

IsDB



البنك الإسلامي للتنمية
Islamic Development Bank



CLIMATE CHANGE POLICY

Islamic Development Bank
February 2019



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Acronyms

10YS	10 Year Strategy
CCF	Climate Change Facility
CCP	Climate Change Policy
IsDB	Islamic Development Bank
MC	Member Country of the Islamic Development Bank
MDB	Multilateral Development Bank
NAMA	Nationally Appropriate Mitigation Actions
NAP	National Adaptation Plan
NAPA	National Adaptation Programme of Action
NDC	Nationally Determined Contribution
P5P	President's 5 Year Program
SDG	Sustainable Development Goal
UNFCCC	United Nations Framework Convention on Climate Change





PURPOSE AND OBJECTIVE

Climate change is one of the major challenges of our times. It threatens not only the progress of economic development across many countries but also the core mission of the Islamic Development Bank (IsDB) Group. Taking action on climate change is necessary for achieving sustainable development and economic growth. Indeed, the 2030 Agenda for Sustainable Development, including the 17 Sustainable Development Goals (SDGs), makes clear that sustainable development and addressing climate change go hand in hand.

This policy is informed by an analytical study 'IsDB Climate Change Technical Paper and Policy Study' (September 2018), which demonstrates that IsDB's Member Countries (MCs) are already experiencing significant impacts from climate change.¹ IsDB understands that failing to mitigate and adapt to the effects of a warming planet could undermine gains made to alleviate poverty, improve health, promote education, improve governance and boost prosperity across all IsDB MCs. Stabilizing warming to 2 degrees Celsius or less is critical and will require: (i) significant policy support and (ii) investment to cut greenhouse gas emissions this century and adapt to warming that is already 'locked in' from historical emissions. Moreover, given that the world is locked into warming of at least 1.5 degrees Celsius due to past emissions, for the best interest of its MCs, it is vital that IsDB Group operations are designed and implemented to take climate change risks and opportunities into consideration.

As a South–South development institution focused on stimulating economic and social development in its MCs, IsDB is uniquely positioned to help its MCs take action on climate change consistent with, and in support of, its core development mandate to alleviate poverty, improve health, promote education, boost prosperity and support the SDGs. This Climate Change Policy (CCP) supports IsDB's overall objectives as the largest South–South development finance institution focusing on a client-driven approach to sustainable development and economic growth. It enables IsDB to be an even more effective partner in supporting its MCs transition to more resilient, green, sustainable and prosperous development pathways.

This CCP builds on the 2017 Draft IsDB Group Climate Change Policy,² a technical climate change policy paper and an internal assessment of all IsDB climate action in past years. It has been developed to be consistent with both IsDB's 10 Year Strategy (10YS) and the President's Five-Year Program (P5P), and with the specific intention to be responsive to the needs of MCs and the country-driven nature of IsDB operations. An Implementation Framework and Action Plan will be developed in support of this CCP to enable its operationalization. Together, these documents will reflect the unique value proposition that IsDB brings as the largest South–South development finance institution, as well as that country-driven, client-responsive approach.

1 The 2018 Climate Change Technical Paper and Policy Study covers: (i) the impacts of climate change on IsDB MCs; (ii) a current status of MCs' own commitments to addressing climate change, including both adaptation and mitigation/emissions reductions commitments; (iii) the results of IsDB stakeholder consultations, including outreach to MCs and IsDB regional staff, to help prioritize and focus the Climate Change Policy (CCP); and (iv) benchmarking analysis of the policy actions of other Multilateral Development Banks (MDBs).

2 The 2017 Draft Climate Change Policy was prepared by IsDB Group, and cleared by the President in September 2017. However, the scope of this policy is IsDB only.





DEFINITIONS

Consistent with international definitions, IsDB defines key concepts and terms used in this policy as follows:

Climate adaptation: Climate adaptation reduces the risks and vulnerabilities posed by climate change, and builds the resilience of human and natural systems to the effects of climate change.

Climate co-benefits: Climate co-benefits provide supplemental benefits from development projects that address climate change by reducing greenhouse gas emissions and/or improving climate resilience.

Climate mitigation: Efforts that reduce emissions of greenhouse gases or enhance their removal from the atmosphere by 'sinks'.

Climate resilience: Climate resilience reduces the social, environmental, developmental and financial risks and impacts of climate change.

National Adaptation Plans (NAPs): National Adaptation Plans were established by the UNFCCC as a means to facilitate adaptation planning in developing and least-developed countries. They are intended to reduce vulnerability to climate change and to integrate climate change adaptation into national development plans, policies and programmes.

National Adaptation Programmes of Action (NAPAs): Plans submitted by least-developed countries to the United Nations Convention on Climate Change (UNFCCC) that define their urgent climate change adaptation needs, including a summary of priority projects to address those needs.

Nationally Appropriate Mitigation Actions (NAMAs): NAMAs are climate change mitigation measures proposed by governments of developing countries to reduce emissions below 2020 business-as-usual levels and to contribute to domestic sustainable development. They can take the form of regulations, standards, programmes, policies or financial incentives.

Nationally Determined Contributions (NDCs): NDCs are efforts by each country to reduce national emissions and adapt to the impacts of climate change. The Paris Agreement requires each Party to prepare, communicate and maintain successive NDCs that it intends to achieve.

Paris Agreement: An international agreement under which 196 Parties agreed to set the world on a course towards sustainable development, aiming at limiting warming to 1.5–2 degrees C above pre-industrial levels, and to a long-term goal for adaptation to increase the ability to adapt to the adverse impacts of climate change.





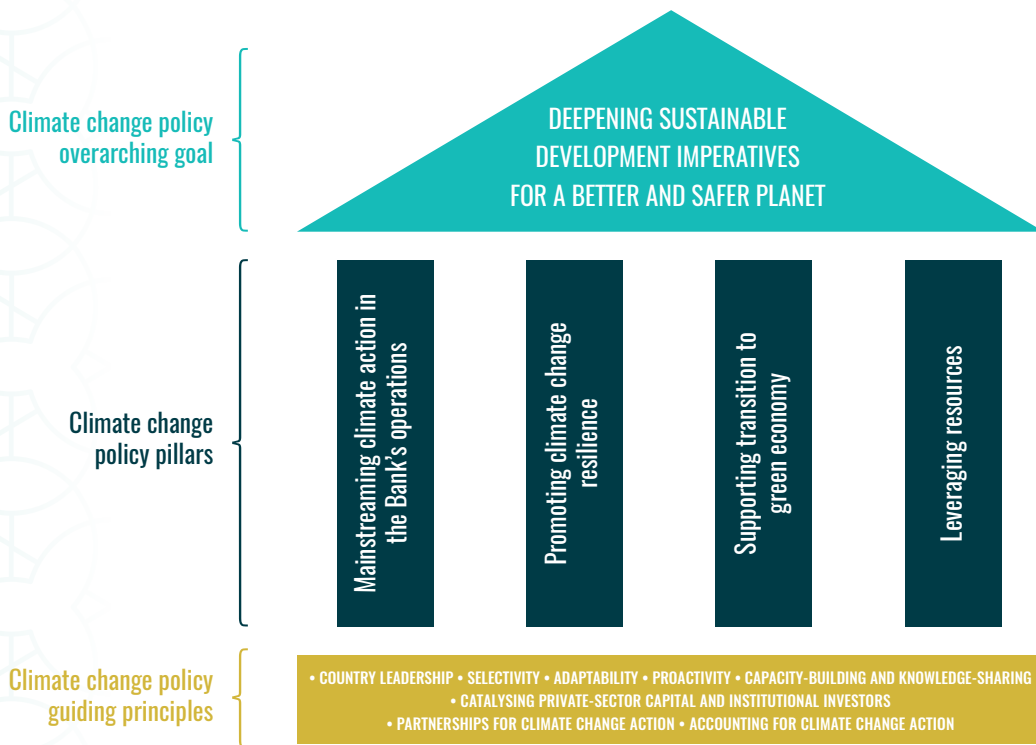
III.

POLICY SCOPE

The IsDB CCP is developed in the context of: IsDB’s decentralized organizational structure, the IsDB 10YS, the IsDB P5P, and within the broader context of the SDGs. It is also informed by good practice from the Multilateral Development Bank (MDB) community, particularly around climate change strategies (i.e. Paris Agreement, Voluntary Principles for Mainstreaming Climate Action within Financial Institutions etc.), and at the same time it has been developed to be appropriately tailored for the realities of IsDB and its MCs.

Building on the 2017 Draft CCP, the IsDB CCP entails *eight (8) guiding principles*, which should inform all IsDB climate change activities, and *four (4) policy pillars*, which form the basis of specific activities, investments and advisory services across IsDB (see Figure 1). Together, the guiding principles and the policy pillars are the cornerstone of how IsDB will implement climate considerations across its operations.

FIGURE 1: SCHEMATIC CHART OF ISDB’S CLIMATE CHANGE POLICY



Specific approaches and examples of how IsDB will deliver on the four pillars envisioned by this policy are illustrated below, although all efforts to operationalize and implement the CCP will be informed by the guiding principles and detailed in the Implementation Framework. Meeting the goals of IsDB’s CCP is likely to require having: (i) a sustained and growing pipeline of climate-related financing opportunities; (ii) a sustained ability to mobilize additional resources and access to concessional sources of funding (including climate finance); and (iii) increased requests from MCs for these services.

Policy Pillar 1: Mainstreaming climate action in the Bank's operations

IsDB's diverse network of MCs are experiencing the effects of climate change in different ways; as a result, they may require different forms of funding and support. By 'mainstreaming' climate considerations across its investment and MC strategies, advisory activities, policies, approaches, tools and methodologies, the Bank can meet MCs' needs in the context that is most appropriate for each MC's stage of development and capacity. This includes opportunities associated with low-carbon and climate-resilient economic transformation, as well as opportunities to address potential climate risks, including disaster risks and resilience. Mainstreaming climate considerations across IsDB activities includes both (i) integrating climate considerations into IsDB's offerings to MCs and (ii) undertaking efforts to integrate climate considerations across IsDB's operations.

Mainstreaming climate action in IsDB activities is a shared institutional responsibility requiring contributions (both in terms of financial resources and knowledge assets) and the collective commitment of all staff within IsDB to achieve results for a greater impact. The CCP will have an impact on several IsDB policies, in part due to the cross-cutting nature of climate change and its impacts across sectors, countries and the Bank's operations. For instance, the policy is expected to impact sector policies, country partnership strategies, country and project risk assessments, and thematic/cross-cutting policies such as (i) science, technology and innovation; (ii) poverty reduction; (iii) partnership development; (iv) resource mobilization; (v) women's and youth empowerment; (vi) capacity development; and (vii) regional cooperation and integration. It should be ensured that both policies and strategies integrate relevant climate considerations.³

Integrating climate considerations into IsDB's offerings to MCs

One key entry point of IsDB interventions in climate change activities in MCs will be the Nationally Determined Contributions (NDCs) (see the table of MCs' NDC coverage in Annex A). It is widely understood that NDCs (and other climate-related policy documents such as National Adaptation Programmes of Action (NAPAs)/ National Adaptation Plans (NAPs) and Nationally Appropriate Mitigation Actions (NAMAs) are often higher-level strategies that lack specific and actionable details on how to turn these plans and ambitions into actions and investments.

Many MCs also anchor their NDCs on existing policies such as their long-term vision, national development plan(s), structural reforms (both sectoral and financial), environmental strategy and other national agendas or initiatives. IsDB will support MCs in their efforts to update and improve their NDCs as well as the operationalization of these NDCs, specifically focusing on ways to utilize its financing, technical assistance tools and advisory services to transform these strategies and plans into investments and actions. IsDB's support strategies are outlined below:

- **Member Country Partnership Strategies (MCPs):** IsDB MCPs are developed jointly with MCs and help guide IsDB's work in that MC over the medium term (5 years). IsDB will seek to mainstream climate considerations into these strategies, based on the climate risks and opportunities that emerge from sector and value chain analysis and diagnostic processes.
- **Country financing and advisory programming:** IsDB will support the integration of climate considerations into country financing and advisory programming that will help identify financing and advisory opportunities that address climate change.
- **Sector analysis and diagnostics:** IsDB will ensure climate opportunities and risks are considered in relevant sector analysis and diagnostics undertaken. Through targeted research and assessments, IsDB

³ IsDB's Directional Documents are provided to ensure the effective functioning of IsDB's operations. They encompass five types of documents: (i) policy; (ii) strategy; (iii) procedure; (iv) tools and templates; and (v) guidelines.

will support MCs to understand and identify: (i) the risks posed by climate change at the country and sectoral levels; (ii) the opportunities to invest in climate-smart resilience measures; and (iii) strategies that MCs can adopt to meet their NDC commitments. For the same purpose, the Bank will partner with relevant international institutions to help MCs benefit from international best practice, programmes, and initiatives related to green trade and dedicated climate funds. This includes leveraging existing partnerships in which IsDB is already participating and has been actively involved (including the MDB Climate Finance Initiative, the Mainstreaming Climate Action in International Financial Institutions initiative, the NDC Partnership, the Africa NDC hub etc.).

Climate risk management across IsDB operations

IsDB's unique model of asset ownership during implementation (and often operations), based on its Islamic finance modalities, means that its investments are actually more sensitive to potential financial vulnerability from climate risks. Accordingly, it is important that IsDB also seeks ways to address and manage climate risks across all areas of its operations, investments and policies. Climate risk management will be an important part of the implementation approach for the CCP. Climate risk management perspectives will be incorporated into the country planning processes in such a way that activities and investments meet both the long-term and short-term sustainability and economic growth objectives of MCs.

In many ways, each of the other policy pillars contributes to IsDB's overall efforts to integrate and mainstream climate considerations into its operations and product offerings to MCs.

Policy Pillar 2: Promoting climate change resilience

As mentioned above, many IsDB MCs are vulnerable to the impacts of climate change, and many of them are at high risk, in particular in sub-Saharan Africa and South East Asia, where, for example, some countries are heavily dependent on the agricultural sector or are located in lowlands or coastal areas.⁴ Helping MCs build climate resilience will require efforts that can enable them to both (i) prepare for and adapt to changes expected as a result of a warmer planet and (ii) reduce vulnerability and the costs resulting from the impacts of climate change.

IsDB will assist MCs in building their resilience and reducing their vulnerability to climate change risks in a number of ways, including (i) sectoral approaches and interventions; (ii) policy-level approaches and interventions; and (iii) financial support tailored to adaptation and resilience, as follows:

- **Sustainable infrastructure:** In IsDB MCs, infrastructure services, such as the supply of drinking water and electricity, the disposal and treatment of waste water, transportation and mobility of people, goods and services, and other key infrastructure services are the foundation for economic development, competitiveness and inclusive growth. These infrastructure projects are becoming increasingly vulnerable to the effects of climate change, both now and in the future. Closing the infrastructure gap, particularly in least-developed MCs, requires significant financing for projects such as roads, power plants and water sewage systems, but also spending differently to transform the way infrastructure is planned, developed and operated. Thus, infrastructure developed today could either contribute to or help mitigate climate change risks.
- **Sectoral approaches (climate risks):** IsDB will support MCs' efforts to address climate risks across the key economic sectors in which it operates, including transport, energy, water, agriculture, trade and private-sector development, among others. The Bank will assist MCs to undertake sector-level climate risk assessments at the country planning stage, as well as climate risk assessments for projects and

⁴ See the IsDB Climate Change Technical Paper and Policy Study for more details on the climate vulnerability of IsDB MCs: IsDB (2019) *Climate Change and Technical Paper and Policy Study*. Jeddah: IsDB.

proposed investments. It will also help MCs focus on climate early-warning systems and manage climate information systems necessary to assist the most vulnerable populations and economic sectors.

- **Sectoral approaches (opportunities):** In addition, IsDB will seek opportunities to invest in projects with 'climate co-benefits'. This will include building in resilience across all sectors, as well as incorporating climate risk considerations into urban planning and disaster risk reduction efforts to 'build back better'. The Bank will also seek out opportunities to support the promotion of appropriate technologies and best practices that enhance the resilience of its projects and investments, including agricultural production systems, climate preparedness and disaster response activities, and the establishment of social safety nets (such as insurance products which can offset losses due to climate impacts).
- **Policy approaches:** IsDB's policy work with MCs will support the integration of climate considerations into MCs' policy actions, including NDCs, NAMAs and NAPs/NAPAs, which will have clear links to building resilience. Examples include supporting regulations and standards, specifically in infrastructure development, and city-level planning and design to ensure equitable and inclusive development.
- **Financial support:** IsDB's support for climate resilience will be aligned with its own existing product offering, including financing, technical assistance and capacity-building (inclusive of its financial support for reverse linkage work). The Bank will explicitly seek to provide financing for climate adaptation/resilience-related investments, to address both the incremental cost and the overall project financing that incentivizes building in climate resilience. It will also explore the development of specific financing products that can be used for climate resilience.

While these efforts are specific to sectors or policy support, IsDB will undertake climate-proofing of its financing activities and projects in MCs, with the aim of highlighting the risks and opportunities that climate change poses to the environment and beneficiaries of its projects, and putting in place necessary measures to mitigate and actively manage these risks. By viewing project financing through a climate change lens – i.e. ensuring that climate change issues are being appropriately addressed – the Bank will help promote increased adaptation to climate change and ensure resilience to extreme events regardless of sector or MC.

Policy Pillar 3: Green growth and supporting the transition to a green economy

Green growth means promoting growth and development, while reducing pollution and greenhouse gas emissions, minimizing waste and the inefficient use of natural resources, maintaining biodiversity and strengthening energy security. Investments that support green growth provide benefits at the local, national and global levels. However, transitioning to a low-carbon economy can be more challenging for some countries than others. This presents difficult choices in some developing countries where the contribution of energy to economic growth may lead to energy investment decisions that prioritize fossil-based production over other alternatives, including renewables. In some countries, carbon assets are a major component of the local economy, provide employment and make a significant contribution to economic activity, which cannot be ignored from a development perspective.⁵ This situation can present real trade-offs between short-term development needs and long-term climate change impacts. Thus, IsDB will support its MCs in their overall sustainable development objectives, being mindful of the particular trade-offs between supporting overall economic growth and green growth.⁶ However, the transition to low-carbon, green economic growth is also a major opportunity to revitalize a country/region by providing new and better employment conditions and opportunities for skills development.⁷ Setting a strong foundation of effective policy and regulations, while

5 OECD (2015) Monitoring the Green Transition.

6 Notwithstanding that some peer MDBs have established exclusion lists, the CCP does not support the development of an exclusion list.

7 OECD (2015) Monitoring the Green Transition.



promoting green investments and encouraging new climate-friendly businesses/enterprises, will be key for MCs' sustainable development.

Specific activities that support this policy area include investments and technical assistance in: (i) renewable energy; (ii) energy efficiency measures in all sectors (e.g. water, manufacturing, production etc.); (iii) low-carbon transport and mass transit; (iv) climate-smart agriculture with a carbon reduction impact/co-benefit; (v) sustainable trade; (vi) clean/green private-sector investment; and (vii) support for innovative technologies and/or research and development in complementary technologies, such as battery storage or carbon capture and storage and/or sequestration. More specifically, IsDB will employ efforts that help MCs undertake a green economic transition in the following ways:

- **Country-level investment and technical assistance for the transition to a green economy:** IsDB will help MCs integrate climate mitigation strategies through specific investments that contribute to the transition to a low-carbon, green economy. Moreover, the Bank will provide MCs with support that can help them translate their NDCs and/or sector-level strategies into an actionable, 'bankable' pipeline of investments. It will also support MCs through knowledge-sharing and capacity-building programmes, which will enhance MCs' ability to 'green' their economies as well as promote cooperation and exchange of experiences, ideas and best practices on technology and innovative solutions to support the low-carbon, green economic transition (including IsDB Science, Technology and Innovation (STI), Green Trade Operations and Reverse Linkage programmes).
- **Policy support:** IsDB's policy work with MCs will support the low-carbon, green economic transition by supporting policy-level efforts that can help create the right enabling environment for low-carbon, green investment. Examples of this include: (i) supporting MCs' low-carbon NDCs and/or sector strategies in ways that can catalyse investment (both public and private); (ii) efforts that help reform and modernize the energy, transportation and urban development sectors, that can be inclusive and equitable, including for the most vulnerable members of society; and (iii) support for the development of market mechanisms, such as carbon prices or markets, that can help encourage low-carbon investment choices by governments and the private sector.

Policy Pillar 4: Leveraging resources

It is widely recognized that meeting the substantial investment needs required to address development targets and climate change will require a blend of public and private capital. Approaches that can leverage public resources to 'crowd in' additional public and private capital will be of critical importance. In addition to core financing from its ordinary capital resources, IsDB has the ability to leverage additional resources for climate change through: (i) the design of innovative products and services; (ii) off-balance-sheet resource mobilization; and (iii) the creation and management of specialized financing and/or trust fund vehicles.

IsDB will scale up its 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 Bank; (iii) development partners; and (iv) philanthropic foundations.

Leveraging resources – innovative products/services

IsDB's approach to mainstreaming climate considerations in country planning and investments will lead to the integration of climate considerations into its existing financing products and services. While it may not be necessary to create additional products (nor may it be warranted), IsDB may seek opportunities to integrate incentives into its lending and guarantee products, which provide benefits (e.g. pricing, tenor or other) to clients that undertake climate-smart investments or that address climate risk elements within a project. Finally, given the Bank's growing portfolio of climate investments and AAA rating, it is uniquely positioned to develop a

Green Sukuk/Green Bond product that can attract institutional investors to an asset class that guarantees green, sustainable development impacts and financial returns and is Sharia compliant. This approach can enable IsDB to catalyse additional on-balance-sheet capital specifically targeted for its green and climate-related work.

Leveraging resources – off-balance-sheet mobilization

IsDB's CCP can further enhance the objectives set out in the P5P to enhance its own off-balance-sheet resource mobilization efforts, in part because of the number of potential investors and donors with a keen interest in financing climate-related investments. IsDB's mobilization efforts in both underwriting and blended finance can incorporate climate considerations to leverage additional private investment and institutional funds.

Blended finance and concessional support

IsDB recognizes that some investments require additional 'catalytic' forms of capital to close the financing gap. It will seek to mobilize resources from donors and others to facilitate climate-related investments – both from the private sector and for those least-developed MCs that require such catalytic support.

Setting up and managing a climate change facility

Demand for climate finance is expected to increase as more IsDB MCs look to mobilize resources to meet their NDCs. To date, every other MDB has established at least one, if not many, specialized vehicles that enable them to manage additional climate finance resources, including (i) bilateral donor funding; (ii) climate funds, such as the Global Environment Facility (GEF), Climate Investment Funds (CIFs) and Green Climate Fund (GCF); and (iii) other sources of concessional capital which can enable them to provide a broader range of financial and technical assistance support for their clients. As part of its leveraging efforts, IsDB will seek to establish a specific 'Climate Change Facility' for the purposes of mobilizing additional resources that can support its overall efforts to address climate change within its MCs, with the following key benefits for the Bank and its MCs:

- **Strategic mobilization and delivery of climate finance:** Establishing and managing a dedicated CCF will enable IsDB to have a strategic approach for mobilizing climate finance and integrating the delivery of those funds in ways that are consistent with its CCP, its 10YS and the P5P. The CCF will be consistent with commonly agreed IsDB, donor and international climate objectives. Such a facility can help IsDB: (i) facilitate getting resources to MCs to meet their NDC commitments; (ii) establish funding mechanisms that specifically target climate resilience/adaptation measures and project components, sustainable infrastructure investments and investments within the sectors targeted in the CCP; and (iii) provide funding for technical assistance and capacity-building (both investment-specific and policy-related).
- **Access to international sources of climate finance:** IsDB's CCF can be the conduit and organizational focal point for accessing international sources of climate financing. Having a focal point within IsDB's CCF to engage and channel climate funds can help IsDB MCs gain access to these sources of funding.
- **Conduit for targeted bilateral and philanthropic funding:** IsDB's CCF can also be a platform for bilateral donors seeking to support IsDB's CCP and its MCs' climate-related actions, including investment and technical assistance and capacity-building activities. It would be developed according to IsDB's policies for off-balance-sheet resource mobilization and designed to complement the Bank's existing support to its MCs. It may be used as a channel for external sources of climate finance managed by IsDB and may provide additional financing and targeted support to MCs for climate change action.





IV. GUIDING PRINCIPLES

IsDB's CCP is grounded in eight (8) guiding principles, which together will help the Bank implement activities and investments that support MCs in their efforts to undertake more sustainable, climate-smart investment. These guiding principles include:

- **Country leadership:** IsDB will finance climate change operations and projects when they are demand-driven with sufficient government/client support, and ensure that they align with an MC's NDC and/or national priorities as defined in its national development plans (e.g. national (country or sector) strategies, NAMAs, NAPs etc.).
- **Selectivity:** IsDB's support for climate change activities in MCs will be selective and will prioritize areas where it has comparative advantages, with special priority accorded to projects with significant impact on people's lives (for instance, solar projects for electrification of rural areas, agricultural projects that enhance adaptability and resilience and/or job creation to reduce poverty). It will also give priority to projects from sectors that are most vulnerable to climate change and those that are relevant to the Bank's poverty reduction objectives.
- **Adaptability:** IsDB will adapt to MCs' development needs depending on the country's economic standing, development gaps and climate change investment potential (for both mitigation and adaptation). In 2020, all countries (including IsDB MCs) are expected to submit updated and more ambitious NDCs to the UNFCCC to support the realization of the Paris Agreement. Up to 2020, IsDB will be more flexible in financing MCs' climate change projects, and during this period it will seek to scale up and expand its financial support in collaboration with other development partners in the areas of adaptation to climate change and mitigation activities in MCs. By 2020 and beyond, IsDB will increase its financial support through different means, including climate change resources from global climate funds.
- **Proactivity:** IsDB will proactively engage with its MCs in policy and project development to enable them to meet their climate ambitions, including by providing support for countries to meet their NDC commitments and improve their NDCs.
- **Capacity-building and knowledge-sharing:** IsDB has always recognized the importance of building the capacities of MCs in various aspects of their economies, to help them bridge development gaps. The Bank will catalyse capacity development in the area of climate change in its MCs using all available tools, including its Reverse Linkage initiative. It may also use its Reverse Linkage programme as a tool to build institutional capacity in its MCs.
- **Catalysing private-sector capital and institutional investors:** Private capital complements government resources to play a significant role in economic development. IsDB will assist MCs to mobilize private capital to finance climate change projects. It will also leverage the resources of its own private-sector entities – the Islamic Corporation for the Development of the Private Sector (ICD), the Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) and the International Islamic Trade Finance Corporation (ITFC) – to generate additional funds for climate financing. It will also use its network and partnership connections to institutional investors, sovereign wealth funds and pension funds, as well as financial instruments such as Green Sukuks, wherever applicable, to raise additional resources for climate change activities in MCs. More importantly, IsDB will support MCs in the development of an appropriate regulatory framework to encourage active private-sector involvement in climate finance.



- **Partnerships for climate change action:** The configuration of international financial institutions has changed in recent years to include partnership and knowledge management in addition to their traditional activity of finance. IsDB will strengthen and build on its global partnerships with various development partners, climate funds and regional organizations to co-finance climate change projects in MCs and build synergies in the area of policy harmonization and knowledge exchange.
- **Accounting for climate action:** IsDB will update its data systems to capture and report climate change activities and climate risks in its portfolio. It will develop guidance for climate change tracking at sector levels (transport, energy, agriculture, water etc.), including trade and private-sector business operations, and has adopted the MDBs' climate finance common principles, guidelines and definitions, including the list of activities and quality control procedures identifying mitigation and adaptation activities. The Bank will also build internal capacities and develop policies to manage climate change activities and will embark on staff training and development in various aspects of climate change.





ROLES AND RESPONSIBILITIES

Implementation of the CCP will be the responsibility of various business units in all departments participating in IsDB programmes and interventions. The success of the policy will largely depend on the sufficient allocation of human and financial resources. To this end, an Implementation Framework and a Climate Change Action Plan will be developed to operationalize the policy. Moreover, procedures necessary for the efficient and effective implementation of the policy, including clear accountability mechanisms, will be put in place.



VERSION HISTORY

This is the first IsDB Climate Change Policy to be approved by the IsDB Board of Executive Directors.





Annex A: IsDB MCs' climate change strategies (NDCs, NAPs, NAMAs)

Member Country checklist⁸

Region	Member Country	NDC (INDC)	NAP/ NAPA	NAMA	Region	Member Country	NDC (INDC)	NAP/ NAPA	NAMA
Asia and Latin America (ALA)	Afghanistan	✓	✓	✓	Sub-Saharan Africa (SSA)	Benin	✓	✓	✓
	Bangladesh	✓	✓			Burkina Faso	✓	✓	
	Brunei	✓				Cameroon	✓	✓	✓
	Guyana	✓				Chad	✓	✓	✓
	Indonesia	✓		✓		Comoros	✓	✓	
	Malaysia	✓		✓		Cote D'Ivoire	✓		✓
	Maldives	✓	✓	✓		Djibouti	✓	✓	
	Pakistan	✓		✓		Gabon	✓		✓
	Suriname	✓				Gambia	✓	✓	✓
Europe and Central Asia (ECA)	Albania	✓				Guinea	✓	✓	
	Azerbaijan	✓				Guinea Bissau	✓	✓	
	Kazakhstan	✓				Mali	✓	✓	✓
	Kyrgyzstan	✓				Mauritania	✓	✓	✓
	Tajikistan	✓		✓		Mozambique	✓	✓	
	Turkey	✓				Niger	✓	✓	
	Turkmenistan	✓				Nigeria	✓		
	Uzbekistan	✓		✓		Senegal	✓	✓	
Middle East and North Africa (MENA)	Algeria	✓				Sierra Leone	✓	✓	✓
	Bahrain	✓				Somalia	✓	✓	
	Egypt	✓			Sudan	✓	✓		
	Iran	✓			Togo	✓	✓	✓	
	Iraq	✓			Uganda	✓	✓	✓	
	Jordan	✓		✓	Total Number	57	56	24	21
	Kuwait	✓							
	Lebanon	✓							
	Libya								
	Morocco	✓		✓					
	Oman	✓							
	Palestine	✓	✓						
	Qatar	✓							
	Saudi Arabia	✓							
	Syria	✓							
	Tunisia	✓		✓					
U A E	✓								
Yemen	✓	✓							

8 NDC/INDC list source: UNFCCC NDC Registry (<http://www4.unfccc.int/ndcregistry/Pages/All.aspx>); NAPA/NAP list source: UNFCCC NAPA Received (<https://unfccc.int/topics/resilience/workstreams/national-adaptation-programmes-of-action/napas-received>) and UNFCCC NAP (http://www4.unfccc.int/nap/News/Pages/national_adaptation_plans.aspx); NAMA list source: UNFCCC NAMA Database (<http://www.nama-database.org/index.php/Special:RunQuery/QueryData?wpRunQuery=true>). NAMAs in this list are those that have been submitted to the UNFCCC NAMA registry (either under development or at implementation stage).

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