

IsDB's EXPERIENCE IN THE PROVISION OF FINANCIAL INSTRUMENTS

Technical Workshop on Climate Finance in the
Arab Region

Cairo

6-7 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

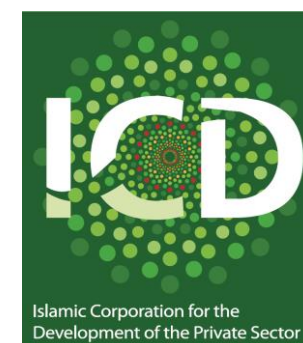
- Project Finance, Loans and Technical Assistance aimed at the development of:
 - Agriculture
 - Basic Infrastructure & Industrial sectors
 - Education
 - Healthcare and other Social Sector Institutions
- Equity Investment and Lines of Financing for the development of Financial Institutions

Key IsDB Group Members¹



International Islamic Trade Finance Corporation (ITFC)

- Supports trade finance activities amongst member countries



Islamic Corporation for the Development of the Private Sector

- Supports the development of private sector in the member countries



Islamic Corporation for the Insurance of Investment and Export Credit

- Provides investment protection and export credit insurance for member countries

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



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



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



Sectoral approaches and interventions

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



Policy level approaches and interventions

- **Policy support:** NDCs, NAMAs, NAPs/NAPAs (e.g. **IPREME, CAEP, GIZ/IKI proposal...**)
- **Capacity building of MC's local Banks and financial actors**, including institutions/vehicles which target climate investment (e.g. carbon footprint, risk management of Islamic financial institutions)



Financial support and technical assistance

- Incremental cost and incentives for building-in climate resilience (e.g. **CC Facility, Green Sukuk**)
- RL to mobilize the technical climate change capacity expertise and training capabilities of 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**)



Image: MCSB

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



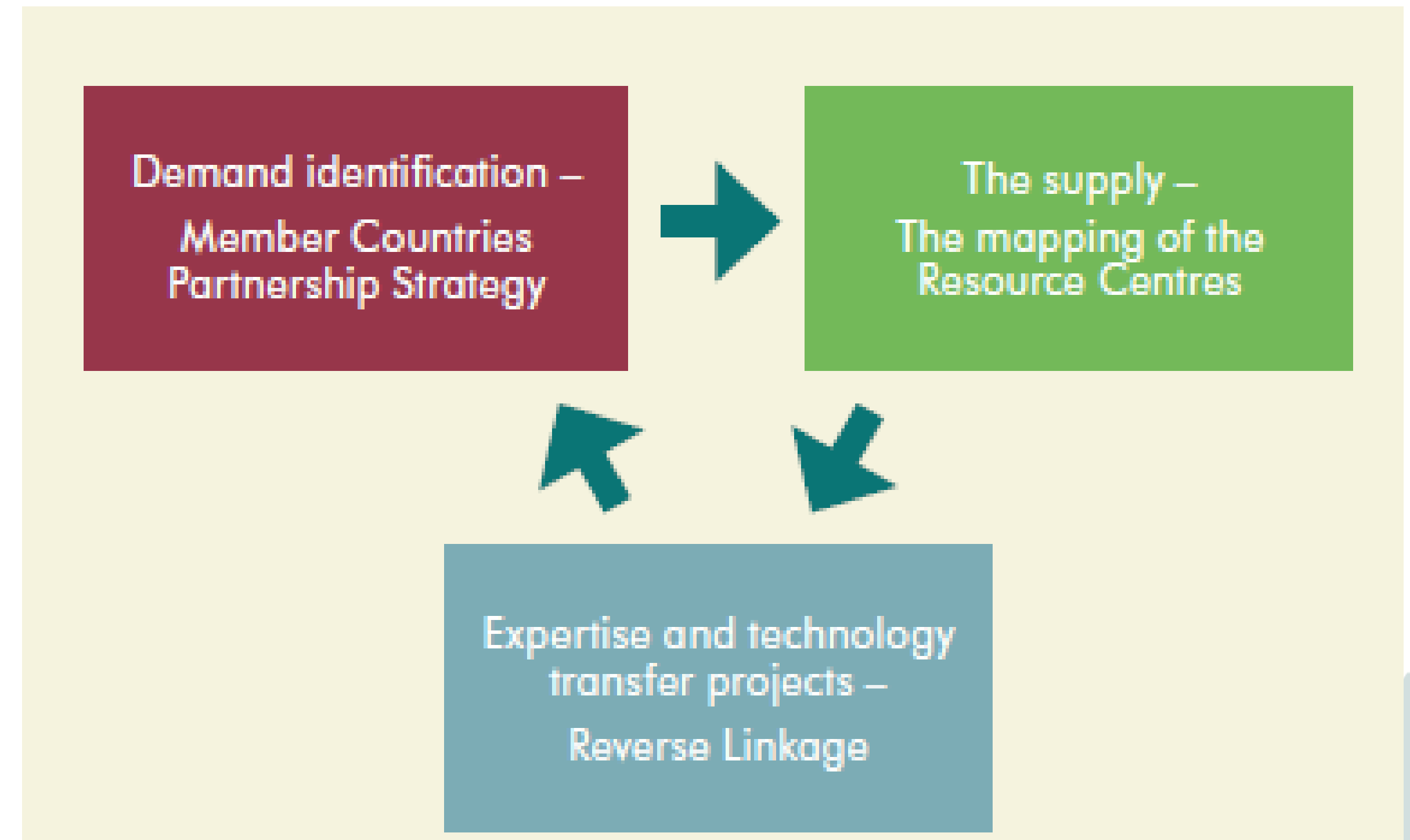
Image: MCSB

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



Image: IsDB

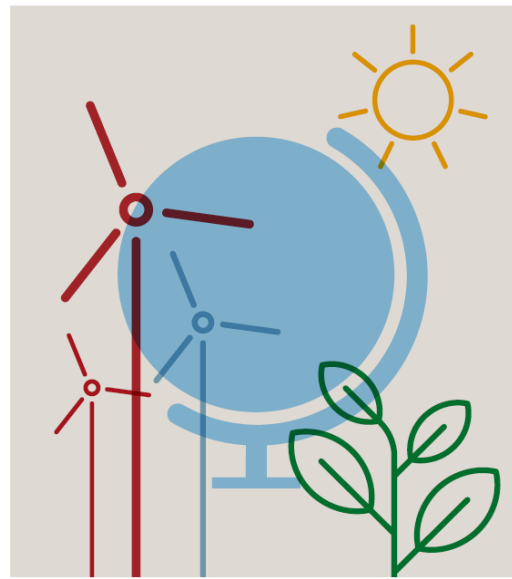
Top MARDI breeder (in headscarf) explaining land levelling techniques to Suriname officials at MARDI's Rice Research and Innovation Centre of Excellence, Penang, Malaysia



Building Bridges between MCs through the Reverse Linkage Mechanism



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



WORKING TOGETHER TO ACCELERATE CLIMATE AND DEVELOPMENT ACTION

NDC PARTNERSHIP

- 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

WHOLE OF GOVERNMENT

Demonstration of high-level commitment by all relevant ministries

WHOLE OF SOCIETY

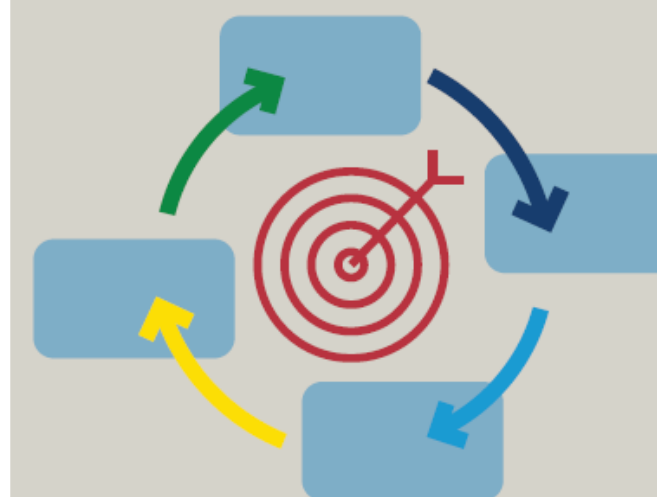
Engagement of the whole of society, including by mainstreaming gender equality

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



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 low-carbon green economic transition

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

Policy Support

Supporting an MC's **low-carbon 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 climate-related 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

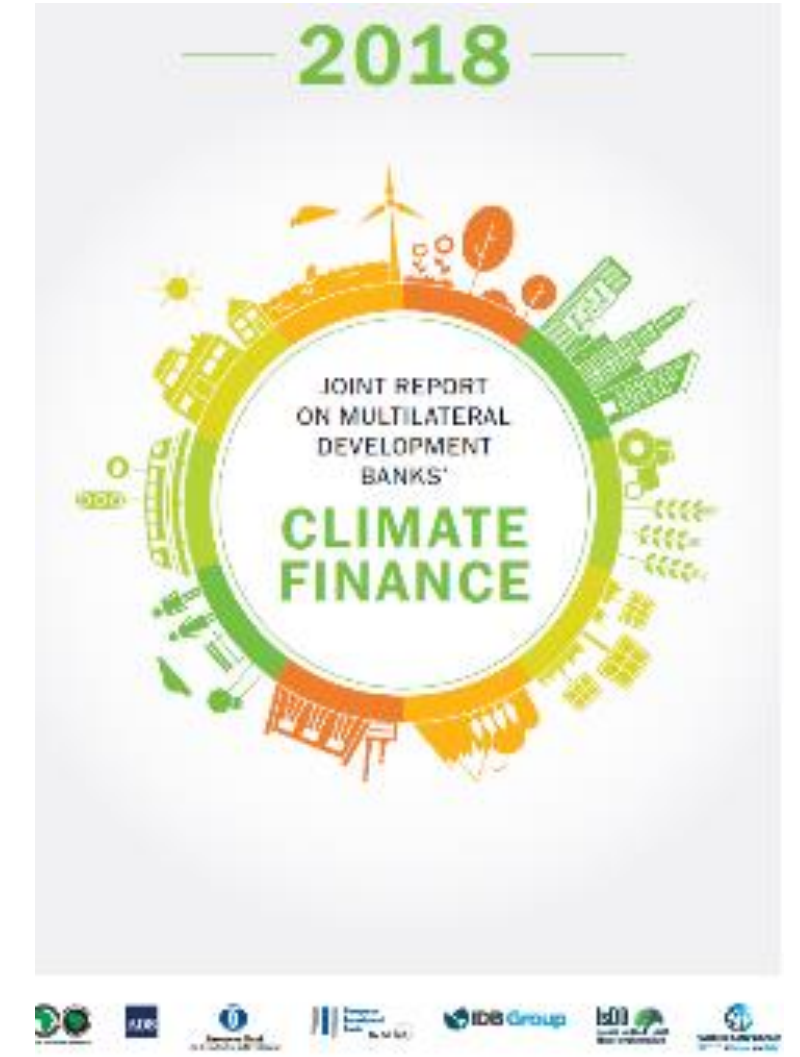
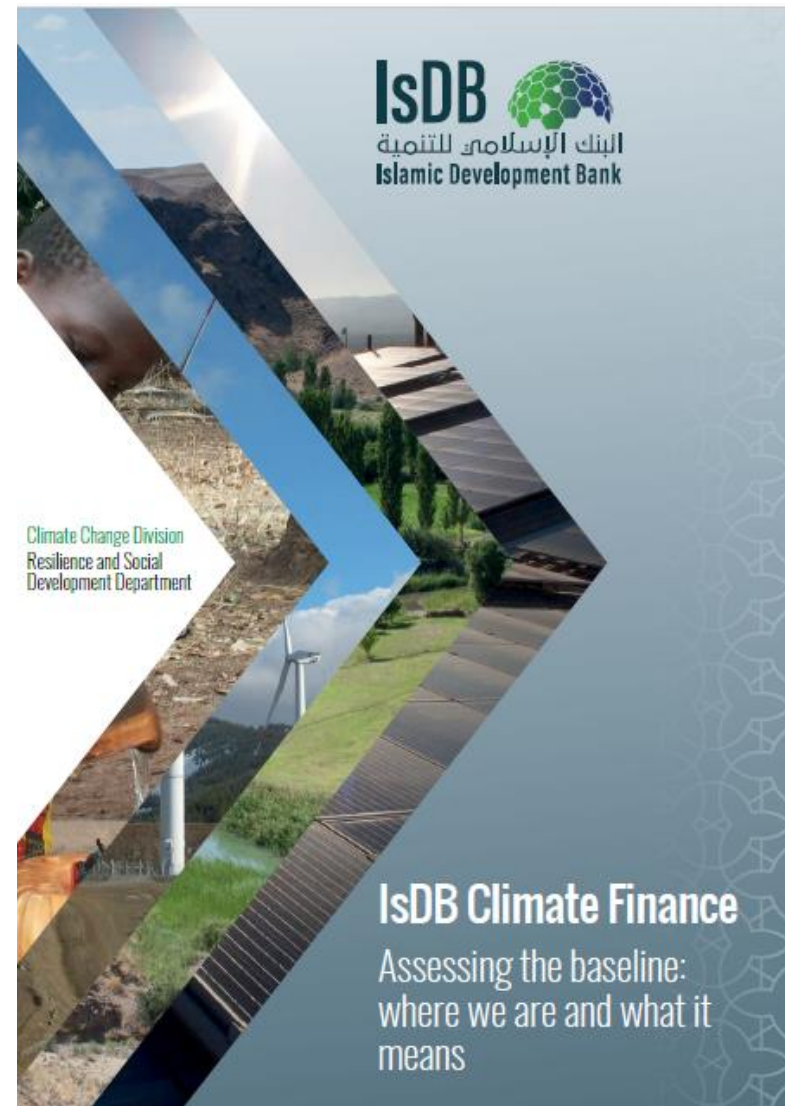
(iv) philanthropic foundations

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)



Thank You!

