

THE ROLE OF ISDB IN PROMOTING ISLAMIC FINANCIAL INSTRUMENTS TO COMBAT CLIMATE CHANGE AND NATURAL DISASTERS IN MEMBER COUNTRIES

THE 23RD MEETING OF THE COMCEC FINANCIAL COOPERATION WORKING GROUP

Climate Change & Environment Division

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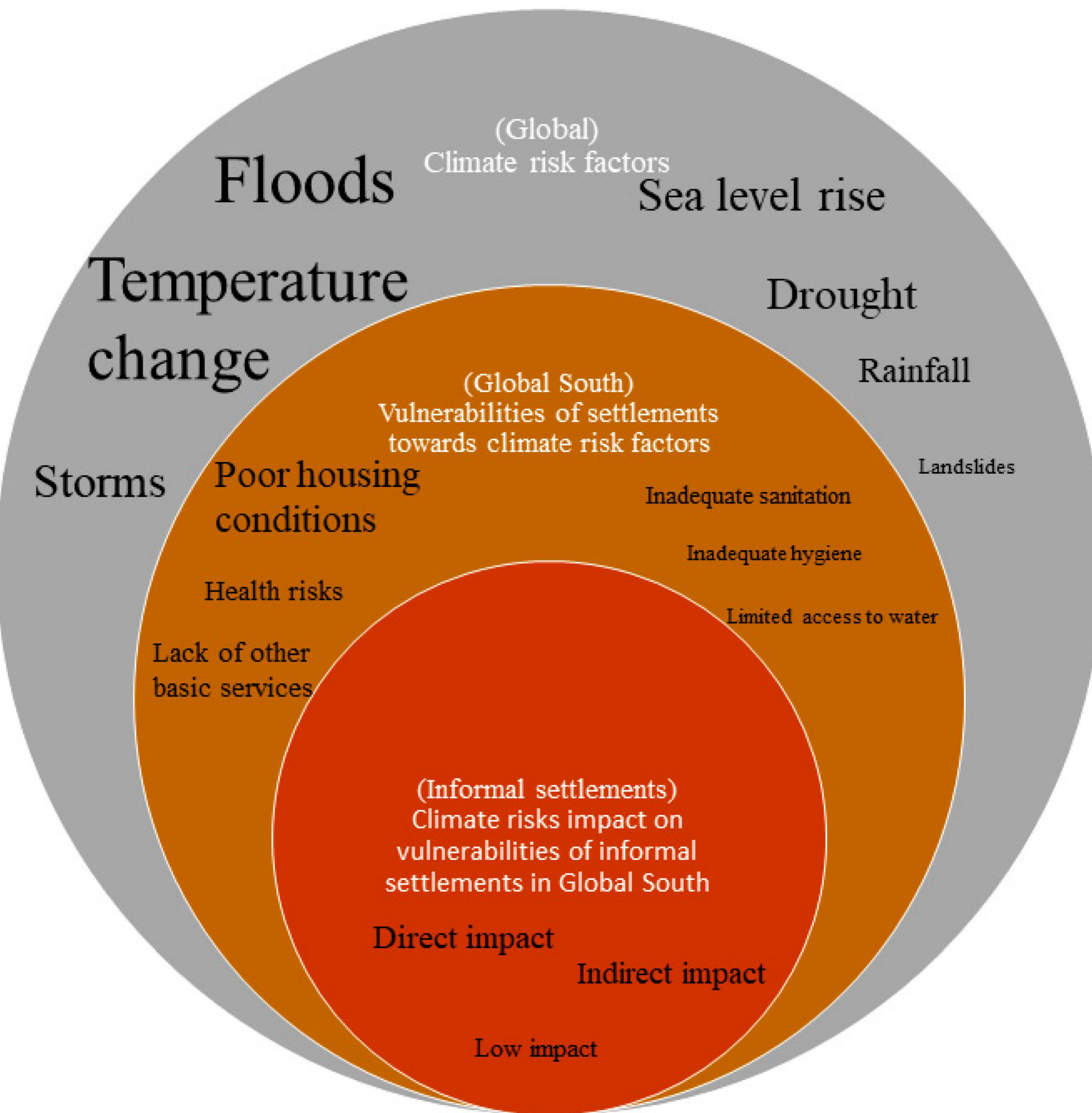


PRESENTATION CONTENT

- Context & challenges of oic Member countries on climate action
- Highlights of IsDB Climate Ambition Commitments to MC
- Climate Change at the IsDB – Main Pillars
- Making IsDB Operations Climate Resilient
- Climate action support to mc through project-level intervention.
- Opportunities for Climate Action using Islamic Financial Instruments
- Examples of Financial Resources (Grants) Leveraged for Member Countries from IsDB Partners



CONTEXT & CHALLENGES OF OIC MEMBER COUNTRIES ON CLIMATE ACTION



OIC countries are among the most vulnerable to climate-related risks. This includes increasing frequency of floods, droughts, and food insecurity

Limited access to climate finance and climate resilience infrastructure: Disaster Risk monitoring and Economic Strain

Gaps in climate governance frameworks and data systems: hamper the planning and implementation of adaptation and mitigation policies. Limited inter-agency coordination

HIGHLIGHTS OF ISDB CLIMATE AMBITION COMMITMENTS TO MC



100% Paris Alignment
Commitment by 2023

35% Climate Finance
Target of total
Commitment by 2025

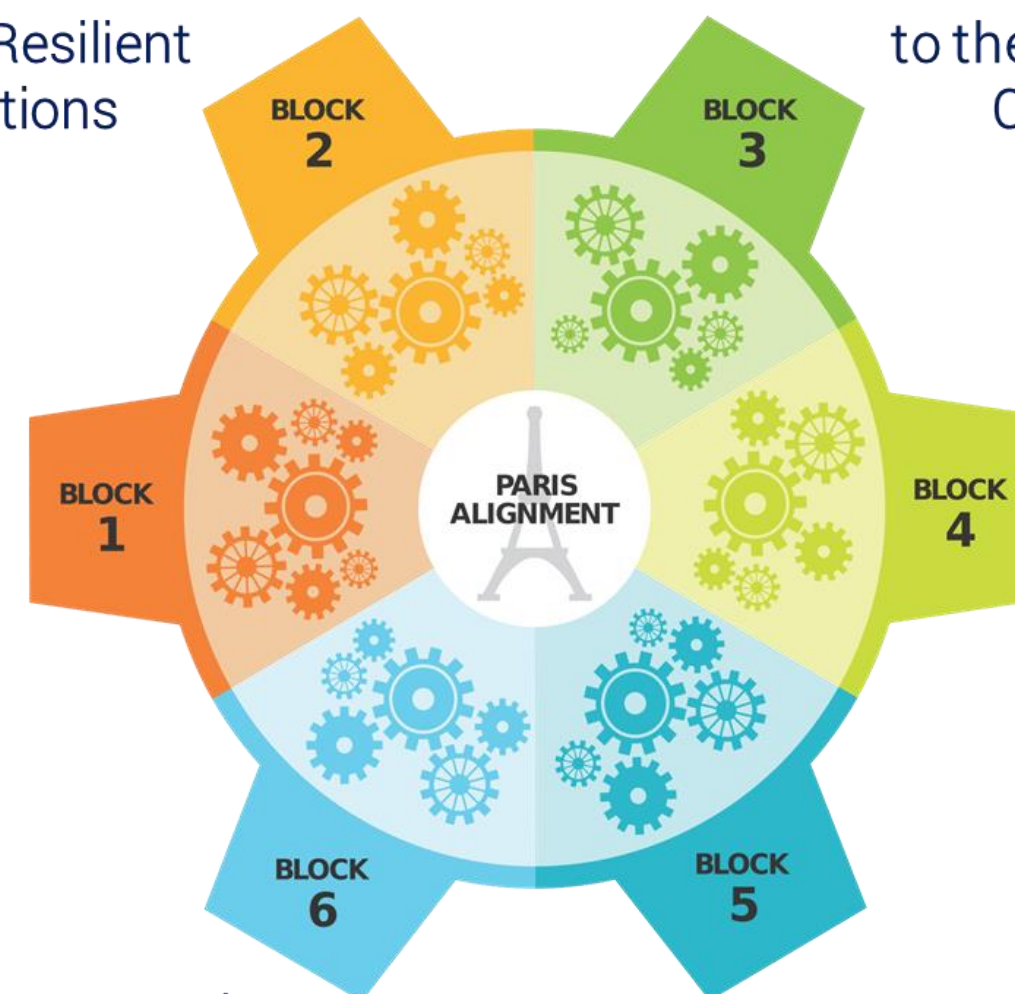
Alignment with
Mitigation Goals

Adaptation and
Climate-Resilient
Operations

Accelerated Contribution
to the Transition through
Climate Finance

Align Internal
Activities

Reporting



Strategy, Engagement
and Policy
Development



US\$ 24 billion Arab
Coordination Group (ACG)
Climate Finance by 2030

Climate Change at the IsDB – Main Pillars

1

Mainstreaming in Operations

- Integration of CC in Upstream Country Discussions, Strategies, etc. Setting Targets and Tracking.
- Operational Support including Appraisal, Design, etc.
- Climate Screening Tool
- Project Appraisal and Design
- Sector Guidance Notes and Best Practices

2

Support MCs Paris Agreement Realization

- Development of National Action Plans (NAPs)
- Development of Nationally appropriate Mitigation Actions (NAMAs).
- Pre-feasibility Analysis
- Project Preparation Facility

3

Capacity Building and Knowledge Generation in MCs

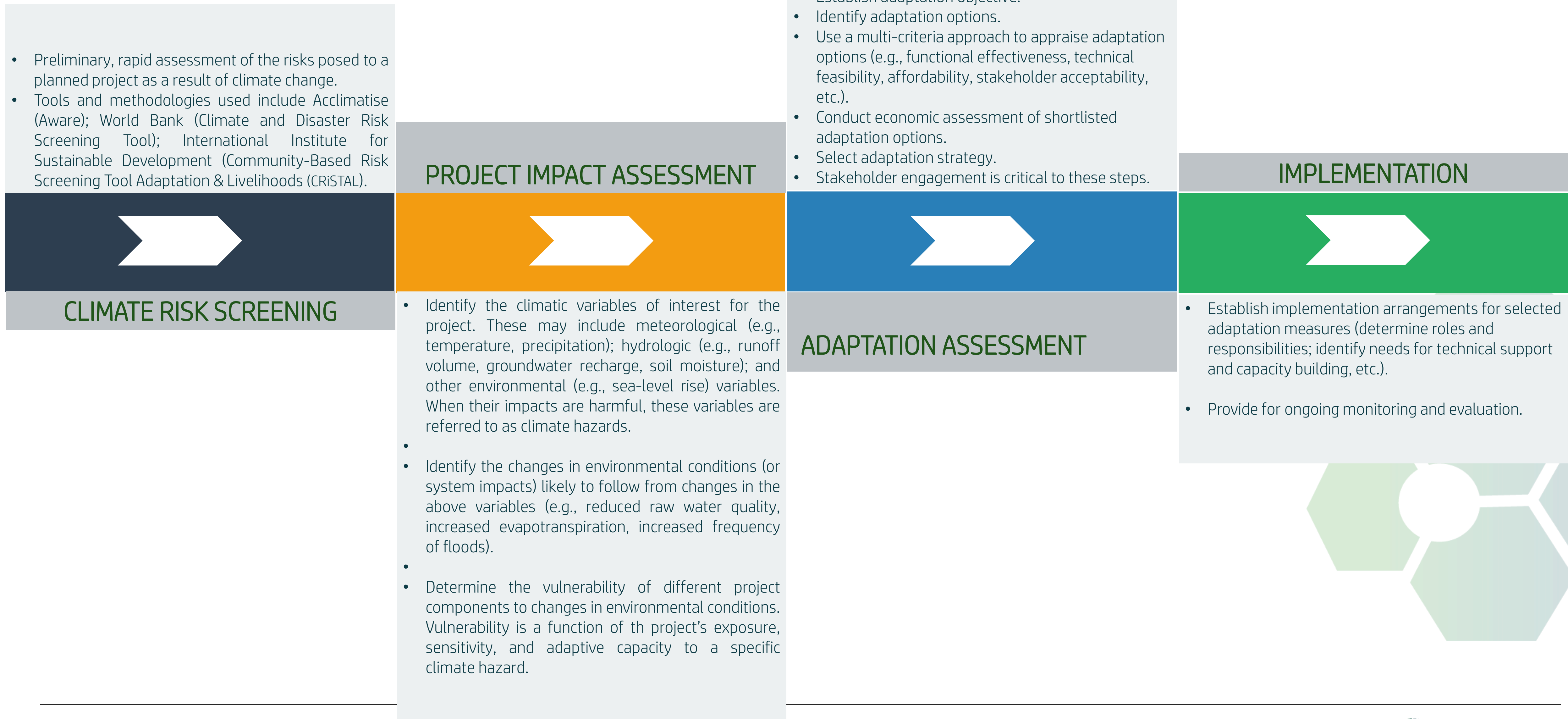
- Resilience Workshops
- Sector Focused CC Workshops
- Climate Risk and Disaster Management Frameworks
- Knowledge Reports (Guidance Reports, etc.)
- Policy Advisory
- Risk Management Strategies
- Creating Enabling Environment

4

Climate Financing and Leveraging

- Mapping of Climate Funds and Donors
- Green Bonds and Markets: What do we need?
- Strategies for Sequencing Public and Private Investments, PPPs and other Strategies to catalyze private investment

CLIMATE RISK MANAGEMENT PROCESS: MAKING ISDB OPERATIONS RESILIENT



CLIMATE ACTION SUPPORT TO MC THROUGH PROJECT LEVEL INTERVENTION

ISLAMIC FINANCE FOR CLIMATE ACTION

Investing for a
GREENER WORLD



Comoros: US\$ 15.00 million to enhance the resilience, connectivity, and safety of maritime transport between the islands of the country - FY2024

Kyrgyzstan: US\$ 45.11 million to enhance the livelihoods of smallholder farmers and improve food security through agriculture. FY 2024

Pakistan: US\$ 118.40 million, aiming at alleviating poverty among vulnerable communities while simultaneously improving their overall food security, nutritional status, and resilience to climate change. FY 2024

Nigeria: US\$ 52.00 million Zamfara Climate Change Adaptation and Agricultural Value Chain Project to improve food security in this vulnerable region of Nigeria, FY 2025

Türkiye, EUR 500.00 Climate & Disaster-Resilient Health Infrastructure Project aims to enhance the provision of safe, sustainable, and disaster-resilient healthcare services that can withstand earthquakes. FY 2025

OPPORTUNITIES FOR CLIMATE ACTION USING ISLAMIC FINANCIAL INSTRUMENTS

- ❑ Capital Market (Islamic) financial Instruments for resilience climate adaptation finance offers untapped solutions aligned with Shariah principles and sustainability goals.
 - Indonesia: The first sovereign green Sukuk issued by a Muslim-majority country.
 - Funded reforestation, renewable energy, and flood management.
 - IsDB provided technical assistance and capacity building.

- ❑ Blended Finance Approach with other co-fianciers using an Ijarah-based financing model
 - Morocco: Noor Solar Complex – Ouarzazate, IsDB co-financed one of the world's largest solar power plants alongside another financier, such as the World Bank and the African Development Bank



EXAMPLES OF FINANCIAL RESOURCES WE HAVE LEVERAGED FOR MEMBER COUNTRIES



- Mobilized approx. US\$ 800k for Nigeria, Lebanon and Palestine under the Climate Action Enhancement Package (CAEP) to deliver targeted, fast-track support to countries to enhance the quality, increase the ambition, and implement the NDCs.
- Over US\$ 1.2 million for Pakistan from the NDC-P PAF window



- Mobilized approx. US\$ 2.7 million for Jordan, Lebanon, Iraq, Oman, and Palestine under the Green Climate Fund readiness program for private sector actors. Leveraging the Private Sector for Increased Climate Investment and Strengthened Partnerships in the West Asia Region
- USD 2.3 million Government of Maldives for its readiness program in the financial sector and private sector



- Over USD 4.3 billion from the Systematic Observations Financing Facility (SOFF), a UN Multi-Partner Trust Fund to support member countries through partner institutions. To support Uganda with early warning systems



- Mobilise over USD 2 million for Yemen to help with the climate adaptation strategy through telemedicine in the country.



البنك الإسلامي للتنمية
Islamic Development Bank

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