SDB

ISDB'S EXPERIENCE IN THE PROVISION OF FINANCIAL INSTRUMENTS

Technical Workshop on Climate Finance in the Arab Region Cairo -7 November 2019



IsDB Group and Operations

IsDB Mission

To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance and prospering the people

IsDB Activities

- Loans and Technical Assistance aimed at the Project Finance, development of:
 - Agriculture
 - Basic Infrastructure & Industrial sectors
 - Education
 - Healthcare and other Social Sector Institutions
- Equity Investment and Lines of Financing for the development of **Financial Institutions**

Key IsDB Group Members¹



These institutions have their own separate balance sheets, ratings and member countries

Islamic Corporation for the Insurance of Investment and protection and export credit for member







The sectoral distribution of the IsDB-OCR 2018 approvals reflects the essential requirements for achieving the targets of the SDGs



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The IsDB Group assists MCs in building their resilience and reducing their vulnerability to climate change risks i number of ways





Sectoral approaches and interventions

NDC //// PARTNERSHIP





Policy level approaches and interventions





Financial support and technical assistance

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- Sector-level climate risk assessments,
- **Project level** climate risk assessments (i.e. **AWARE** screening, etc)
- Climate early warning systems and climate information systems

- Policy support: NDCs, NAMAs, NAPs/NAPAs (e.g. IPREME, CAEP, GIZ/IK proposal...)
- Capacity building of MC's local Banks and financial actors, including institutions/vehicles which target climate investment (e.g. carbon footp risk management of Islamic financial institutions)
- Incremental cost and incentives for building-in climate resilience (e.g. CC Facility, Gr Sukuk)
- RL to mobilize the technical climate change capacity expertise and training capabiliti IsDB and its partners (e.g. **MENALINK, Alliance for Climate Resilience**...)
- RL to promote opportunities for the exchange of experience, information and appropriate technologies (e.g. **MENA regional workshop for climate action**)



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The eight MARDI rice varieties maturing at the ADRON research field adaptation trial plot, Nieuw Nickerie, Suriname



Visit by IsDB President, H.E. Dr. Bandar M.H. Hajjar, to MARDI Headquarters, Serdang, Malaysia



Top MARDI breeder (in headscarf) explaining land levelling techniques to Suriname officials at MARDI's Rice Research and Innovation Centre of Excellence, Penang, Malaysia

Building Bridges between MCs through the Reverse Linkage Mechanism







ISDB IS AN IMPLEMENTING PARTNER (IP) OF CLIMATE ACTION ENHANCEMENT PACKAGE (CAEP)

- Designed to deliver targeted, fast-track support to countries to enhance the quality, increase the ambition, and implement NDCs.
- Aims to catalyze transformational change towards resilient, sustainable, and low-emission development.
- All members and associate members of the NDC Partnership are eligible to support countries through the CAEP with their own resources or by applying for funding from the Technical Assistance Fund, if needed.
- Implementation of activities in Indonesia and Nigeria, ongoing discussions with government of Lebanon and NDC Partnership for support through CAEP
- Reaching out to other potential countries for next submission of requests for TAF funding at next round (second call for requests is expected to be launched in October 2019; other calls might follow in 2020)



Objective 1

TO ENHANCE NDCS INCLUDING BY RAISING AMBITION



FRAMING AROUND AMBITION

Leveraging support to raise ambition in updated NDCs and/ or implement NDCs ministries

WHOLE OF **GOVERNMENT**

Demonstration of high-level commitment by all relevant

WHOLE OF SOCIETY

Engagement of the whole of society, including by mainstreaming gender equality

LINKS WITH NATIONAL PLANS

Direct linkages with national planning and budgeting, as well as development strategies

Objective 2

TO FAST-TRACK NDC IMPLEMENTATION



- **1.** Macro-economic modeling and budgeting.
- **2.** Financing strategy.
- **3.** Long-term development.
- **4.** Project pipeline development.
- **5.** Development of financial regulations and/or instruments.





IsDB supports its MCs in their overall sustainable development objectives, being mindful of the particular trade-offs between supporting overall economic growth and green growth



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Country-level Investment and TA Support for Green Economy Transition

Support MCs to translate their NDC, climate-related plans and/or sector level strategies into actionable, "bankable" pipeline of investments

Promote cooperation and exchange of experiences, ideas and best practices on technology and innovative solutions to support the lowcarbon green economic transition

Green Trade Operations and Reverse Linkages Programs, Green global value chains (GGVCs)..

Policy Support

Supporting an MC's lowcarbon NDC and/or sector strategies in ways that can catalyze investment (both public and private)

Efforts that help to **reform and modernize** energy, transportation, and Urban Development sectors,

Support for the **development of market mechanisms** such as carbon prices or markets





Scale up financing of climaterelated activities by leveraging resources from various sources including:

(i) domestic in-country resources,

(ii) private sector institutions within and outside the IsDB Group,

(iii) development partners, and

(iv) philanthropic foundations

Innovative Products/Services

- Opportunities to integrate incentives into its lending and guarantee products
- •Green sukuk..

Off-Balance Sheet Mobilization

- •Blended Finance and Concessional Support: mobilize resources from donors and others to facilitate climate-related investments)
- •Specialized Financing Vehicles: creation of and management of specialized financing vehicles and/or trust fund vehicles for the benefit of climate-related activities in MCs)











Climate Change Technical Paper & Policy Study

Islamic Development Bank January 2019













face (adaptation). Countries will seek **climate finance** investments to support the achievement of their NDCs.









Climate-Smart Agriculture in action: from concepts to investments

Dedicated Training for Staff of the Islamic Development Bank Cairo, Egypt | 18-21 March 2019



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LESSONS LEARNED FROM THREE YEARS OF IMPLED THE MDB-IDFC COMMON PRINC FOR CLIMATE CHANGE ADAPTAT FROM THREE YEARS OF IMPLEMENTING THE MOB-IDFC COMMON PRINCIPLES FOR CLIMATE CHANGE ADAPTATION FINANCE TRACKING

AGRICULTURE & RURAL DEVELOPMENT-SECTORS **CLIMATE CHANGE** ADAPTATION GUIDANCE NOTE

Low-carbon

ISDB

Trends and Recommendations for Islamic Development Bank Member Countries

"Human developmen

2018

JOINT REPORT

ON MULTILATERAL

DEVELOPMENT

BANKS'

CLIMATE

FINANCE

lue; and to engage actively in





How is climate change considered in the Sustainable Development Goals?

Source opinient boals? Source opinient boals? Summer Source opinient opinient of the Paris Agreement. It encourages countries to integrate climate actions into their development processes through its targets, which outline the importance of incorporating climate to implement the Paris Agreement. It encourages countries to integrate climate actions into their development processes through its targets, which outline the importance of incorporating climate

outine the importance of incorporating climate change measures in all national policies and planning. Aligning planning processes at the national level can ensure policy coherence, maximize resources and avoid the duplication of efforts. Moreover, it touches on the need for building human and institutional capacity.

It also helps to identify possible financing mechanisms that will address table height to device bottom intensity incoheration with adults the higher investment needs for some climate mitigation and adaptation measures, particularly in developing countries. The SDG roadmap emphasizes the need for supporting the last developed countries to address climate change, especially youths, women and marginalized measureminities.

> tant for the Islamic nent Bank?

N low down, and even reverse, he progress made in reducing

In the years ahead, IsDB needs to be prepared for greater demands for climate financing from its Member Countries as they seek to build robust, climate-esilient systems. These demands will be driven by their NDCs commitments and focus on climate risks in the drivers sectors that are

rategic infrastructure and development investments.

Contact: climatechange@isdb.org

www.isdb.org

(OPSD), IsDB



ISDB (

A quick guide to climate change

dimate, notably an abrupt increase in global average surface

terminologienic activities. The main source of anthropogenic GHGs in the atmosphere is the burning of **fossil fuels** – such as coal, oil and natural gas – to produce energy. Further sources include the use of chemical fertilizers, electricity production, the decay of organic waste in inanfilis, for fields, industrial-scale livestockproduction, deforestation, blackcarbon, soot from fires, and

'UU!

Transport for Development



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