities:** While necessary, they do not have a clear decarbonisation pathway to 2050. An example in Fiji could be certain forms of maritime transport still heavily reliant on fossil fuels, which need to be transitioned to more sustainable alternatives (Ministry of Economy, 2018).
4. **Interim activities:** Needed in the short to medium-terms, they should be phased out by 2050. For Fiji, this could include the use of biofuels, which are not sustainable long-term solutions despite providing immediate benefits (Ministry of Economy, 2018).
5. **Stranded activities:** Cannot be aligned with global warming targets and have viable low-emission alternatives. In Fiji, this includes electricity generation from coal, which is being phased out in favour of renewable energy sources (Ministry of Economy, 2018).

By categorising economic activities in this manner, the Taxonomy aims to facilitate the transition towards a low-carbon economy, while ensuring that investments are directed towards activities that genuinely contribute to environmental sustainability (Ministry of Economy, 2018).

2.1 Transition Activities and Traffic Light System

In alignment with Fiji's commitment to achieve net-zero carbon emissions by 2050, as articulated in various national strategies and policies – including Fiji's LEDS and NDC under the Paris Agreement, National Climate Change Policy 2018–2030 and the Climate Change Act 2021 – it is essential to categorise economic activities within the energy and transport sectors into a structured framework.

This framework will facilitate the identification of transition activities that can effectively contribute to Fiji's climate objectives, while addressing the economic realities of the nation. To be classified as transitional in Fiji, based on Climate Bonds Initiative methodology, an activity must meet the following criteria:

- **Performance improvement:** The activity must demonstrate a commitment to significantly improve its environmental performance over time, which can be tracked through monitoring and reporting of CO2 equivalent emissions.

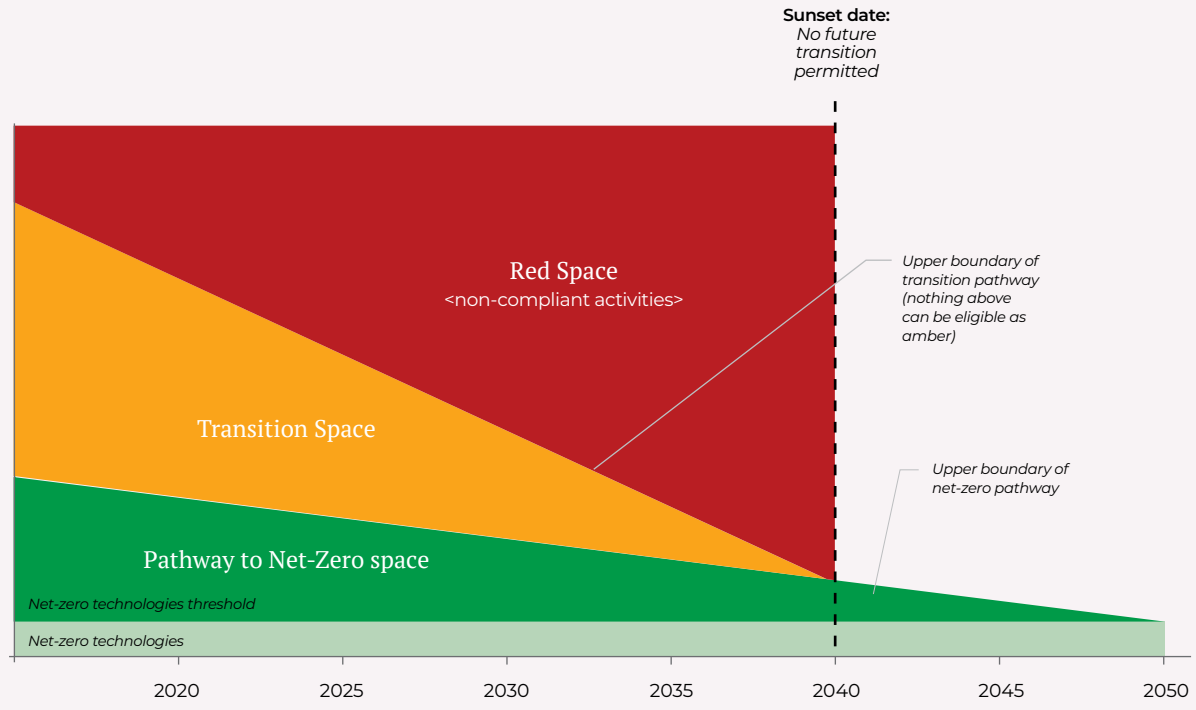
- **Avoiding carbon lock-in:** Investments in these activities should not result in the establishment of carbon-intensive assets or processes that could hinder future decarbonisation efforts.
- **Support for low-carbon alternatives:** The activity should not obstruct the development and deployment of low-carbon technologies and practices.
- **Alignment with climate goals:** There must be a clear pathway for the activity to contribute towards Fiji's climate objectives, particularly targets set for 2030 and net-zero by 2050.

2.1.1 Traffic light system

To effectively guide investments and policy decisions, Fiji's Taxonomy will employ a traffic light system to categorise activities based on their alignment with national climate goals:

- **Green activities** are those making substantial contributions to climate change mitigation orientated towards the 2050 net-zero goal because they either currently operate near or at net-zero. In Fiji's context, this includes solar PV generation, hydropower subject to specific criteria, and operation of electric vehicle fleets.
- **Amber activities** encompass those facilitating significant emissions reductions in the short term, with prescribed sunset dates. Unless otherwise stated, the amber category is relevant only for the transitioning of existing infrastructure, activities and does not apply to new projects. This is in recognition of the fact that the amber category is, by definition, not aligned with a 1.5°C trajectory, and building new activities with long lifespans beyond sunset dates would lock-in assets longer into the future, resulting in stranded assets. Post-sunset date, no amber transition activities will have access to green finance.
- **'Ineligible' activities** are incompatible with Fiji's net-zero trajectory. For Fiji's transition to be net-zero by 2050, these activities should be phased out completely, such as unabated coal power plants. ***Importantly, they have not been included in the Taxonomy and are presented for illustrative purposes only.***

Figure 1. Traffic light system



Source: Climate Bonds Initiative

To clarify linkages between the five distinct groups of economic activities and the traffic light system, the groups are represented below as categorised based on their system alignment:

1. **Near-zero activities:** These activities are already aligned with a net-zero emissions trajectory. They inherently operate at or near net-zero emissions and require minimal further decarbonisation, such as solar power generation and wind power. These activities are classified as Green (aligned).
2. **Pathway to net-zero activities:** These activities are considered essential for reaching net-zero emissions by 2050. They have a clearly defined decarbonisation pathway that, if followed, will lead to eventual alignment with net-zero goals. There are two sub-categories of activities:
    i. Those that utilise best-in-class, near-zero technologies and are aligned with the net-zero pathway by 2050 are automatically defined as substantial contributions. These are considered Green, such as the electrification of transport.
    ii. Those that reduce GHG emissions, adopt energy efficiency measures, enable emissions reductions in other activities or increase removals. They are considered transition activities and are classified as Amber (transition). An example is adoption of hybrid vehicles.
3. **Interim activities:** These activities may contribute to emissions reductions in the short to medium-terms, but are not sustainable long-term solutions. They often have "sunset dates," after which they will no longer be considered Taxonomy-aligned. These activities are classified as Amber (transition).
4. **No pathway to net-zero activities:** Considered material and relevant for Fiji, these activities are still necessary in the short-term. However, no matter what upgrades or adaptations, they do not have a clear pathway to reach net-zero. For example, traditional gas power plants used for the firming of renewable energy on the grid. This category is classified as Red (ineligible).
5. **Stranded activities:** These activities are incompatible with a net-zero emissions future and for which viable, low-emission alternatives exist. These activities should be phased out immediately. For example, any activity related to coal is considered to have no mitigation potential. These activities are also classified as Red (ineligible).

2.2 Blue Economy Integration

As a large ocean island state, Fiji recognises the critical importance of the blue economy to its sustainable development, economic prosperity, and well-being of its people. As such, the ocean and its resources are intrinsically linked to Fijian culture, livelihoods, and national identity. To reflect this reality, the Taxonomy acknowledges that numerous activities contributing to a healthy ocean also benefit climate change mitigation and broader environmental sustainability. Therefore, the Taxonomy integrates relevant blue economy activities into the green Taxonomy framework, rather than creating a separate, standalone “blue” section. This approach avoids duplication, ensures consistency, and highlights the inherent interconnectedness of green and blue principles.

Rationale for Integration:

Several factors support this integrated approach:

- **Overlapping objectives:** Numerous activities that benefit the oceanic environment also contribute directly to climate change mitigation (such as renewable energy from marine sources, sustainable shipping) or have significant co-benefits (mangrove restoration providing carbon sequestration and coastal protection).
- **International practices:** Leading international frameworks, such as the Green Bond Principles, recognise blue bonds as a subset of green bonds. This reflects the understanding that a healthy ocean is a crucial component of a sustainable, low-carbon future. The International Capital Markets Association also considers blue bonds a subset of green bonds.
- **Efficiency and clarity:** Integrating blue economy activities within the existing green framework avoids unnecessary duplication and complexity, making the Taxonomy easier to understand and use for all stakeholders.
- **Data limitations:** Disaggregated data is not always available for blue activities.

Identifying and Labelling Blue Activities:

As described above, while a separate “blue” section has not been created, relevant blue economy activities are identified and incorporated within appropriate green sectors of this Taxonomy. The following principles guided this integration:

1. **Alignment with existing green categories:** Where activities clearly align with green categories (renewable energy, sustainable transport, waste management), they are included.
2. **"Blue" descriptor:** To explicitly recognise the blue economy relevance, a descriptor of "blue" is added to the activity description when applicable. This ensures that Taxonomy users can easily identify activities that contribute to both green and blue objectives. For example, in:
   - **Energy:** Offshore wind energy generation (blue)
   - **Transport:** Electric vessels for coastal transport (blue).
3. **Do No Significant Harm (DNSH):** Regardless of whether they are explicitly labelled as "blue", all activities must meet DNSH criteria. This ensures that no activity, when contributing to one environmental objective (such as climate mitigation), causes harm to any other objective under the Taxonomy, including those specifically related to the marine environment (biodiversity, water quality).

Examples of Integrated Blue Activities:

The following are examples of how blue economy activities are integrated within the green Taxonomy framework:

- **Renewable energy:** Offshore wind, wave, tidal, and ocean thermal energy conversion are included as eligible activities under the "renewable energy" category, with a "blue" descriptor.
- **Sustainable transportation:** Electric or hybrid vessels for coastal and inter-island transport, as well as port infrastructure upgrades that reduce emissions and improve efficiency are included under "sustainable transport."

Those activities considered part of the blue economy and overlapping with the Taxonomy measures will receive a "**blue**" label.

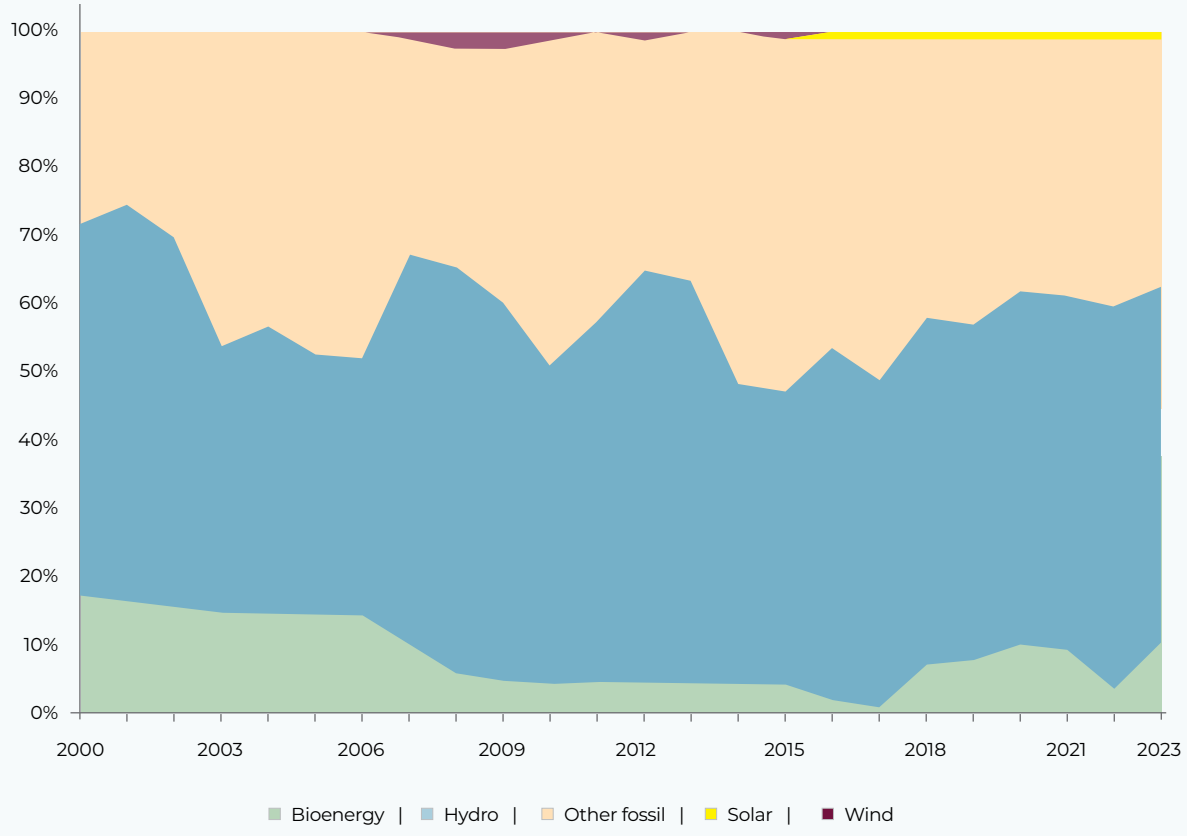
Chapter 3.
Energy Sector

3.1
Overview

Fiji's energy sector is an important component of the nation's economic framework and environmental sustainability efforts. According to the Fiji National Inventory Report, by 2019 energy generation in Fiji – encompassing standalone power plants, captive power plants and small generators) – accounted for approximately 468.48Gg of CO2-equivalent emissions, representing 11.7 percent of the country's net total GHG emissions (Government of Fiji, 2023). This significant contribution underscores the urgency of transitioning towards a low-carbon energy model, particularly as Fiji aims to reduce its carbon emissions by 30 percent by 2030 (Ministry of Economy, 2018).

Energy consumption in Fiji is characterised by a significant reliance on imported fossil fuels. Despite this reliance, Fiji has made commendable strides in renewable energy generation, with hydropower currently accounting for more than 35 percent of electricity supply (Ember, 2024). Concurrently, the government had set ambitious targets, with 100 percent electrification coverage of the population by 2021 yet to be achieved and a fully renewable energy-based electricity sector by 2036 (Government of Fiji, 2024).

Figure 2. Fiji electricity mix



Source: Ember Electricity Data Explorer, ember-energy.org[3]

[3] Source: https://ember-energy.org/data/electricity-data-explorer/

Fiji's national energy utility, Energy Fiji Limited (EFL), has outlined plans for significant investments in renewable energy infrastructure, including hydroelectric projects and solar energy initiatives (Government of Fiji, 2024). However, the transition of the energy sector to a low-carbon economy faces challenges, including the need for substantial financial resources and development of a robust regulatory environment to support private sector engagement.

In summary, Fiji's energy sector is at a pivotal juncture, with the potential to significantly reduce GHG emissions in step with enhancing energy security and economic resilience. The establishment of set of green criteria for the energy sector will be instrumental in mobilising the necessary investments to support this transition, ensuring that economic activities align with national climate objectives and contribute to a sustainable future.

3.2 Major Climate and Environment-related Issues in the Energy Sector

Fiji is facing significant climate-related challenges that directly impact on an energy sector that is crucial for the nation's economic stability and environmental sustainability. Rising temperatures and extreme weather events pose serious risks to energy infrastructure and supply. The following section provides a brief overview of key climate-related risks that Fiji and its infrastructure are forecast to encounter in the next few decades.

Rising temperatures and energy demand

Fiji has witnessed increasing average temperatures, with projections indicating a potential rise of between 1.9°C to 4.0°C by 2090 under high emissions scenarios (Government of Fiji, 2017). This warming trend is expected to escalate energy demand, particularly for cooling systems, as urban areas may experience intensified heat island effects (Government of Fiji, 2017). This increased demand for electricity during hotter periods could strain energy infrastructure, already vulnerable to climate impacts.

Vulnerability of hydropower generation

Hydropower is a cornerstone of Fiji's energy supply, accounting for approximately 45-65 percent of electricity generation (Government of Fiji, 2017). However, this reliance leaves the sector particularly vulnerable to climate fluctuations. Exacerbated by climate change, drought conditions can significantly reduce water availability for hydropower generation (Government of Fiji, 2017). In particular, recent extreme weather events have demonstrated the vulnerability of hydropower infrastructure and the potential for substantial economic losses due to damage from flooding and drought (Government of Fiji, 2017).

Impact of cyclones and flooding

Cyclones and flooding events increasingly threaten Fiji's energy infrastructure. The country has experienced severe cyclones, such as Cyclone Winston in 2016, which caused damage amounting to US$0.9 billion, representing about one-third of Fiji's GDP (Government of Fiji, 2020). Such events not only impact large-scale infrastructure, but they also disrupt energy supply chains leading to prolonged outages and economic instability (Government of Fiji, 2020). In practice, the vulnerability of transmission and distribution lines to strong winds and flooding further undermines the reliability of energy supply (Government of Fiji, 2017).

Sea level rises and coastal infrastructure

Rising sea levels pose an additional threat to Fiji's energy infrastructure, particularly for coastal facilities. Projections indicate that mean sea levels could rise by 26-82cm by 2100, increasing risks of coastal flooding and storm surges (Government of Fiji, 2017). This is particularly concerning for substations and transmission lines located near the coast, at risk from climate hazards (Government of Fiji, 2017). The potential for increased flooding during high tides or storm surges could lead to significant disruptions in energy supply and infrastructure integrity (Government of Fiji, 2017).

Transitioning to renewable energy

While Fiji has made commendable progress in renewable energy generation, the transition to a fully renewable energy-based electricity sector by 2035 is fraught with challenges (Government of Fiji, 2025). The current energy mix still relies on fossil fuels, particularly diesel, which heavily contributes to GHG emissions (Government of Fiji, 2017). The need for substantial investments in renewable energy projects, alongside development of a robust regulatory framework, is critical to facilitate this transition (Government of Fiji, 2017).

Environmental degradation and infrastructure development

The expansion of energy infrastructure, including roads and power generation facilities, can lead to environmental degradation, particularly deforestation and habitat loss (Ministry of Economy, 2018). This degradation not only threatens biodiversity, but it also heightens the vulnerability of energy infrastructure to climate impacts, such as soil erosion and landslides.

3.3 Key Sectoral Considerations

Nationally Determined Contributions (NDC)

Fiji's updated NDCs outline a commitment to reduce energy sector carbon emissions by 36 percent by 2035 compared to a Business-as-Usual (BAU) scenario using 2013 as the base year (Government of Fiji, 2025). This includes a target of achieving close to 100 percent renewable energy in grid-connected power generation by 2030, which is expected to significantly lower emissions (Government of Fiji, 2020). The NDC sets out sector-specific targets, such as a 58 percent emissions reduction in the commercial sector, 38 percent in residential, 41 percent in industrial, and 14 percent in road transport under the conditional scenario, all by 2035 (Government of Fiji, 2025).

Table 3. GHG emissions – energy (2019)

Sector	National total emissions (Gg CO2e)	% in national total net GHG emissions
National Net Total Global	2325.05	
Energy sector	2127.65	91.51
1A1 Energy industries	333.95	14.3

Source: Government of Fiji (2023)

In brief, energy industries only account for 14.3 percent of the total emissions, when considering emissions according to the categorisations of the National Inventory Report (Government of Fiji, 2023).

3.4 Energy Sector Criteria Scope

The following section provides a more detailed overview of the energy sector criteria, including information related to the traffic light system, quantitative thresholds and whitelists.

3.4.1 Traffic light and technical aspects

1. Green category (aligned)

- **Eligibility for green classification:** These activities make substantial contributions to climate change mitigation goals by operating at or close to the 2050 net-zero goal and consistent with a 1.5°C trajectory. In Fiji's context, this category could include activities like solar PV generation, hydropower (subject to specific criteria), and operation of electric vehicle fleets.

Quantitative thresholds:

- **Emissions intensity:** Activities must demonstrate a lifecycle emissions intensity level below a specific threshold (such as less than 100g CO_2e/kWh).
- **Performance metrics:** For hydropower projects, a power density greater than 5W/m² may be required.

2. Amber category (transition)

Amber activities: These activities facilitate significant emissions reductions in the short term and within a predetermined period (sunset date – please see Table 5). Amber activities encourage substantial movements towards a 1.5°C trajectory for a defined and limited list of sectors and activities that are material and relevant to Fiji. The amber category is, unless otherwise stated, relevant only for the transition of existing infrastructure, projects and assets, but does not apply to new projects. This is in recognition that the amber category is, by definition, not aligned with a 1.5°C trajectory and the building of new activities with long lifespans beyond a predetermined period of time would lock-in assets longer into the future, resulting in stranded assets.

3. Ineligible category

Exclusions and ineligibility: Activities that directly support fossil fuel infrastructure, exceed emissions thresholds, or fail to meet minimum sustainability criteria are classified as "ineligible". Note this does not mean they are ineligible for financing, it means they cannot be considered in alignment with green or amber categories and would not qualify for 'sustainable financing' under the Taxonomy. This includes:

- New natural gas power plants.
- Crude oil tankers.
- Any energy generation or infrastructure not complying with specified green or amber criteria.

4. Whitelist criteria

Pre-approved activities: Certain technologies, measures or existing standards are automatically eligible under the Taxonomy, provided they meet basic requirements. These activities do not require detailed emissions assessments and include:

- Charging points for electric vehicles or renewable technologies, such as Concentrated Solar Power.

5. Specific performance metrics

Technical standards and certifications: Compliance with specific standards or certification schemes is required for some activities to ensure sustainable practices and minimal environmental impact, for example:

- **Bioenergy feedstocks:** These must be certified under pre-approved labelling schemes such as the Forest Stewardship Council to ensure sustainable sourcing.

3.4.2 Scope of eligible activities

The energy sector refers to ISIC codes D35 as follows:

Table 4. ISIC sector codes – energy

ISIC Sector	Activity in the Energy sector
D351: Electric power generation, transmission, and distribution	Solar energy, wind energy, hydropower, geothermal power, bioenergy, natural gas, ocean energy, electricity generation from renewable non-fossil gaseous and liquid fuels, storage of electricity and thermal energy, transmission and distribution of energy.
D352: Manufacture of gas, distribution of gaseous fuels through mains	Transmission and distribution networks for renewable and low-carbon gases.
D353: Steam and air conditioning supply	▪ Production of heating and cooling using waste heat ▪ Installation and operation of electric heat pumps ▪ Heating and cooling distribution

Source: International Standard Industrial Classification of All Economic Activities (ISIC)

The Taxonomy outlines eligible activities within the energy sector that align with overarching climate objectives:

1. Renewable energy generation

- **Solar energy generation:** Construction and operation of facilities using solar technologies, including Solar Photovoltaic (PV) and CSP.
- **Wind energy generation:** Development and operation of onshore and offshore wind power facilities.
- **Hydropower generation:** Projects meeting specific criteria based on power density and GHG emissions intensity.
- **Geothermal power generation:** Production of electricity, heating, and cooling from geothermal sources, subject to emissions thresholds.
- **Ocean energy generation:** Using wave and tidal power technologies for electricity generation.

2. Bioenergy generation

- **Biomass, biogas, and biofuels production:** Facilities producing energy from organic materials, including cogeneration plants and biorefineries.
- **Use of waste and sustainable feedstock:** Activities using waste or sustainably sourced biomass to generate energy.

3. Energy production from gaseous and liquid fuels
   - **Renewable gaseous and liquid fuels:** Electricity generation using gaseous and liquid fuels of renewable origin, excluding facilities solely using biogas and bioliquids.
   - **Natural gas conversion and retrofitting:** Conversion of natural gas plants to use green hydrogen or other low-carbon fuels and the retrofitting existing plants to reduce emissions.

4. Energy storage and distribution
   - **Electricity and thermal energy storage:** Construction and operation of facilities for storing electricity (batteries) and thermal energy (heat storage systems).
   - **Heating and cooling distribution:** Operation of infrastructure for distributing heating and cooling, provided they utilise a significant share of renewable energy or waste heat.
   - **Transmission and distribution networks for renewable gases:** Development and retrofitting of pipelines for renewable and low-carbon gases, including hydrogen.

5. Infrastructure and operational activities
   - **Transmission and distribution of electricity:** Construction and operation of transmission and distribution systems connecting low-emission power plants or enabling smart grid technology.
   - **Production of heating and cooling using waste heat:** Operations using waste heat for heating and cooling purposes.
   - **Installation and operation of electric heat pumps:** Deployment of heat pumps that meet specific environmental management standards and refrigerant requirements.

6. Supportive and enabling activities
   - **Infrastructure supporting renewable energy:** Projects related to development of infrastructure that supports renewable energy generation, transmission and storage, such as smart grid systems and ICT solutions for energy management.

3.5 Energy Sector Criteria Methodological Approach

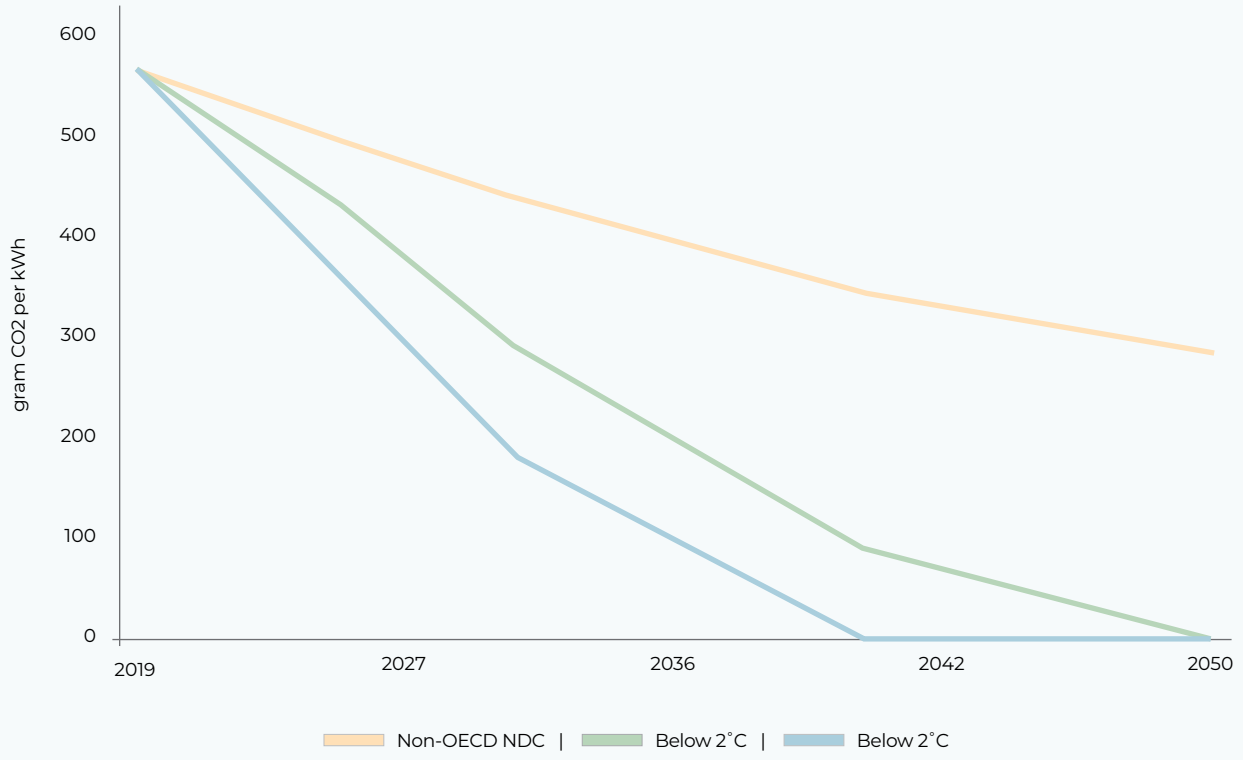
Decarbonisation pathways for energy sector activities are expected to follow a science-based approach for determining emissions intensity thresholds. Modelling the transition pathways of such activities enables the creation of thresholds for activities in line with a shift towards net-zero by 2050. Overall, some activities will have two thresholds: green – representing climate-aligned activities, and amber – representing activities in transition towards this goal.

In order to model a credible transition pathway for activities under the Taxonomy, the Sectoral Decarbonisation Approach (SDA) was applied, which is widely adopted by international initiatives. The SDA utilises data and scenarios developed by international organisations, such as the International Energy Agency (IEA), Intergovernmental Panel on Climate Change (IPCC)[4], International Institute for Applied Systems Analysis (IIASA)[5] and the Transition Pathway Initiatives (TPI).[6] The model for Fiji includes the following scenarios:

- The NDC scenario of non-OECD countries as a stand-in, as currently there is no calculation available specifically for Fiji, based on TPI calculations.
- Below 2°C scenario (based on SDA calculations and consistent with Paris Agreement targets)
- 1.5°C scenario (based on SDA calculations and fully consistent with Paris Agreement targets).

[4] Source: https://www.ipcc.ch/
[5] Source: https://iiasa.ac.at/
[6] Source: https://www.transitionpathwayinitiative.org/

Figure 3. TPI projections for electricity sector



Source: Transition Pathway Initiative, 2021

The thresholds for green activities will be calculated based on the 1.5°C scenario, meaning that all sectors must move to net-zero by 2050. This aligns with Fiji's commitment to achieve carbon neutrality by 2050.

There are several reasons for using the 1.5°C pathway for Fiji's Taxonomy:

- Alignment with international standards and Fiji's climate commitments
- Attractiveness to international climate-aware investors
- Taxonomies typically adopt a higher ambition scenario to warrant a sustainable finance label
- Cost-effectiveness in the long term.

Scope of emissions: For all activities, emissions include only Scope 1 and 2 emissions unless stated otherwise. [7]

Relevant decarbonisation measures: The Taxonomy is technology-neutral and allows any technology to meet the green and amber criteria, if aligned with Fiji's energy strategies outlined in its various policy documents.

NDC-based amber thresholds: The TPI's NDC-based pathways and thresholds are applied as amber criteria for certain activities to consider national conditions. They are calculated based on the best available sectoral data.

Model for energy: Energy activities in this Taxonomy can be largely divided into two parts: (1) those associated with production of energy (hydropower, solar, biomass-based generation) and (2) those supporting activities, such as energy storage and transmission. Eligibility criteria for the first group refers to meeting the set of declining thresholds derived from a decarbonisation pathway presented in Table 5.

[7] Scope 3 emissions are typically excluded from sustainable finance taxonomies due to their complexity and challenges in accurately measuring and verifying emissions across an entity's entire value chain. Including Scope 3 emissions would require detailed tracking of indirect emissions from suppliers, consumers, and other third parties. This is often beyond the capacity of standard reporting and may introduce inconsistencies and unreliability in taxonomy assessments.

Criteria for the second group are usually unique for every activity and are based on characteristics of each activity. They tend to follow a whitelist approach with some technical specifications.

For green activities, the thresholds will be based on the 1.5°C pathway, while for amber activities the threshold will be defined following the non-OECD NDC-based pathway[8] (Transition Pathway Initiative, 2021). The year 2040 will be established as a sunset date for amber thresholds, after which only green thresholds and criteria are applicable for all activities.

Table 5. Energy sector decarbonisation pathway thresholds

All thresholds are grams CO2 equivalent per kWh	2025–2029	2030–2034	2035–2040	2041–2045	2046–2050
Green Activities	100	100	100	50	50
Amber Activities	286	187	137	N/A	N\A
Ineligible Activities	>286	>187	>137	>50	>50

Source: Adapted from the Transition Pathway Initiative

Bioenergy: As the Power Development Plan (PDP) 2022–2040 mentions biomass as a significant energy source, the following specific thresholds will be adapted based on Climate Bonds Initiative Bioenergy Criteria (Table 6).

Table 6. Bioenergy thresholds for biofuel and biomass

Asset type	Thresholds for biofuel/biomass produced/used (primary energy)	Energy efficiency thresholds
Facilities producing liquid biofuel, solid and gaseous biomass for heating and co-generation	57.6g CO2e/kWh	N/A
Facilities producing biofuel for transport	67.7g CO2e/kWh	N/A
Heating/cooling, and co-generation facilities using biofuel/ biomass	57.6g CO2e/kWh	80%

Source: Climate Bonds Initiative (2021)

Eligible feedstock

All types of feedstocks are eligible, with three exceptions:

- Wood (and all woody biomass)
- Third-generation biofuels (algae)
- Biodegradable municipal solid waste, including sewage sludge and food waste.

Furthermore, feedstock used for production of bioenergy should be certified under one of the following schemes:

- Forest Stewardship Council[9]
- Biomass Biofuels voluntary scheme (2BSvs)[10]
- Bonsucro[11]
- International Sustainability and Carbon Certification (ISCC Plus)[12]
- Roundtable of Sustainable Biomaterials (RSB)[13]
- Round Table on Responsible Soy (RTRS).[14]

[8] The methodology document can be accessed here: https://transitionpathwayinitiative.org/publications/94.pdf?type=Publication%20, https://climateactiontracker.org/countries/
[9] Source: https://fsc.org/en
[10] Source: https://www.2bsvs.org/
[11] Source: https://bonsucro.com/
[12] Source: https://www.iscc-system.org/
[13] Source: https://rsb.org/
[14] Source: https://responsiblesoy.org/?lang=en

3.6
Energy Sector Criteria and Thresholds

The following is the proposed list of activities for Fiji's energy sector.

3.6.1
Solar energy generation

Sector classification and activity		
Sector and activity	Energy generation with solar technologies	
ISIC CODE	3510	
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from Solar Photovoltaic, Concentrated Solar Power (CSP) or any other types of solar energy-based technologies.	
Scope	Construction and operation (electricity generation).	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	All energy generation from solar PV and solar CSP and other types of solar energy-based technologies are directly eligible.
	Amber	N/A.[15]
	Ineligible	Solar power plants dedicated to support fossil fuel infrastructure.

3.6.2
Wind energy generation

Sector classification and activity		
Sector and activity	Wind energy generation	
ISIC CODE	3510	
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from wind power.	
Scope	Construction and operation (electricity generation).	
Blue label	Only offshore wind activities qualify.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	All electricity generation activities from onshore and offshore wind power plants are directly eligible.
	Amber	N/A.
	Ineligible	Power plants dedicated to support fossil fuel infrastructure are excluded.

[15] Here and in all subsequent cases, N/A means there are no instances of economic activities that could qualify as amber.

3.6.3
Hydropower generation

Sector classification and activity		
Sector and activity	Hydropower	
ISIC CODE	3510	
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from hydropower.	
Scope	Construction and operation (electricity generation).	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green[16]	A hydropower facility is eligible if it meets one the following criteria: ▪ The electricity generation facility is a run-of-river plant and does not have an artificial reservoir ▪ A power density > 5W/m2. OR GHG emissions intensity < 100g CO2e/kWh.
	Amber	Retrofitting that improves either power density or decreases emission intensity by at least 15 percent is eligible.
	Ineligible	The activity does not meet green or amber criteria.

3.6.4
Geothermal power generation

Sector classification and activity		
Sector and activity	Geothermal power	
ISIC CODE	3510	
Description	Construction and operation of electricity generation facilities that produce electricity, heating, and cooling from geothermal power.	
Scope	Construction and operation (electricity generation).	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	New facilities meeting declining green threshold for the energy sector (Table 5).
	Amber	Existing facilities meeting declining amber threshold for energy sector with a prescribed sunset date (Table 5).
	Ineligible	The activity does not meet green or amber criteria.

[16] The criteria are based on the CBI hydropower criteria: https://www.climatebonds.net/files/files/Hydropower-Criteria-doc-March-2021-release3.pdf

3.6.5
Bioenergy generation and production

Sector classification and activity		
Sector and activity	Bioenergy	
ISIC CODE	3510	
Description	Construction and operation of electricity generation facilities that produce electricity, heating and cooling from bioenergy (biomass, biogas and biofuels).	
Scope	Construction and operation (electricity generation). These criteria apply to assets and projects relating to: ▪ Facilities producing biomass/biofuel ▪ Heating/cooling, and co-generation facilities using biofuel/biomass ▪ Bio-refinery facilities ▪ Supporting infrastructure associated with the above.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ Existing facilities meeting the threshold for bioenergy (Table 6). ▪ Feedstock used for production of bioenergy should comply with one of the following: ▸ Forest Stewardship Council ▸ Biomass Biofuels voluntary scheme (2BSvs) ▸ Bonsucro, International Sustainability and Carbon Certification (ISCC Plus) ▸ Roundtable of Sustainable Biomaterials (RSB) ▸ Round Table on Responsible Soy (RTRS).
	Amber	▪ Only existing facilities are eligible. ▪ Lifecycle emission intensity meets amber thresholds for energy sector (Table 5). ▪ Feedstock used for production of bioenergy should comply with one of the following: ▸ Forest Stewardship Council ▸ Biomass Biofuels voluntary scheme (2BSvs) ▸ Bonsucro, International Sustainability and Carbon Certification (ISCC Plus) ▸ Roundtable of Sustainable Biomaterials (RSB) ▸ Round Table on Responsible Soy (RTRS).
	Ineligible	Activities not compliant with green or amber criteria.

3.6.6
Energy production from natural gas

Sector classification and activity		
Sector and activity	Energy production from natural gas	
ISIC CODE	3510	
Description	Production of energy from natural gas.	
Scope	Conversion and retrofitting projects only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ Conversion of natural gas plants to use green hydrogen leading to an emission intensity of less than 100gCO_{2e}/kWh measured during the lifecycle.
	Amber	▪ Retrofitting existing natural gas plants that lead to lifecycle emission intensity that meets declining amber thresholds for the energy sector with a prescribed sunset date (Table 5). ▪ Lifecycle GHG emissions are calculated based on project-specific data using ISO14067:2018 or ISO14064-2:2019 or equivalent. ▪ At retrofitting, measurement equipment for monitoring of physical emissions, such as methane leakage, is installed or a leak detection and repair programme is introduced. ▪ At operation, physical measurement of emissions is reported, and the leak is eliminated. ▪ An independent third party verifies compliance with the current amber criteria and must be published for public assessment.
	Ineligible	▪ New natural gas-based power plants are excluded.

3.6.7
Marine energy generation

Sector classification and activity		
Sector and activity	Ocean energy	
ISIC CODE	3510	
Description	Construction and operation of electricity generation facilities that produce electricity, heating, and cooling from ocean energy.	
Scope	Construction and operation (electricity generation).	
Blue label	All activities qualify.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	All energy generation activities from ocean energy are directly eligible.
	Amber	N/A.
	Ineligible	N/A.

3.6.8
Electricity generation from renewable non-fossil gaseous and liquid fuels

Sector classification and activity		
Sector and activity	Electricity generation from renewable non-fossil gaseous and liquid fuels	
ISIC CODE	3510	
Description	Construction and operation of electricity generation facilities that produce electricity using gaseous and liquid fuels of renewable origin. This activity does not include electricity generation from the exclusive use of biogas and bioliquid fuels.	
Scope	Conversion and retrofitting projects only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ Lifecycle GHG emissions from the generation of electricity using renewable gaseous and liquid fuels are lower than 100g CO2e/kWh. Lifecycle GHG emissions are calculated based on project-specific data, where available, using ISO 14067:2018 or ISO 14064-1:2018 or ISO 14064-2:2019 or equivalents. ▪ Quantified lifecycle GHG emissions are verified by an independent third party.
	Amber	Lifecycle emission intensity meets declining amber thresholds for the energy sector with a prescribed sunset date (Table 5).
	Ineligible	The activity does not meet green or amber criteria.

3.6.9
Production of heating and cooling using waste heat

Sector classification and activity		
Sector and activity	Production of heating or cooling using waste heat	
ISIC CODE	3530	
Description	Production of heating and cooling using waste heat.	
Scope	Operations only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	All activities producing heating/cooling from waste heat are eligible.
	Amber	N/A.
	Ineligible	N/A.

3.6.10
Installation and operation of electric heat pumps

Sector classification and activity		
Sector and activity	Installation and operation of electric heat pumps	
ISIC CODE	3530	
Description	Installation and operation of electric heat pumps.	
Scope	Installation and operations.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ The climate impact potential of a refrigerant emission must be ≤ 675 Global Warming Potential (GWP).
	Amber	N/A.
	Ineligible	N/A.

3.6.11
Heating and cooling distribution

Sector classification and activity		
Sector and activity	Heating/Cooling Distribution	
ISIC CODE	3530	
Description	Construction and operation of pipelines and associated infrastructure for distribution of heating and cooling, ending at the sub-station or heat exchanger.	
Scope	Construction and operations only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	The activity complies where the system meets at least one of the following conditions: ▪ Utilises at least 50 percent renewable energy. ▪ Utilises at least 50 percent waste heat. ▪ Utilises at least 75 percent cogenerated heat. ▪ Utilises a combination of renewable energy, waste heat, and cogenerated heat equivalent to at least 50 percent of total energy input.
	Amber	N/A.
	Ineligible	N/A.

3.6.12
Transmission and distribution networks for renewable and low-carbon gases, including hydrogen

Sector classification and activity		
Sector and activity	Transmission and distribution networks for renewable and low-carbon gases, including hydrogen	
ISIC CODE	3520, 4930	
Description	▪ Repurposing of gas networks for the distribution of gaseous fuels through a system of mains. ▪ Repurposing of gas networks for long-distance transport of renewable and low-carbon gases by pipelines. ▪ Construction or operation of transmission and distribution pipelines dedicated to the transport of hydrogen or other low-carbon gases.	
Scope	Construction, operations, and retrofitting.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ Transmission and distribution networks of low-carbon gases and green hydrogen are eligible. ▪ Retrofit of natural gas distribution lines to allow 100 percent hydrogen or other low carbon gases is eligible. ▪ Low carbon gases have lifecycle GHG emissions from the generation of electricity lower than the green activities threshold from Table 5.
	Amber	▪ The activity includes leak detection and repair of existing gas pipelines and other network elements to reduce methane leakage.
	Ineligible	N/A.

3.6.13
Storage of electricity, thermal energy and green hydrogen

Sector classification and activity		
Sector and activity	Storage of electricity and thermal energy	
ISIC CODE	No specific ISIC code	
Description	Construction and operation of facilities that store electricity, thermal energy, green hydrogen and return it later.	
Scope	Construction and operations.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ All electricity storage systems and green hydrogen storage systems are eligible. ▪ All thermal energy storage systems where the generated energy falls below 100g CO2e/kWh measured on a lifecycle emission basis are eligible (including geothermal energy storage).
	Amber	N/A.
	Ineligible	N/A.

3.6.14
Transmission and distribution of electricity

Sector classification and activity		
Sector and activity	Transmission and distribution of electricity	
ISIC CODE	3510	
Description	▪ Construction and operation of transmission systems that transport electricity on extra high-voltage and high-voltage interconnected systems. ▪ Construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems. ▪ Construction and operation of interconnections that transport electricity between separate systems.	
Scope	Construction and operations.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ Transmission and distribution infrastructure dedicated to a direct connection or an expansion of connection between power plants that meet the electricity generation criteria defined in the Fiji Taxonomy. Transmission and distribution infrastructure dedicated to an inter-country/region direct or grid connection to access existing or new power plants that meet the criteria for electricity generation defined in the Fiji Taxonomy. ▪ New or upgrades to existing infrastructure that enable the increased integration of renewable electricity into the system. ▪ Includes all enabling ICT systems and smart management systems for the eligible infrastructure.
	Amber	Transmission and distribution infrastructure on a decarbonisation trajectory where at least 67 percent of newly connected generation capacity in the system is below the generation threshold value of 100g CO2e/kWh measured on a Product Carbon Footprint basis. This is over a rolling five-year period or the average system grid emissions factor is below the threshold value of 100g CO2e/kWh measured on a Product Carbon Footprint basis, over a rolling five-year average period.
	Ineligible	Construction and operation of transmission and distribution infrastructure where the share of fossil fuels in the grid is higher than 33 percent.

Chapter 4.
Transport Sector

4.1 Overview

While Fiji's transport sector is a key contributor to national GDP (around one-third in 2023), it is also responsible for a significant amount of total emissions. In 2019, road transport accounted for 34.5 percent of Fiji's total national GHG emissions. More significantly, the entire transport sector represented 73.35 percent of GHG emissions from the energy sector in 2019 (National Inventory Report of Fiji, 2023).

Transport modes in Fiji are primarily road, air and maritime transport, with the latter two particularly relevant due to Fiji's geography as a nation comprised of 332 islands, with about 110 inhabited. Currently, Fiji's transport sector is dependent on imported fossil fuels (Government of Fiji, 2024). To address this dependency and align the sector with national climate goals, the government has outlined several key mitigation actions in its National Energy Policy 2023–2030, including:

- Developing a national Transport Decarbonisation Strategy to align the sector with Fiji's net-zero emissions target by 2050 (Objective 10.3.15).
- Promoting and incentivising the uptake of electric vehicles and non-motorised transport, including the introduction of charging infrastructure and setting specific quotas (Objective 10.3.16).
- Reducing emissions from domestic marine transport by 40 percent by 2030 through operational efficiencies, new technologies, and phasing-out inefficient engines (Objective 10.3.18).
- Exploring options to reduce domestic aviation emissions through operational efficiency, renewable energy systems at airports, and use of sustainable alternative fuels (Objective 10.3.19).
- Improving fuel quality by enforcing higher fuel standards, banning the import of heavy fuel oil by 2030, and encouraging the production and use of sustainable biofuels (Objectives 10.3.12-14).

4.2 Major Climate and Environment-related Issues in the Transport Sector

Fiji's transport sector is integral to the nation's economy, facilitating access to essential services and contributing significantly to GDP. However, it faces numerous climate and environmental challenges that threaten its overall sustainability and ability to adapt to a changing climate.

Vulnerability to extreme weather events

Transport infrastructure is increasingly vulnerable to extreme weather events, such as cyclones and flooding (Government of Fiji, 2020). Such events not only disrupt transport services, but they also lead to significant economic losses as damaged roads, bridges and ports hinder mobility and access to markets (Government of Fiji, 2020). The vulnerability of transport infrastructure to climate impacts necessitates urgent investments in resilience measures to safeguard against future climate-related disruptions.

Impact of rising sea levels on coastal transport infrastructure

As a maritime nation, Fiji's transport sector is particularly exposed to rising sea levels. Projections indicate that mean sea levels could rise by 26-82cm by 2100, increasing the risk of coastal flooding and storm surges (Government of Fiji, 2020).

Fiji's extensive coastline and reliance on maritime transport leave it highly vulnerable, as critical infrastructure such as ports, wharves, coastal roads and low-lying airstrips are directly threatened by inundations, erosion and storm surge damage. This poses significant risks to:

- **Trade and connectivity:** Disruptions to port operations and coastal transport networks can severely impact both domestic and international trade, affecting the movement of goods and people.
- **Tourism:** Damage to coastal infrastructure can negatively impact the tourism industry, a major contributor to Fiji's economy.

- **Accessibility:** Rising sea levels can isolate communities, particularly in outer islands, by damaging or destroying critical transport links.
- **Safety:** Increased flooding and erosion can compromise the safety and structural integrity of transport infrastructure, leading to accidents and disruptions.

Transitioning to sustainable transport solutions

While Fiji has made key strides in improving its transport infrastructure, the transition to more sustainable transport solutions remains a challenge. The current reliance on fossil fuel-powered vehicles contributes to both GHG emissions and air pollution (Ministry of Economy, 2018). Vehicle exhausts release harmful pollutants – including particulate matter, nitrogen oxides, and ground-level ozone precursors – contribute to respiratory illnesses and other health problems.

This is a particularly pressing issue in urban areas with high traffic density. Therefore, transitioning to more sustainable transport solutions is a matter of both climate responsibility and public health. To align with national climate goals, there is an urgent need to promote fuel-efficient vehicles, explore alternative fuel sources, and enhance public transport systems. The electrification of public transport and adoption of energy-efficient technologies are essential steps towards reducing the sector's GHG emissions (Ministry of Economy, 2018).

Environmental degradation from infrastructure development

The expansion of transport infrastructure can lead to environmental degradation, including deforestation and habitat loss (Ministry of Economy, 2018). As new roads and transport facilities are developed, the potential for negative impacts on biodiversity and ecosystems increases. Sustainable practices in infrastructure development are crucial to mitigate these environmental impacts, while enhancing transport sector resilience against climate (Ministry of Economy, 2018). In Fiji, this is particularly concerning due to the country's fragile ecosystems and high biodiversity. New roads and transport facilities can lead to:

- **Deforestation and habitat loss:** Clearing land for roads fragments forests, disrupts wildlife corridors, and destroys habitats, impacting both terrestrial and marine ecosystems (for example, increased sediment runoff into coastal waters).
- **Increased pollution:** Construction activities and increased vehicle traffic contribute to air and water pollution.
- **Soil erosion:** Road development can lead to increased soil erosion.

4.3 Key Sectoral Considerations

Land transport

Road transport is the most common means of transport and accounts for more than 90 percent of the sector's overall emissions, including from private cars, public transport and motorbikes. Regular bus services are the main form of public transportation, operating within and between major towns on the main islands, such as Viti Levu and Vanua Levu.

Passenger and freight rail services do not exist, with the exception of old rail transport of sugarcane from farms to sugar mills used on a limited basis (Ministry of Economy, 2018).

Maritime transport

Maritime transport is essential to connect the islands and is facilitated by ferries, small vessels and river punts with outboard motors (Government of Fiji, 2023). A combination of private companies and government-run shipping services Fiji's maritime zones (Ministry of Economy, 2018).

Air transport

Fiji has two international airports and 13 smaller domestic ones, with flights connecting main islands as well as many smaller ones (Government of Fiji, 2023). The following aviation-related commitments are worth highlighting from Fiji's Low Emission Development Strategy 2018–2050 and the National Development Plan:

- **All off-grid airports powered by solar power:** Off-grid airports in Fiji operate entirely on solar photovoltaic energy, demonstrating a strong commitment to renewable energy in airport operations (Ministry of Economy, 2018).
- **Striving for airport carbon neutrality:** Fiji's strategic framework emphasises reducing reliance on fossil

fuels and increasing renewable energy use, which supports the overarching goal of achieving airport carbon neutrality (Government of Fiji, 2024).

- **Sustainable aviation fuels:** Fiji recognises that sustainable aviation fuels can play a crucial role in lowering the aviation sector's carbon emissions. National policies actively promote exploring and expanding the use of bio-jet fuels (Ministry of Economy, 2018).
- **Blending biofuels to decrease reliance on imported fossil fuels:** Initiatives are underway to blend biofuels—such as incorporating bioethanol with petrol and biodiesel with diesel—as part of a broader strategy to reduce dependence on imported fossil fuels (Ministry of Economy, 2018).
- **The transport sector stands out as the largest contributor to Fiji's GHG emissions.** Zooming in further, road transport ranks as the category (1A3b in the Fiji's National Inventory Report published in 2019) with the highest level of GHG emissions in 2019's Fiji inventory.

Transport accounts for 73.35 percent of the energy sector, when considering emissions according to the categorisations of the National Inventory Report, with 91.51 percent of total national net GHG emissions. Thus, transport contributes 67.12 percent of total national net GHG emissions (Government of Fiji, 2023). Emissions related to the transport sector are summarised in Table 7.

Table 7. GHG emissions – transport (2019)

Sector	National total emissions (Gg CO2e)	% in national total net GHG emissions
National Net Total Global	2325.05	
Energy sector (including transport)	2127.65	91.51
1A3 Transport sector	**1560.67**	**67.12**
Domestic aviation	22.49	0.97
Road transport	**1465.9**	**63.05**
Railways	1.26	0.05
Domestic navigation	71.02	3.05

Source: Government of Fiji (2023)

4.4 Transport Sector Criteria Scope

The transport sector refers to ISIC codes H49-H52 as follows:

ISIC Sector		Activity in the Taxonomy
H491	Transport via railways	Transport via railways
H492	Other land transport	Other passenger land transport Urban and suburban passenger land transport Freight transport by road
H493	Transport via pipeline	Transmission and distribution networks for renewable and low-carbon gases
H501	Sea and coastal water transport	Sea and coastal water transport
H502	Inland water transport	Inland water transport
H511	Passenger air transport	Passenger air transport
H512	Freight air transport	Freight air transport
C3312	Repair of machinery	Retrofitting of sea and coastal freight and passenger water transport
Non-ISIC Transport Activities		Enabling infrastructure for low-emission transport

4.4.1 Scope of eligible activities

The scope covers various modes of transportation and associated infrastructure, emphasising operations with zero direct (tailpipe) CO2 emissions. The scope of criteria is summarised as follows:

1. Zero direct CO2 emissions:
   - **Vehicles, aircraft and vessels:** Must have zero direct (tailpipe) CO2 emissions to be classified as green, including electric and hydrogen-powered modes of transport.
   - **Bimodal operations:** For trains capable of zero-emission operations on electrified tracks and conventional elsewhere.
   - **Hybrid vehicles:** Vehicles that can run on electricity and fuel.
   - **Dual vehicles:** Vehicles that can run on renewable and fossil fuels.

2. Emissions thresholds:

- Freight transport by road: emissions intensity international trajectories (gr CO2e/t-km) can be applied to assess this activity.

3. Infrastructure support:

- Construction and operation of infrastructure that enables low-emission transport, such as:
  - Personal mobility infrastructure (pedestrian and cycling paths)
  - Infrastructure for zero-emission road transport (electric vehicle charging stations)
  - Low-carbon water transport and airport infrastructure supporting zero-emission operations.

4. Retrofitting:

- Upgrading existing vessels to meet green or amber emissions thresholds, except for those dedicated to fossil fuel transport.

5. Exclusions:

- Vehicles, trains or vessels dedicated to fossil fuel transport or storage, such as parking facilities and fossil fuel filling stations, are excluded.

Scope of eligible activities:

1. Operations:
   a. Land transport:
      i. Road passenger vehicles (H4921, H4922)
      ii. Public transportation (H4921, H4922)
      iii. Non-motorised vehicles (H4921)
      iv. Freight road vehicles (H4923).
   b. Domestic shipping:
      i. Sea and coastal water transport (H5011, H5012)
      ii. Inland water transport (H5021, H5022).
   c. Domestic aviation:
      i. Passenger and freight air transport (H5110, H5120)
   d. Rail transport:
      i. Inter-urban and urban passenger rail transport (ISIC H4911, H4921)
      ii. Freight rail transport (ISIC H4912).
2. Construction and operation:
   a. Enabling infrastructure for low-emissions transport: Activities involving the building and operation of infrastructure that supports low-carbon transportation modes across various sectors, such as smart logistics systems and renewable energy-powered infrastructure.

4.5 Transport Sector Criteria Methodological Approach

Thresholds and screening criteria for transport activities are primarily based upon international standards, but they also consider Fiji's national targets and specific conditions.

As it is challenging to develop a single model for transportation emissions mitigation due to the diverse nature of the sector, there are limited opportunities to improve existing assets in terms of energy efficiency and GHG emissions. Therefore, the transport decarbonisation strategy for Fiji relies upon the gradual replacement of internal combustion engines with zero-emission solutions and the phase-out of carbon-intensive technologies. Hence, most activities within the transport sector do not have an amber category, especially those for which zero-emission alternatives exist.

Land transport

For Fiji, road transport is the primary contributor to global GHG emissions, around 63 percent of national GHG emissions, and a key area for decarbonisation efforts. The green threshold for road passenger vehicles could be set at zero direct (tailpipe) CO2 emissions, which would primarily include electric vehicles and hydrogen fuel cell vehicles.

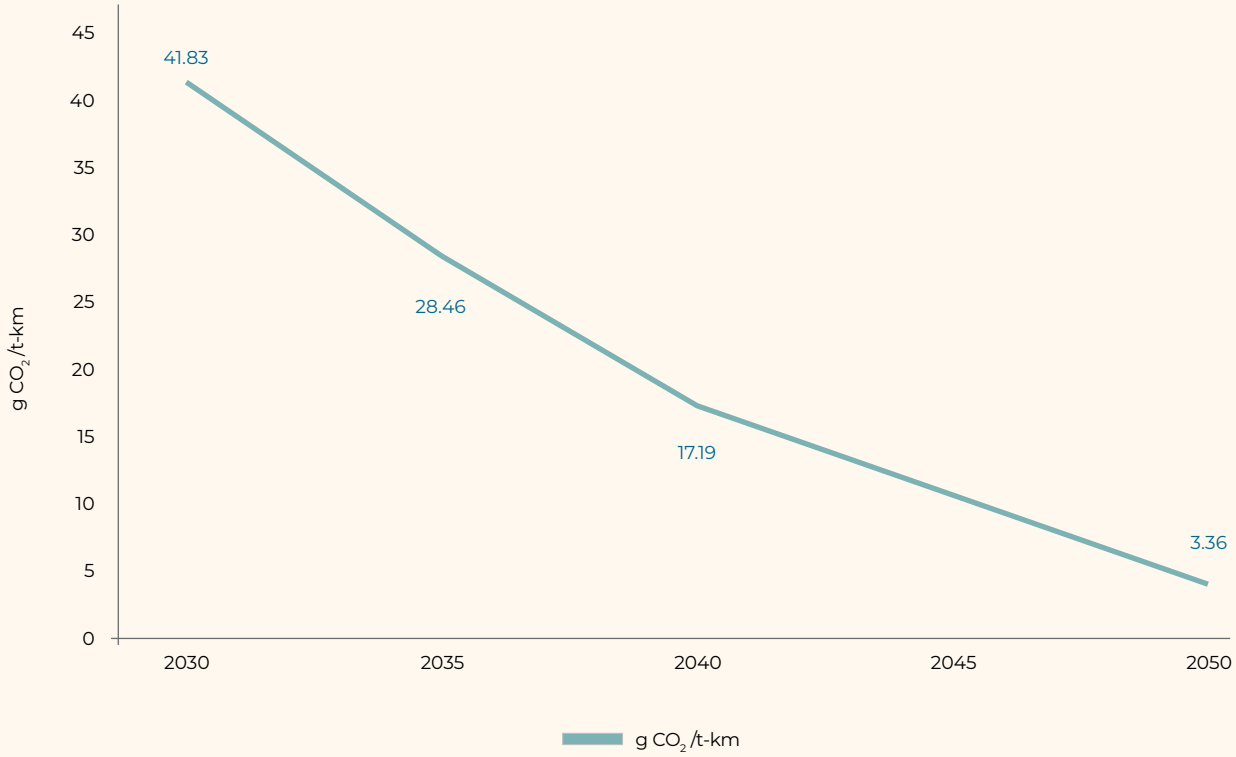
The LEDS, a Very High Ambition Scenario[17] that aims to reach zero emissions for land transport by 2050, relies mainly on adoption of electric vehicles for use transport is the main source of emissions as other road transport modes decarbonise using electric vehicles and modal shift.

[17] The LEDS has four scenarios: BAU – unconditional scenario, BAU – conditional scenario, High Ambition Scenario and Very High Ambition Scenario.

Emissions of freight transport can be assessed with emissions intensity thresholds, such as those in the Climate Bonds Initiative Land Transport Criteria (Climate Bonds Initiative 2023). The latest IEA projections (IEA WEO 2024) allocate global CO2 emissions to heavy-duty trucks as well as economic and activity indicators (billion t-km for heavy-duty trucks). With these figures, an emission intensity trajectory can be calculated.

While the Fiji LEDS also allocated CO2 emissions to freight, with projections for economic and activity indicators (t-km allocated to trucks) a local emissions intensity trajectory could be calculated and tailored to Fiji's context. The IEA WEO 2024 emission intensity trajectory would look like:

Figure 4. IEA emissions intensity trajectory for heavy-duty trucks



Source: Climate Bonds Initiative calculation (based on IEA WEO)[18]

Domestic shipping

The green threshold for the shipping sector is calculated according to the Climate Bonds Initiative Shipping Criteria (Climate Bonds Initiative, 2020). In essence, for shipping activity to be considered green, the expected carbon-equivalent intensity of a ship must be aligned with the decarbonisation trajectory (emission intensity threshold) of the ship's type and size category, reaching zero emissions by 2050. Ships below 5,000GT with zero emissions, propelled and powered by batteries or zero-emissions fuels, are automatically eligible.

The related measurement metric for shipping criteria is both the Energy Efficiency Operation Index (EEOI) and Annual Efficiency Ratio (AER). They measure carbon emissions associated with transport in real operational conditions. AER uses a ship's size (deadweight) as a proxy for cargo carried and assumes that the ship is fully loaded on all journeys. Any vessel 5,000GT and above must report using the International Maritime Organization Data Collection System.[19] Mandatory collection and universal applicability of this data allows for the AER measurement.

[18] Calculation based on the IEO WEO trajectory.

[19] The International Maritime Organization (IMO) is a specialised United Nations agency responsible for regulating shipping. The IMO Data Collection System (DCS) is a mandatory global legal requirement under the MARPOL Convention, which obliges owners of all large ships (5,000 gross tonnage and above) to collect and report data on their fuel oil consumption annually. This data is used to calculate a vessel's operational carbon intensity.

Concerning the amber threshold, the International Maritime Organization GHG Reduction Strategy[20] is applied as it establishes decarbonisation pathway metrics. They are relatively less stringent, but they are suitable for retrofitting existing ships. According to the IMO, the average emissions of ships must fall by at least 40 percent by 2030, pursuing efforts towards 70 percent by 2050, compared to 2008. The 2008 GHG emission levels for cargo ships by type of vessel can be found in the 2009 Second IMO GHG Study (Table 9.1, Annex 1 of this IMO study).

Domestic railways

While Fiji's current rail network is primarily limited to a narrow-gauge system for the sugarcane industry, rail transport offers a significant long-term opportunity for decarbonising both freight and passenger movements, particularly in high-density corridors. Therefore, the methodological approach within the Fiji Taxonomy is forward-looking, designed to guide future investment towards zero-emission rail solutions rather than retrofitting an existing carbon-intensive system. The green threshold is based on the principle of zero direct (tailpipe) emissions. This includes fully electric trains and rolling stock, as well as those powered by green hydrogen fuel cells. Such technologies represent the global best practice for sustainable rail and are considered fully aligned with a net-zero pathway.

Domestic aviation

Zero-emission technologies available for small aircraft, battery electric or hydrogen fuel cell, are included in green category.

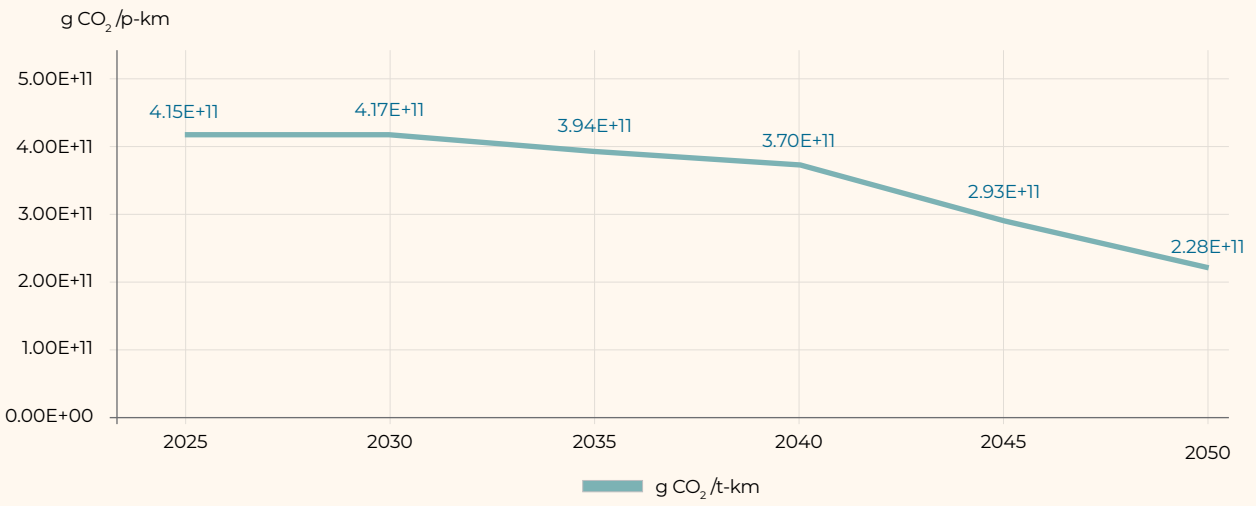
Aviation will not reach zero emissions by 2050, even in the LEDS Very High Ambition Scenario (Ministry of Economy, 2018). This means that zero-emissions technology for aviation will not be available by 2050, hence the aviation sector is in transition. Decarbonisation of domestic aviation in Fiji's LEDS Very High Ambition Scenario is based on the introduction of short-haul electric planes, improving energy efficiency and bio-jet fuel measures.

As a threshold for the amber category, global CO2e emissions allocated to aviation in these Very High Ambition Scenarios can be divided into the passenger-km activity. According to the Fiji Bureau of Statistics, the LEDS uses 2013 as a base year for air transport, during which there was a total of 38.95 p-km travelled. And for the Very High Ambition Scenario, domestic aviation activity is assumed to increase at 4 percent per annum on average based on past trends in the sector and assumed growth of 4 percent GDP/capita per annum.

Decarbonisation of domestic aviation in Fiji's LEDS Very High Ambition Scenario is based on the introduction of short-haul electric planes, improving energy efficiency and bio-jet fuel measures. Use of sustainable aviation fuels, including bio-jet and synthetic fuels, is considered a crucial element for reducing emissions from aircraft that cannot be electrified, in alignment with international aviation decarbonisation goals (Ministry of Economy, 2018). These assumptions give an emission intensity trajectory as follows:

Figure 5. Fiji's LEDS emission intensity trajectory for domestic aviation

Source: Climate Bonds Initiative calculation (based on Fiji LEDS)



[20] https://www.imo.org/en/ourwork/environment/pages/2023-imo-strategy-on-reduction-of-ghg-emissions-from-ships.aspx

As the values for emissions intensity, in the order of 1011 gCO2e/p-km are very high and not aligned with international guidelines, it is recommended to not include an amber category for domestic aviation.

4.6 Transport Sector Criteria and Thresholds

4.6.1 Transport via railways

Sector classification and activity		
Sector and activity	Transport via railways	
ISIC CODE	491	
Description	Rail transportation of passengers and/or freight using railroad rolling stock.	
Scope	Operations only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	The activity complies with one of the following criteria: ▪ Trains and passenger coaches/wagons have zero direct (tailpipe) CO2 emissions. ▪ Trains and passenger coaches/wagons have zero direct (tailpipe) CO2 emissions when operated on a track with necessary infrastructure, and use a conventional engine where such infrastructure is not available (bimodal). AND Trains and wagons are not dedicated to the transport of fossil fuels.
	Amber	▪ Passenger rolling stock is eligible if its direct emissions are below 50 gCO2e/pkm until 2028 (after which, only rolling stock with zero direct emissions are eligible). ▪ Freight transport by rail is eligible if direct emissions are below 25 gCO2/tkm until 2028 (after which, only rolling stock with zero direct emissions are eligible).
	Ineligible	The activity does not meet green or amber criteria.

4.6.2 Other passenger land transport

Sector classification and activity		
Sector and activity	Other passenger land transport	
ISIC CODE	4922	
Description	This class includes: ▪ scheduled long-distance bus services ▪ charters, excursions and other occasional coach services ▪ taxi operation ▪ airport shuttles ▪ other renting of private cars with driver ▪ operation of school buses and buses for transport of employees.	
Scope	Operations only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	Direct (tailpipe) CO2 emissions of the vehicle are zero.
	Amber	The vehicle has direct (tailpipe) CO2 emissions of no more than 50 grams CO2/km.
	Ineligible	The activity does not meet green criteria.

4.6.3
Urban and suburban passenger land transport

Sector classification and activity		
Sector and activity	Urban and suburban passenger land transport	
ISIC CODE	4921	
Description	This class includes land transport of passengers by urban or suburban transport systems. This may consist of different modes of land transport, such as: ▪ motorbus ▪ tramway ▪ streetcar ▪ trolley bus ▪ underground ▪ elevated railways. The transport is carried out on scheduled routes, usually following a fixed schedule, which entails picking up and delivery of passengers at normally fixed stops. The class also includes: ▪ town-to-airport or town-to-station lines ▪ operation of funicular railways, aerial cableways, if part of urban or suburban transit systems.	
Scope	Operations only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	For scheduled passenger road transport, the activity complies with the following criteria: ▪ the activity provides urban or suburban passenger transport, and its direct (tailpipe) CO2 emissions are zero. For scheduled passenger urban suburban rail transport, the activity complies with one of the following criteria: ▪ trains and passenger coaches have zero direct (tailpipe) CO2 emissions. ▪ trains and passenger coaches have zero direct tailpipe CO2 emissions when operated with necessary infrastructure and use a conventional engine, where such infrastructure is unavailable (bimode).
	Amber	N/A.
	Ineligible	The activity does not meet green criteria.

4.6.4
Freight transport by road

Sector classification and activity		
Sector and activity	Freight transport by road	
ISIC CODE	4923	
Description	This class includes: ▪ all freight transport operations by road ▪ logging haulage ▪ stock haulage ▪ refrigerated haulage ▪ heavy haulage ▪ bulk haulage, including by tanker trucks ▪ haulage of automobiles ▪ transport of waste and waste materials, without collection or disposal. This class also includes: ▪ furniture removal ▪ renting of trucks with driver ▪ freight transport by human or animal-drawn vehicles.	
Scope	Operations only.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	The activity complies with the following criteria: ▪ direct (tailpipe) CO2 emissions of the vehicle are zero. AND Vehicles are not dedicated to fossil fuel transport.
	Amber	Amber category is only available for vehicles dedicated to freight transport having a maximum mass exceeding 3.5 tonnes. The amber criteria is only applicable to the top 15 percent best vehicles in Fiji in terms of GHG emissions per t-km. The amber category is available until 2030, after which only the green category is available.
	Ineligible	The activity does not meet green criteria.

4.6.5
Enabling infrastructure for low-emission transport

Sector classification and activity		
Sector and activity	Enabling infrastructure for low-emission transport	
ISIC CODE	No specific code available	
Description	Various types of infrastructure and activities that enable and support low-carbon transportation.	
Scope	Construction and operations.	
Blue label	Only for activities enabling low carbon water transport.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	▪ Infrastructure for personal mobility, construction, modernisation, maintenance and operation of infrastructure for personal mobility, including construction of roads, motorways, bridges, tunnels and other infrastructure dedicated to pedestrians and bicycles, with or without electric assistance. ▪ Infrastructure enabling low-carbon road transport and public transport construction, modernisation, maintenance and operation of infrastructure required for zero tailpipe CO2 operations of zero-emissions road transport, as well as infrastructure dedicated to transshipment or required for operating urban transport. ▪ Infrastructure enabling low carbon water transport, construction, modernisation, operation and maintenance of infrastructure required for zero tailpipe CO2 operation of vessels or port operations, as well as infrastructure dedicated to transshipment. ▪ Low-carbon airport infrastructure, construction, modernisation, maintenance, and operation of infrastructure required for zero-tailpipe CO2 operation of aircraft or airport operations, as well as for provision of fixed electrical ground power and preconditioned air to stationary aircraft.
	Amber	N/A
	Ineligible	Infrastructure dedicated to the transport or storage of fossil fuels, including: ▪ Parking facilities ▪ Fossil fuel filling stations.

4.6.6
Sea and coastal water transport

Sector classification and activity		
Sector and activity	Sea and coastal water transport	
ISIC CODE	501	
Description	This class includes transport of passengers or freight overseas and coastal waters, whether scheduled or not: ▪ operation of excursion, cruise or sightseeing boats ▪ operation of ferries, water taxis ▪ transport of freight overseas and coastal waters, whether scheduled or not ▪ transport by towing or pushing of barges. This class also includes: ▪ rental of pleasure boats with crew for sea and coastal water transport.	
Scope	Operations only.	
Blue label	All activities qualify.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	The activity complies with the green thresholds established for specific kinds of ships (Annex 1).
	Amber	The activity complies with the amber threshold established for the shipping sector with a prescribed sunset date (Annex 1).
	Ineligible	The activity does not meet the amber criteria or is one of the activities mentioned (Annex 1).

4.6.7
Inland water transport

Sector classification and activity		
Sector and activity	Inland water transport	
ISIC CODE	502	
Description	This class includes: ▪ Transport of passenger or freight via rivers, canals, lakes and other inland waterways, including inside harbours and ports. ▪ Rental of pleasure boats with crew for inland water transport.	
Scope	Operations only.	
Blue label	All activities qualify.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	The activity complies with the following criteria: vessels have zero direct (tailpipe) CO_2 emissions. For passenger inland water transport, the activity complies with the following criteria: ▪ Until 31 December 2030, hybrid and dual fuel vessels derive at least 50 percent of their energy from zero direct (tailpipe) CO_2 emissions fuels or plug-in power for their normal operation.
	Amber	The activity complies with the amber threshold established for the shipping sector with a prescribed sunset date (Annex 1).
	Ineligible	The activity does not meet green or amber criteria.

4.6.8
Retrofitting of sea and coastal freight and passenger water transport

Sector classification and activity		
Sector and activity	Retrofitting of sea and coastal freight and passenger water transport	
ISIC CODE	3312	
Description	Retrofitting of vessels that leads to compliance with the amber threshold.	
Scope	Retrofitting only.	
Blue label	All activities qualify.	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	Retrofitting of vessels that leads to compliance with the green threshold for the shipping sector (Annex 1).
	Amber	Retrofitting of vessels that leads to compliance with the amber threshold for the shipping sector with a prescribed sunset date (Annex 1).
	Ineligible	Retrofitting of vessels dedicated to carrying fossil fuels.

4.6.9
Operation of personal mobility devices and cycle logistics

Sector classification and activity		
Sector and activity	Personal mobility	
ISIC CODE	4921, 7711	
Description	Selling, purchasing, financing, leasing, renting and operation of personal mobility or transport devices with propulsion from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. This includes the provision of freight transport services by (cargo) bicycles.	
Scope	Operations only (no manufacturing)	
The activity makes a substantial contribution to climate change mitigation.		
Metrics and thresholds	Green	Propulsion of personal mobility devices from the physical activity of the user, from a zero-emissions motor, or a mix of zero-emissions motor and physical activity. Personal mobility devices can be operated on the same public infrastructure as bikes or pedestrians.
	Amber	N/A.
	Ineligible	N/A.

4.6.10
Freight and passenger air transport

<table>
<tr><th colspan="3">Sector classification and activity</th></tr>
<tr><td>Sector and activity</td><td colspan="2">Freight and passenger air transport</td></tr>
<tr><td>ISIC CODE</td><td colspan="2">5510, 5120</td></tr>
<tr><td>Description</td><td colspan="2">This class includes:
Transport of passengers by air over regular routes and on regular schedules, charter flights for passengers as well as scenic and sightseeing flights.
Transport freight by air over regular routes and on regular schedules, non-scheduled transport of freight by air, launching of satellites and space vehicles and space transport.
Renting of air-transport equipment with operators for the purposes of freight and passenger transportation.
Vehicles and equipment that support ground activities at airports.</td></tr>
<tr><td>Scope</td><td colspan="2">Operations only (no manufacturing)</td></tr>
<tr><td colspan="3">The activity makes a substantial contribution to climate change mitigation.</td></tr>
<tr><td rowspan="3">Metrics and thresholds</td><td>Green</td><td>The activity must comply with one of the following criteria:
Zero direct (tailpipe) emission aircraft
Aircraft are not dedicated to fossil fuel transport</td></tr>
<tr><td>Amber</td><td>Aircraft using SAF must meet the percentage of SAF in total fuel blending trajectory:<table><tr><th>Year</th><th>2025</th><th>2030</th><th>2035</th><th>2040</th><th>2045</th><th>2050</th></tr><tr><td>SAF blend (%)</td><td>2</td><td>6</td><td>20</td><td>34</td><td>42</td><td>70</td></tr></table>Source: ReFuelEU Aviation regulation[21]
Acquisition or retrofitting of aircraft to be able to take up to 75 percent SAF and/or.
Purchase/use and/or measures improving supply chain and availability of SAF.</td></tr>
<tr><td>Ineligible</td><td>Retrofitting of fossil fuel carrying vessels.</td></tr>
</table>

[21] https://transport.ec.europa.eu/transport-modes/air/environment/refueleu-aviation_en

Chapter 5.
Do No Significant Harm and Minimum Social Safeguards

5.1
Do No Significant Harm

The Do No Significant Harm (DNSH) principle is applied in taxonomies with multiple environmental objectives to ensure that one objective does not damage another. As this initial version of the Fijian Taxonomy has one overarching objective (climate change mitigation), a set of generic DNSH criteria was created to ensure compliance with internationally recognised principles and Fijian law. In later stages of development of the Fijian Taxonomy, activity-specific DNSH may also be added.

Table 8. Do No Significant Harm criteria

Generic DNSH Requirements	
Objective	**Description**
Climate change adaptation and resilience	Physical climate risks material to the activity must be identified from those listed in Table 9, in the section on classification of climate-related hazards, by performing a robust climate risk and vulnerability assessment with the following steps: ▪ Screening of the activity to identify which physical climate risks, from the list on climate hazards (Table 9), may impact the performance of the economic activity during its expected lifetime. ▪ If the economic activity is assessed to be at risk from one or more such risks, a climate risk and vulnerability assessment must be conducted to determine the materiality of the physical climate risks(s). ▪ An assessment of adaptation solutions to reduce identified physical climate risk(s) must also be conducted. The climate risk and vulnerability assessment must be proportionate to the scale of activity and its expected lifespan. The assessment must be performed using the highest available resolution projections across a range of future scenarios[22], consistent with the expected lifetime of the activity. The climate projections and impact assessment must be based on best practice, available guidance and consider state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent IPCC reports[23], scientific peer-reviewed publications, open source or paid models. For activities using existing physical assets, the user of the Taxonomy must implement physical and non-physical solutions, over a period of up to five years, that reduce the most critical identified physical climate risks material to that activity. An adaptation plan for implementation of these solutions should be drawn up accordingly. For new and existing activities using newly-built physical assets, the user of the Taxonomy integrates adaptation solutions that mitigate the most significant identified physical climate risks material to that activity at the time of design, construction and implement them before the start of operations.
Sustainable use and protection of marine and water resources	Risks associated with water consumption and quality must be identified, assessed and managed. Water risk analysis tools must be used for this purpose, such as risk assessments by national environmental authorities, water footprints, WWF Water Risk Filter[24] and WRI Aqueduct.[25] If assets or activities are located in water-stressed areas, ensure that water use and conservation management plans developed in consultation with relevant local entities have been implemented.

[22] Future scenarios include Intergovernmental Panel on Climate Change representative concentration pathways RCP2.6, RCP4.5, RCP6.0 and RCP8.5.
[23] Assessment Reports on Climate Change: Impacts, Adaptation and Vulnerability, published periodically by the Intergovernmental Panel on Climate Change, the United Nations body for assessing the science related to climate change produces, https://www.ipcc.ch/reports/
[24] Source: https://waterriskfilter.org/
[25] Source: https://www.wri.org/aqueduct

Resource resilience and transition to a circular economy	Ambition to maximise the efficient use, reduction, repair, recycling and reuse of materials during the activity's operational lifecycle (such as through contractual agreements with recycling companies and integration of the cost of recycling), proper treatment and waste disposal (e.g., proper end-of-life management of batteries) and compliance as a producer with Extended Producer Responsibility standards[26] (if applicable), must be demonstrated. The ambition that new installations are designed and manufactured for high durability, easy dismantling, refurbishment and recycling must be demonstrated. Proper repair of facilities and equipment, with accessibility and interchangeability of activity equipment components, must be ensured.
Pollution prevention and control	Discharges into water bodies must comply with water discharge permits from relevant local authorities. Emissions that pollute the air must have required permits and comply with relevant regulations, with particular focus on hazardous waste. Duly authorised waste managers must carry out integrated management of waste generated.
Protection and restoration of biodiversity and ecosystems	Newly-financed facilities and infrastructure should not be located in ecosystems that are strategic for food security, rich in biodiversity, or that serve as habitat for endangered species (flora and fauna) in the list of nationally protected areas or on the IUCN Red List.[27] Museums or technical facilities are exempt from this requirement. For sites and operations located in or near biodiversity sensitive areas (UNESCO World Heritage Sites, key Biodiversity Areas, as well as those defined by the National Protected Areas Systems), an appropriate assessment must be carried out in line with criteria set by IFC Performance Standard №6.[28] For these sites, a long-term biodiversity monitoring and assessment programme must be implemented.

If the activity in question does not comply with DNSH criteria, but otherwise passes relevant technical screening criteria and thresholds, it may be considered eligible for the corresponding green or amber category if the operating company submits an additional plan indicating how it will correct any deficiencies.

5.1.1 Classification of climate-related hazards[29]

Table 9. Classification of climate-related hazards

	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	▪ Changing temperature (air, freshwater, marine water ▪ Heat stress ▪ Temperature variability	▪ Changing wind patterns	▪ Changing precipitation patterns and types (rain, hail) ▪ Precipitation or hydrological variability ▪ Ocean acidification ▪ Saline intrusion ▪ Sea level rise ▪ Water stress	▪ Coastal erosion ▪ Soil degradation ▪ Soil erosion ▪ Solifluction
Acute	▪ Heat wave ▪ Wildfire	▪ Cyclone	▪ Drought ▪ Heavy precipitation ▪ Flood (coastal, fluvial, pluvial, ground water)	▪ Landslide ▪ Subsidence

[26] Extended Producer Responsibility (EPR) is a policy approach under which producers are given a significant responsibility—financial and/or physical—for the treatment or disposal of post-consumer products. This principle is designed to incentivize the prevention of waste at source, promote environmentally-friendly product design, and support achievement of public recycling and material management goals. Examples of EPR guidelines include the OECD guidelines on EPR as well as the Australian Product Stewardship Act.

[27] Source: https://www.iucnredlist.org/

[28] Source: https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/policies-standards/performance-standards/ps6

[29] Developed by EU Technical Expert Group https://www.openriskmanual.org/wiki/Climate-Related_Risk_Taxonomy

For Fiji, when classifying climate risks, the following resources are available:

- Flood susceptibility map[30]
- Landslide susceptibility map[31]
- Sea level rise impact.[32]

5.2 Minimum Social Safeguards

Together with its alignment with Substantial Contribution and DNSH criteria, the activity must also ensure it does not generate negative social impacts. For this purpose, the Minimum Social Safeguards (MSS) are a set of standards and best practices designed to ensure that an activity cannot be labeled as environmentally sustainable if it violates fundamental social and governance principles. As such, they aim to prevent activities that are environmentally friendly on paper, but have negative impacts on fundamental social issues, such as human rights or involve corrupt practices. MSS generally refer to social and governance best practices applied at the entity level. This deviates from the substantial contribution and DNSH components, as they are both used at the activity level.

To fulfil the MSS requirements, the user of the Taxonomy must comply with the applicable legislative and regulatory frameworks as well as policies of Fiji, align with internationally-recognised principles and conventions, and establish a strong social management system. These core components are essential for the effective establishment, implementation, and long-term maintenance of social safeguards. More specifically for the Taxonomy of Fiji, in order to demonstrate alignment, users must adhere to the following international standards and best practices:

United Nations convention:

- United Nations Guiding Principles on Business and Human Rights (2011)

International Labour Organization core conventions:

- Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87)
- Right to Organise and Collective Bargaining Convention, 1949 (No. 98)
- Forced Labour Convention, 1930 (No. 29) (and its 2014 Protocol)
- Abolition of Forced Labour Convention, 1957 (No. 105)
- Minimum Age Convention, 1973 (No. 138)
- Worst Forms of Child Labour Convention, 1999 (No. 182)
- Equal Remuneration Convention, 1951 (No. 100)
- Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

International Bill of Human Rights conventions:

- Universal Declaration of Human Rights (1948)
- International Covenant on Civil and Political Rights (1966)
- International Covenant on Economic, Social and Cultural Rights (1966)

In addition, the practices of the entity must, where applicable, be consistent with and not contradict the relevant IFC Performance Standards[33]:

- Performance Standard 1: Assessment and management of environmental and social risks and impacts
- Performance Standard 2: Labour and working conditions
- Performance Standard 3: Resource efficiency and pollution prevention (in parts where it does not contradict to the DNSH requirements of the Taxonomy)
- Performance Standard 4: Community Health and Safety
- Performance Standard 5: Land Acquisition and Involuntary Resettlement
- Performance Standard 6: Biodiversity Conservation (in parts where it does not contradict to the DNSH requirements of the Taxonomy)

[30] Can be found here: https://unosat-geodrr.cern.ch/portal/apps/webappviewer/index.html?id=303785132a3246598d03306f0eedd2d1
[31] Can be found here: https://unosat-geodrr.cern.ch/portal/apps/webappviewer/index.html?id=99efb7bc77ea47168ecdb4bc295655df
[32] Can be found here: https://unosat-geodrr.cern.ch/apps/FJI/SeaLevelRise/
[33] International Finance Corporation (IFC) Performance Standards on Environmental and Social Sustainability are a globally recognised benchmark for identifying and managing environmental and social risks in private sector projects. Their primary purpose is to provide a framework for companies to avoid, mitigate, and remedy adverse impacts on workers, communities, and the environment.

- Performance Standard 7: Indigenous Peoples
- Performance Standard 8: Cultural Heritage.

Entities are expected to have processes in place to comply with these standards. If the entity in question does not comply with the MSS criteria, but otherwise passes relevant Technical Screening Criteria, the activity can be considered eligible under the corresponding green or amber category if the entity submits a complementary contingency plan indicating how it will correct the identified deficiencies.

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Annex 1.
Decarbonisation Pathways for Different Ship Types

Nº	Type	Size	Target AER 2020–2029	Target AER 2030–2039	Target AER 2040–2049	Target AER 2050
1	Bulk carrier	0-9999 DWT	24.6	16.4	8.2	0
2	Bulk carrier	10000-39999 DWT	6.6	4.4	2.2	0
3	Bulk carrier	35000-59999 DWT	4.6	3.1	1.5	0
4	Bulk carrier	60000-99999 DWT	3.6	1.4	1.2	0
5	Bulk carrier	100000-199999 DWT	2.4	1.6	0.8	0
6	Bulk carrier	200000+ DWT	2.3	1.5	0.8	0
7	Chemical tanker	0-4999 DWT	35.4	23.6	11.8	0
8	Chemical tanker	5000-9999 DWT	19	12.7	6.3	0
9	Chemical tanker	10000-19999 DWT	11.9	7.9	4	0
10	Chemical tanker	20000+ DWT	6.5	4.3	2.2	0
11	Container	0-999 TEU	16.9	11.3	5.6	0
12	Container	1000-1999 TEU	14.8	9.9	4.9	0
13	Container	2000-2999 TEU	10	6.7	3.3	0
14	Container	3000-4999 TEU	8.3	5.5	2.8	0
15	Container	5000-7999 TEU	7.8	5.2	2.6	0
16	Container	8000-11999 TEU	6.7	4.5	2.2	0
17	Container	12000-14500 TEU	4.6	3.1	1.5	0
18	Container	14500+ TEU	4.6	3.1	1.5	0
19	General cargo	0-4999 DWT	24.2	16.1	8.1	0
20	General cargo	5000-9999 DWT	16.7	11.1	5.6	0
21	General cargo	10000+ DWT	13.1	8.8	4.4	0
22	Other liquid tanker	0+ DWT	97.6	65.1	32.5	0
23	Refrigerated bulk	0-1999 DWT	48.7	32.5	16.2	0
24	Ro-Ro	0-4999 GT	212.4	141.6	70.8	0
25	Ro-Ro	5000+ GT	45.9	30.6	15.3	0
26	Vehicle	0-3999 vehicles	46	30.7	15.3	0
27	Vehicle	4000+ vehicles	13.8	9.2	4.6	0
28	Cruise	60000-99999 GT	1738613.6	1159075.7	579537.9	0
29	Cruise	100000+ GT	1337274.9	891516.6	445758.3	0
30	Ferry-RoPax	0-1999 GT	822123.9	548082.6	274041.3	0
31	Ferry-RoPax	2000+ GT	1137003.8	758002.5	379001.3	0
32	Ferry-pax only	0-1999 GT	1272135.8	848090.5	424045.3	0
33	Ferry-pax only	2000+ GT	1740606.6	1160404.4	580202.2	0
34	Cruise	0-1999 GT	2044403.4	1362935.6	681467.8	0
35	Cruise	2000-9999 GT	1286641.3	857760.8	428880.4	0
36	Cruise	10000-59999 GT	1495064.7	996709.8	498354.9	0

Source: Climate Bonds Green Shipping Criteria

AER for cargo ships (lines 1-27) is measured in gCO2-e/tonne-nm. In the case of passenger ships (lines 28-39), gCO2-e/GT is used instead.

- DWT: Dead Weight Tonnes (weight of the cargo)
- TEU: Twenty-foot Equivalent Unit
- GT: Gross Tonnage, a proxy for the number of passengers.

Annex 2.
Key Sectoral Policies

Energy

Fiji has made significant progress in addressing climate change and promoting sustainable development within its energy sector. The country's commitment to reducing GHG emissions and transitioning to renewable energy sources is reflected in its international obligations and national policies.

Internationally, as a party to the United Nations Framework Convention on Climate Change (UNFCCC) and a signatory to the Paris Agreement, Fiji has set ambitious targets to mitigate climate change impacts and enhance its energy resilience. Domestically, Fiji's approach to green finance and sustainable development is guided by its overarching national development strategies, most notably the five-year and 20-year National Development Plan (NDP). The NDP sets broad socio-economic and environmental priorities, and national policies and strategies are intended to contribute directly to the achievement of these national priorities (Government of Fiji, 2024).

The following is a summary of the main policy and strategic documents that outline Fiji's roadmap to achieving a low-carbon energy sector. The Fiji Green Finance Taxonomy aims to align financial flows with these national development objectives (Government of Fiji, 2024).

National Climate Change Policy (NCCP) 2018–2030

The National Climate Change Policy (NCCP) 2018–2030 serves as Fiji's central policy instrument for guiding a comprehensive and integrated response to climate change. It introduces a 'Woven Approach' to resilient development, which integrates climate change A&R, disaster risk reduction, and mitigation efforts across all sectors of the economy.

The NCCP emphasises both climate change A&R and mitigation, setting an overarching national commitment to achieve net-zero annual emissions by 2050, with a key milestone of deriving 100 percent of electricity from renewable sources by 2030. Crucially, the policy provides the mandate for development of Fiji's NAP and its LEDS, and lays the foundation for the national Climate Change Act (Ministry of Economy, 2019).

Fiji Low Emission Development Strategy (LEDS)

The Fiji Low Emission Development Strategy 2018–2050 serves as a roadmap for achieving sustainable energy goals. It outlines specific actions and investment needs to transition to a low-carbon economy (Ministry of Economy, 2018). The LEDS emphasizes the importance of renewable energy sources, particularly hydropower, solar and wind, and sets a target for a fully renewable energy-based electricity sector by 2036 (Ministry of Economy, 2018). The strategy also highlights the need for a robust regulatory framework to facilitate private sector investment in renewable energy projects (Ministry of Economy, 2018).

National Energy Policy

The National Energy Policy 2023–2030 provides the strategic blueprint for the transition of Fiji's Energy sector, ensuring it is secure, sustainable, efficient, and provides equitable access for all Fijians. Policy is structured around five key policy pillars: energy security and resilience, energy access and equity, energy sustainability, energy efficiency, and energy governance. It operationalises Fiji's climate ambitions by setting a primary target to derive as close to 100 percent of electricity from renewable sources by 2036. The policy focuses on strengthening the enabling environment by improving energy governance, reforming regulations, and promoting private sector investment and innovative financing to achieve its goals (Ministry of Public Works, Meteorological Services, and Transport, 2023).

Power Development Plan (PDP)

The Energy Fiji Limited (EFL) 10-Year Power Development Plan (2022–2031) outlines Fiji's strategy for electricity generation and distribution, projecting a significant increase in peak demand from 189MW in 2022 to 319MW by 2031 (Energy Fiji Limited, 2022). The PDP emphasises a major expansion of renewable energy to meet Fiji's climate goals, detailing significant investments in new hydropower (such as the Namosi and Vatutokotoko schemes) and solar generation projects across Viti Levu, Vanua Levu, and other islands

(Energy Fiji Limited, 2022). While the plan aims to increase the renewable energy share substantially, it also highlights the continued need for some diesel generation capacity to ensure grid stability and meet peak demand during the transition. The plan quantifies the substantial capital expenditure required for these generation, transmission, and distribution upgrades to achieve a more sustainable and reliable power system (Energy Fiji Limited, 2022).

Climate Adaptation and Resilience (A&R)

Fiji's energy policies are increasingly integrating climate resilience measures to address climate change impacts on energy infrastructure. This strategic direction is driven by the National Climate Change Policy (NCCP) 2018–2030, which emphasises resilient investment planning and the integration of climate finance with national budgets. The NCCP's high-level vision is operationalised through Fiji's NAP, which provides the detailed, actionable framework for building resilience. Specifically, Section 15 of the NAP is dedicated to infrastructure and outlines 11 targeted actions for the energy sector and 12 actions for the transport sector. These measures include retrofitting existing assets, developing and enforcing new climate-resilient standards, and diversifying energy generation to enhance the overall capacity of the energy sector to withstand extreme weather events and other climate-related challenges.

Climate Change Act 2021

This Act provides a legal framework for Fiji's climate change response, including provisions for emissions reductions, adaptation planning, climate finance, and institutional arrangements. It mandates development of sectoral emission reduction and adaptation plans, as well as Fiji's Net-Zero Target, creates the National Carbon Budget Process, and facilitates information sharing on GHG activity data.

Transport

Key actions for decarbonisation led by the Department of Transport are:

1. Land transport
   - A national electric mobility strategy
   - Transition to hybrid-electric and electric vehicles
   - Promotion of public transport and non-motorised transport systems.

2. Maritime transport
   - A national action plan for decarbonisation of maritime transport
   - Transition from -2 to -4 stroke engines
   - Revitalisation of traditional sailing culture and development of low carbon-vessels.

3. Domestic aviation
   - Replacement of the domestic fleet with more efficient aircraft
   - Transition to solar power for all off-grid airports with solar gate power
   - Transition to bio-jet fuel.

Low Emissions Development Strategy (LEDS)

Fiji's long-term emissions reduction strategy is known as the Low Emissions Development Strategy 2018–2050 and was developed with support from the Global Green Growth Institute. LEDS 2018–2050 is an economy-wide decarbonisation plan which identifies mitigation options for major sectors of the economy, including an implementation cost assessment to inform development of sectoral plans and future NDCs.

The following measures and policies, according to the LEDS, can lead Fiji's transport sector to reduce projected emissions and eventually achieve net-zero emissions by 2050.

Land transport

The land transport sector in Fiji is characterised by a diverse range of vehicles, including private cars, buses, and freight transport. GHG emissions in the sector are primarily driven by urbanisation and the growing demand for transport services, which necessitates action to promote low-carbon alternatives.

- Low-carbon vehicles, including hybrids, plug-in hybrid electric vehicles and electric vehicles
- Public transport expansion
- Vehicle renewal
- Promote non-motorised transport
- Biofuels
- Efficient imported vehicles (including labelling)
- LPG and LNG vehicles
- Vehicles that comply with EURO VI standards
- Efficiency improvement of existing vehicles.

Domestic shipping

Fiji's strategic policies for domestic shipping aim to reduce the energy and carbon intensity of the domestic fleet through adoption of operational

measures, retrofitting and replacement to energy/carbon efficient propulsions and hull design, use of smaller and more efficient craft suited to inter-island routes, introduction of renewable energy vessels and the revival of traditional knowledge associated with use of small canoes to reduce the reliance on fossil fuel outboard motors (Ministry of Economy, 2018).

Domestic aviation

As per recent assessments, domestic air transport in Fiji is primarily managed by Fiji Link Airlines, which serves as the principal domestic operator. The airline operates a fleet that includes ATR and De Havilland aircraft, connecting major hubs like Nadi and Suva to various outer islands such as Taveuni, Kadavu, and Rotuma (Ministry of Economy, 2018). The growth in domestic air travel has been notable, with an increase in the average load factor from 50 to 70 percent over the past few years, attributed to the introduction of new aircraft and improved services (Ministry of Economy, 2018).

Decarbonisation scenarios

Based on the measures mentioned in the section above, Fiji's LEDS developed four possible scenarios for reaching net-zero emissions in the transport sector. The first emissions scenario does not consider any further action and it represents a "Business-as-Usual" (BAU) scenario. By contrast, the most ambitious "Very High Ambition Scenario" aims to reach zero or near-zero emissions for one of three Fiji's transport modes.

The projected emissions in these scenarios are:

Land transport

The Fiji NDC 3.0 (2025) sets an official target of reducing GHG emissions from land transport by 14 percent below the BAU level by 2035. This replaces older cumulative targets for 2030, 2040, and 2050 (Ministry of Economy, 2018) with a single mid-term milestone. The ambition remains to achieve near-zero emissions by 2050 in the high ambition scenario.

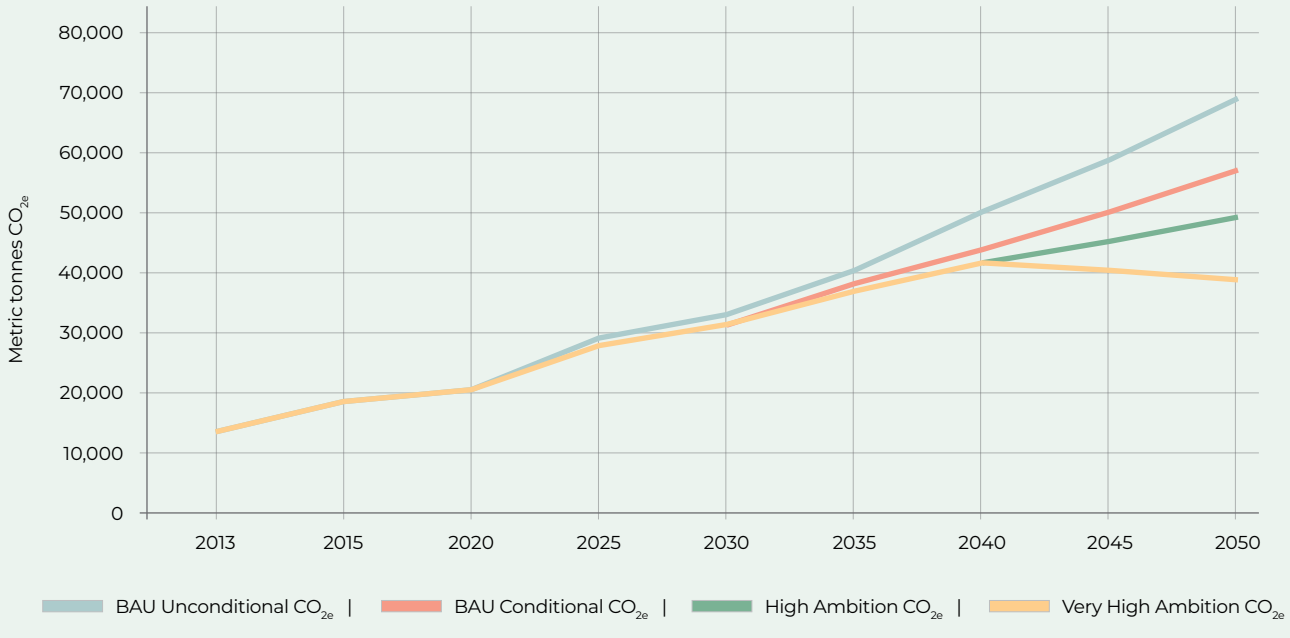
Maritime transport

The official NDC 3.0 target for domestic maritime transport is a 40 percent reduction in GHG emissions below the BAU by 2035, with reference to ongoing international and IMO frameworks for long-term decarbonisation.

Aviation transport

The NDC 3.0 recognises the challenges of achieving zero emissions in the aviation sector, but sets an indicative reduction target of 10 percent below the BAU by 2035 for domestic aviation, primarily through alternative fuels and efficiency improvements.

Figure 6. Comparison of scenarios - domestic air transport



Source: Fiji's Low Emission Development Strategy 2018–2050 (LEDS)

Annex 3.
Governance Structure of the Fiji Green Finance Work

Background

The increasing impacts of climate change pose an urgent threat to Fiji's sustainable growth and development. As a small island nation of almost 900,000 people living across 110 islands, Fiji is exposed to significant climate risks, including severe flooding and tropical cyclones. Fiji has made climate commitments, such as the Third Nationally Determined Contribution (NDC 3.0) 2025–2035 and Low Emission Development Strategy (LEDS) 2018–2050, with a 36 percent reduction below the BAU in GHG emissions from the energy sector by 2035 and net-zero GHG emissions by 2050.

According to Fiji's Third National Communication (April 2020), the nation emits nearly 2.5 million tonnes per year or around 0.006 percent of global emissions (based on 2006–2011 data). The energy sector accounted for 59 percent of Fiji's emissions. Within the energy sector, land transport accounts for 64 percent of emissions and electricity accounts for the remaining 36 percent. The agriculture sector (22 percent of all emissions), forestry sector (15 percent) and waste sectors (4 percent) account for the remainder of Fiji's emissions.

Mobilisation of finance is vital for ensuring Fiji's ability to address both climate A&R and mitigation, to respond to climate change impacts and achieve net-zero national emissions. As such, this Fiji Green Finance Taxonomy will provide a classification system that defines and categorises environmentally sustainable economic activities. It is a framework that helps investors, companies, and policymakers identify which investments and business activities can be considered 'green' based on their contribution to environmental objectives such as climate change mitigation, A&R, and biodiversity conservation. The Taxonomy aims to provide clarity and transparency in the market, thereby facilitating the growth of green finance by ensuring funds are directed towards truly sustainable projects.

The Taxonomy will identify economic activities that are sustainable and, alongside complementary policies, will help direct investment and funding towards sustainability objectives. The Taxonomy will be an overarching guide and provide a common language for sustainable finance in Fiji. The Taxonomy will align with emerging international principles, to facilitate international flows of funds and interoperability. With the climate transition being a key element of Fiji's sustainability agenda, the Taxonomy aims to incorporate an effective pathway to enable an orderly transition to a low-carbon economy. As an emerging economy, consideration will also be given to the importance of meeting the country's social objectives.

Objectives of the Steering Committee

The main objective of the Fiji Green Finance Taxonomy Steering Committee (the 'SC') is to oversee the successful development and implementation of the Taxonomy through robust and effective stakeholder engagement and collaboration. The SC will make decisions regarding the development, approval, regular updating and promotion of the Taxonomy, and will consider guidance from the Taxonomy Technical Working Group (TWG) and its outputs.

Principles for Developing the Taxonomy and Initial Focus

The following key principles, proposed by the G20 Sustainable Finance Working Group[34], will be taken into account in developing the Taxonomy:

1. Ensure material positive contribution to sustainability goals and focus on outcomes.
2. Avoid negative contribution to sustainability goals.
3. Be dynamic in adjustments reflecting changes in policies, technologies, and state of the transition.
4. Reflect good governance and transparency.
5. Be science-based for environmental goals and science- or evidence-based for other sustainability issues.
6. Address transition considerations.

[34] G20 Sustainable Finance Roadmap, 2021, https://g20sfwg.org/wp-content/uploads/2021/11/RoadMap12_11.pdf

Roles and Responsibilities of the Fiji Green Finance Taxonomy Steering Committee

The SC will be responsible for:

- Determining the most appropriate objectives, scope, framework, and level of ambition for the Taxonomy, using science-based where available, otherwise evidence-based approaches wherever possible.
- Determining the scope and objectives of the stakeholder engagement and consultation process, including identification and prioritisation of stakeholders that should be included (e.g., representatives of key sectors and parts of the market, including SMEs, to ensure that the Taxonomy is practical and achievable).
- Deciding Fiji's approach to the Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) criteria.
- Identifying how to harmonise and ensure international credibility and inter-operability with relevant international and regional taxonomies.
- Setting out how different users will utilise the Taxonomy and making decisions on the core functions and design features that it needs to have.
- Selecting the priority sectors and activities to be developed in the first and subsequent phases of Taxonomy development process, with considerations to Fiji's economy and sustainable development plans.
- Establishing and maintaining, as applicable, Technical Screening Criteria for activities included in the Taxonomy.
- Identifying how the Taxonomy could be used to support Fiji's climate transition pathway and aligned to the National Climate Change Act.
- Overseeing and receiving advice from the Technical Working Group and any technical subcommittees in the development of the Taxonomy, including technical screening criteria and other essential criteria, such as DNSH and MSS.
- Determining the structures and processes for ongoing governance and maintenance of the Taxonomy to ensure continuity and credibility, to achieve the objective of dynamic adjustment, and to support inclusivity of stakeholders impacted by the Taxonomy.
- The SC will consider working papers prepared by or for the Technical Working Group.

Membership and Governance Arrangements

The SC is led and chaired by the Governor of the Reserve Bank of Fiji.

- The Chair has authority to appoint other members of the SC, including a senior representative of the Ministry of Finance, the Ministry of Environment and Climate Change and a representative of the Association of Bankers in Fiji.
- The SC will make decisions and recommendations by consensus. If consensus cannot be reached, the Chair may call for a vote. A majority vote of members present at the time of the vote, either physically or virtually – will be required for a decision or recommendation to proceed. Each member, including the Chair, has one vote. In the event of a tied vote, the Chair has an additional casting vote.
- The SC will oversee and review outputs of the Taxonomy Working Group and any technical sub-committees.
- Each member of the SC must appoint a proxy to act as his/her alternate in the event the primary member is unable to attend any meeting. The Alternate must be an officer of equal authority.
- The Chairperson has the discretion to include additional representatives to the SC or review membership on a regular basis.
- The SC's role within the overall governance structure is outlined in the organisation chart in the appendix.

Chairperson

The Chairperson shall be responsible for:

- Finalising the agenda for meetings with support for the Secretariat.
- Guiding the meeting according to the agenda.
- Facilitating all discussions with a decision and/or action item and/or outcomes achieved.

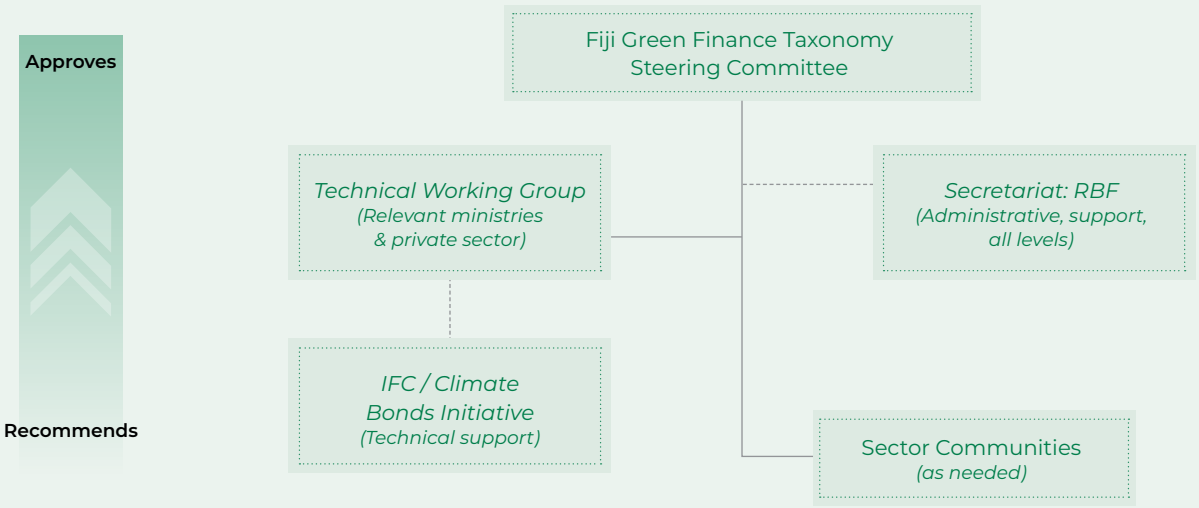
- Reviewing and approving the draft minutes before dissemination.
- Where necessary shall meet with relevant stakeholders to address the work of the SC and Technical Working Group and its subcommittees.

Secretariat Support

Staff will be appointed by the Reserve Bank of Fiji to provide secretariat support to the SC. The responsibilities of the Secretariat shall include (but not be limited to):

- Monitoring the progress of the overall implementation through a monitoring and evaluation framework.
- Providing regular reports of progress of TWG activities to the SC.
- Preparing meeting agenda and ensure all relevant meeting papers are organised. A standing agenda item will include approval of previous meeting minutes and matters arising.
- Organising times and logistics of meetings.
- Preparing meeting minutes, action items, and recording attendance.

Figure 7. Governance structure of the taxonomy development



Source: Reserve Bank of Fiji

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