

## Current PS3 vs. Proposed Strengthened PS3: A Comparative Framework

<b>Dimension</b>	<b>Current PS3</b>	<b>Proposed Strengthened PS3 (1.5°C-Aligned)</b>	<b>Strategic Effect</b>
<b>Coal Infrastructure &amp; Fuel Choice</b>	Fuel mix evaluated under general resource efficiency guidance; no explicit prohibition on new coal lock-in.	No financing for new long-term coal-dependent infrastructure unless an enforceable substitution pathway and declining fossil trajectory are embedded in ESAP.	Prevents multi-decade fossil lock-in.
<b>Climate Governance Timing</b>	GHG monitoring and reduction plans sometimes developed post-approval.	GHG inventory, baseline, reduction trajectory, and monitoring system required prior to first disbursement.	Ends “approve now, decarbonize later” dynamic.
<b>Alternative Fuel Substitution</b>	Encouraged under GIIP; often qualitative; substitution rates may not be enforceable.	Minimum substitution targets, fuel quality standards, testing requirements, and annual verified reporting required.	Converts fuel transition from aspirational to enforceable.
<b>Baseline vs. Project Emissions Disclosure</b>	Baseline assessments conducted; quantified reduction projections vary in rigor.	Quantified baseline and projected annual emissions reductions required and disclosed; incorporated into AMR reporting.	Enhances transparency and comparability across portfolios.
<b>Monitoring &amp; Verification</b>	Annual Monitoring Report (AMR) required; climate performance may not trigger corrective action unless severe.	Carbon intensity is subject to the same corrective action and compliance requirements as other pollutants (NO <sub>x</sub> , PM, etc.).	Normalizes carbon as a compliance parameter.

<b>ESAP Integration</b>	Climate actions may appear in ESAP but are not consistently structured as binding milestones.	Process emissions reduction, fuel transition, and intensity targets embedded as time-bound ESAP conditions.	Aligns climate commitments with IFC's enforcement architecture.
<b>Portfolio Signaling</b>	Allows both transition-aligned and coal-based expansions within the same framework.	Distinguishes transition-aligned finance from high-carbon lock-in finance.	Sends clearer market signals to Equator Banks and co-financiers.
<b>Stranded Asset Risk Management</b>	Implicit consideration via general climate guidance.	Explicit requirement that projects demonstrate resilience under tightening carbon constraints and transition scenarios.	Reduces financial and reputational exposure.
<b>Alignment with Shareholder Climate Commitments</b>	Standards pre-date many net-zero pledges; limited explicit 1.5°C reference.	Explicit alignment with 1.5°C and updated shareholder climate policies.	Strengthens political coherence and credibility.