



Islamic Development Bank (IsDB) Sustainable Finance Framework

November 05, 2019

The Islamic Development Bank (IsDB) is a multilateral development financing institution with 57 member countries (MCs) with significant Muslim communities. As a multilateral development bank aiming to advance the SDGs, it provides a solid foundation for the issuance of green and sustainability sukus.

The projects that can be financed under this sustainable finance framework are broadly defined and can include fossil fuel elements in nearly all project categories. However, the framework excludes, e.g., direct investments in fossil fuel extraction, production and transport, new and existing fossil fuel power plants (e.g., natural gas, combined cycle), roads, large hydropower (>25MW), new landfill construction or expansion, heavy duty vehicles or bunker fueled shipping, deforestation, expansion of livestock production and palm oil plantations. Proceeds finance or refinance projects within green and social categories in all of IsDB's MCs. Green eligible project categories are renewable energy, clean transportation, energy efficiency, pollution prevention and control, environmentally sustainable management of natural living resources and land use and sustainable water and wastewater management. Social categories include employment generation / SME Financing, affordable housing, affordable basic infrastructure, access to essential services and socioeconomic advancement and empowerment.

IsDB provides a sound governance structure that includes a two-step project selection process including environmental and social screening procedures as well as climate resilience assessments, despite a lack of activity level emissions reporting and targets. Reporting for the sustainability and green sukus will be conducted on a project-by-project level and an external review of the impact reporting will be published. However, more progress oriented impact metrics would substantially improve this framework in addition to also reporting on environmental indicators for all social projects financed and vice versa.

The social project categories aim at development of IsDB's MCs in a socially sustainable fashion, but would benefit from targeting audiences to ensure equal access. The issuer demonstrates a strong drive to facilitate economic development, while taking into consideration the trade-off between green growth and economic development. However, the strong focus on economic development results in a broad categorization of target audiences for social development. The lack of detailed definitions of marginalized, vulnerable and poor target populations benefitting from this framework risks unequal access to infrastructure and

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SUSTAINABILITY BOND GUIDELINES

Based on this review, the framework is found in alignment with the green bond principles, the social bond principles and the sustainability bond guidelines.

Included in the overall shading is an assessment of the governance structure of the sustainable finance framework. CICERO Shades of Green and IISD find the governance procedures in IsDB's framework to be **Excellent**.



SOCIAL ASSESSMENT

Based on our review, the social projects aim for sustainable development, but without target audience identification, bear some risk to intended social benefits and effectiveness of eligible asset categories proposed in the framework.

SHADES OF GREEN

Based on our review, we rate the IsDB's sustainable finance framework **CICERO Medium Green**.



services, and complicates monitoring of beneficial effects of social projects for target populations that are relevant for IsDB such as women, youth and people living in poverty, as well as indigenous peoples.

The framework includes project categories that potentially could include controversial projects. This relates in particular to projects such as, e.g., energy efficiency related to fossil fuel elements, affordable housing with fossil fuel powered boilers or waste to energy in some instances. IsDB informed us that potentially controversial projects undergo in-depth scrutiny to ensure positive climate impacts. It is acknowledged that IsDB's MCs are developing countries, frontier markets and least developed countries and that social objectives in certain contexts may call for solutions that feature fossil fuel elements, such as petrol ambulances for hospitals. Concerns remain when it comes to transparency on the methodology that will be used by IsDB and hence it has been difficult to assess if actual reductions in GHG emissions for such projects will be achieved. We encourage a high level of transparency for these types of projects.

IsDB has a responsibility to ensure a rigorous environmental and social assessment that supports the sustainability ambitions of the broadly defined framework. Given the structure of the framework that allows for both green and sustainable sukus, and divides the project categories into green and social, there is a risk that project financing could be steered to the project categories where the threshold to meet the criteria is the lowest, e.g., on infrastructure. This is in part mitigated by the two-part screening process at the activity level, and the strong interlinkages between the two categories in the framework, which represents a reflection of how the issuer works with both social and environmental initiatives in the target communities. In addition, IsDB informed us that they are committed to mainstream climate finance into all its objectives. However, we encourage IsDB to also define combined objectives in the sustainable finance framework.

The issuer informed us that at least half of the raised proceeds through green and sustainability sukus will be allocated to green categories. Based on the overall assessment of the green and social project types in this framework, governance and transparency considerations, IsDB's sustainability finance framework receives a **CICERO Medium Green** shading and governance score of **Excellent**. This applies to both green and sustainability sukuk issuances, which encompass both social and green categories. The social projects aim for sustainable development, but without target audience identification, bear some risk to intended social benefits and effectiveness of eligible asset categories proposed in the framework.





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1 Terms and methodology

This note provides CICERO Shades of Green’s (CICERO Green) second opinion of the client’s framework dated October 2019. This second opinion remains relevant to all sustainable financing under this framework for the duration of three years from publication of this second opinion, as long as the framework remains unchanged. Any amendments or updates to the framework require a revised second opinion. CICERO Green encourages the client to make this second opinion publicly available. If any part of the second opinion is quoted, the full report must be made available.

The second opinion is based on a review of the framework and documentation of the client’s policies and processes, as well as information gathered during meetings, teleconferences and email correspondence.

Expressing concerns with ‘shades of green’

CICERO Green second opinions are graded dark green, medium green or light green, reflecting a broad, qualitative review of the climate and environmental risks and ambitions. The shading methodology aims to provide transparency to investors that seek to understand and act upon potential exposure to climate risks and impacts. Investments in all shades of green projects are necessary in order to successfully implement the ambition of the Paris agreement. The shades are intended to communicate the following:

CICERO Shades of Green

Examples



Dark green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Ideally, exposure to transitional and physical climate risk is considered or mitigated.



Wind energy projects with a strong governance structure that integrates environmental concerns



Medium green is allocated to projects and solutions that represent steps towards the long-term vision, but are not quite there yet. Fossil-fueled technologies that lock in long-term emissions do not qualify for financing. Physical and transition climate risks might be considered.



Bridging technologies such as plug-in hybrid buses



Light green is allocated to projects and solutions that are climate friendly but do not represent or contribute to the long-term vision. These represent necessary and potentially significant short-term GHG emission reductions, but need to be managed to avoid extension of equipment lifetime that can lock-in fossil fuel elements. Projects may be exposed to the physical and transitional climate risk without appropriate strategies in place to protect them.



Efficiency investments for fossil fuel technologies where clean alternatives are not available



Brown is allocated to projects and solutions that are in opposition to the long-term vision of a low carbon and climate resilient future.



New infrastructure for coal

Assessment of social benefits and risks

The Second Opinion for the client’s sustainable finance framework also accounts for social dimensions of the framework in total and of eligible social asset categories in particular. IISD provides expertise on social benefits and social risks to be considered for the financing of infrastructure and other projects with environmental and social targets.

The social benefits, consistency and effectiveness of eligible social asset categories of this framework are reviewed against the client’s overall social targets and the United Nations Sustainable Development Goals (SDGs). SDGs highlighted by the client are assessed by clarifying which specific SDG targets are supported by each eligible



social asset category. Moreover, the assessment points to relevant SDGs and targets that may not have been identified by the issuer. This reference framework for analyzing the benefits of social asset categories was chosen because SDGs are increasingly accepted and applied within the (impact) investment community, the International Capital Market Association (ICMA) encourages to pay attention to the SDGs as they recently published a high-level mapping on the alignment between the SDGs and green/social asset categories of Green/Social/Sustainability Bond Frameworks, and many countries are working actively on implementing the SDGs.

To complement the SDGs as a basis for this assessment, the International Organizations for Standardization (ISO) 26000 standard has been consulted. This standard on Social Responsibility has been published as a guidance document rather than a basis against which organizations can be certified. It includes a framework that links the SDGs to other popular standards for social responsibility, including the Organisation for Economic Cooperation and Development (OECD), International Labour Organization (ILO) conventions and the Global Reporting Initiative (GRI).

Social risks of eligible green and social asset categories are assessed based on IISD's extensive experience from infrastructure sustainability assessments as well as best practice guidelines and safeguards (such as the Environmental and Social Performance Standards of the International Finance Corporation). The assessment covers the bond issuer's capacity for anticipating and assessing adverse social risks when selecting eligible green and social projects. It is also reviewed whether the issuer has implemented policies that require project beneficiaries to have systems in place to avoid, reduce or minimize adverse social impacts.

Governance assessment

Sound governance and transparency processes facilitate delivery of the client's climate, environmental and social ambitions laid out in the framework. Hence, the governance aspects are carefully considered and reflected in the overall shading of the sustainable finance framework. CICERO Green considers four factors in its review of the client's governance processes: 1) the policies and goals of relevance to the sustainable finance framework; 2) the selection process used to identify and approve eligible projects under the framework, 3) the management of proceeds and 4) the reporting on the projects to investors. Based on these factors, we assign an overall governance grade: Fair, Good or Excellent.



2 Brief description of IsDB's Sustainable Finance Framework and related policies

The Islamic Development Bank (IsDB) is a multilateral development financing institution with 57 member countries (MCs). Headquartered in Jeddah, Saudi Arabia, IsDB also operates major offices in Turkey, Morocco, Indonesia, Kazakhstan, Nigeria, Bangladesh and Senegal. Regionally, IsDB operates in countries with significant Muslim communities mainly in Africa, the Middle East as well as South and South East Asia. As of December 2018, IsDB's main shareholders are Saudi Arabia (23.5%), Libya (9.3%), Iran (8.4%), Nigeria (7.7%), United Arab Emirates (7.6%), Qatar (7.3%), Egypt (7.1%), Kuwait (6.9%) and Turkey (6.5%). The IsDB operations are Shari'ah compliant finance, and its main instruments include concessional financing and non-concessional financing. In 2018, IsDB supported its member countries' development financing needs with an overall project approval volume of USD1.27 billion. By sector, the largest share of financing was allocated to energy projects (31%) followed by transportation (19%), health (13%), agriculture (13%) and water (9%), sanitation (9%) and urban services (9%).

Environmental Strategies and Policies

IsDB has a Five-Year Program and a Ten-Year-Strategy that are aligned with the UN Sustainable Development Goals (SDGs) and designed to accelerate the member countries' achievement of SDGs by 2030. An operational plan is currently developed to define specific sector targets. IsDB has published a climate change policy in 2019 on mainstreaming climate action and promoting climate resilience and green growth as well as several sector specific policies with relevant climate considerations (e.g., on transport and energy) and is currently developing an Environmental and Social Safeguards policy.

IsDB currently does not report its own greenhouse gas emissions or emissions by financed projects and has no targets regarding emissions. However, IsDB plans to report on emissions by 2021.

IsDB has adopted the Multilateral Development Banks' (MDB) Common Principles for Climate Mitigation Finance Tracking. The issuer informed us that the ambition of this framework in terms of eligibility criteria is closely aligned with other MDBs green or sustainability finance frameworks as well as the with the common principles.

IsDB does not formally implement TCFD recommendations. However, in 2018, the bank integrated the climate risk screening tool "Aware for Projects". "Aware for Projects" is a customized online tool that allows to screen the Bank's investments for potential climate risk and resilience. The following climate risks are identified: temperature increase, wild fire, permafrost, sea ice, precipitation increase and decrease, flood, snow loading, landslides, water availability, wind speed increase and decrease, onshore and offshore category 1 storms, sea level rise and solar radiation change.

All projects since January 2019 are subject to a climate risk screening procedure. E.g., IsDB screens for future flood zones when considering sites for new buildings. In addition, the bank joined the MDBs' Climate Finance Working Group and commenced reporting of climate finance according to MDB's common principles methodologies for tracking climate finance for its projects in key sectors in 2018. In 2018, IsDB's climate finance totaled at USD351 million compared to the MDBs' total of USD 43.1 billion representing a share of 27.6% of



IsDB overall approvals. IsDB has recently internally approved a climate finance target. According to IsDB, this climate finance target requires mainstreaming climate finance within IsDB's activities.

Social Strategies and Policies

IsDB has put in place multiple policies that support sustainable development. Keeping in mind that IsDB's MCs are emerging economies, IsDB keeps track of progress made in achieving sustainable and social development objectives in member countries, published in Development Effectiveness Reports.

The cross-cutting development policy that underpins this framework is IsDB's Ten-Year Strategy. In addition, the main relevant policies include:

- an Education Sector Policy and an Agricultural and Rural Development Sector Policy.
- a Youth Development strategy (2019-2025) which has three interlinked strategic pillars, Education, Economic Empowerment and Engagement.
- a Women Empowerment Policy which defines the commitment of the Bank to promote women's empowerment as a means to reduce poverty and foster sustainable development and inclusive growth. It also marks IsDB's promise to unlock the 'untapped potential' of women in its MCs and Muslim communities by establishing fundamental principles to guide its programmes and interventions to reduce the barriers to their economic and social development.

IsDB's social policies relate to broad target audiences for social asset categories in this framework. IsDB informed us that it was decided not to formulate target audiences for social asset categories in a more detailed manner. IsDB's MCs are developing countries, frontier markets and least developed countries and hence the framework should cover large pools of the population in those MCs. In this context, IsDB decided to report on reached number of women and youth reached in the impact reporting.

Use of proceeds

The sustainable finance framework allows for investments into eligible social and green project categories in IsDB's 57 MCs, which are exclusively emerging economies. Net proceeds from green or sustainability sukus issued under this framework will be used to finance or re-finance projects within the project categories listed in Table 1 and 2. The inaugural look-back period for refinancing is five years and might be shortened for future issuances. According to the issuer, the inaugural issuance will have a majority of re-financing. Going forward, IsDB anticipates financing new assets especially in the green categories. The issuer informed us that at least half of the raised proceeds through green and sustainability sukus will be allocated to green categories.

IsDB can issue Green Sukus under this framework if proceeds are only allocated to green categories. For investments into green and social categories or into social project categories only, IsDB classifies sukuk issuances as Sustainability Sukuk and will ensure that projects "do no harm" according to internal policies and conduct standard due-diligence and environmental screening during project implementation and post-completion via ESIA, ESMP and the "Aware for Projects" tool (see *Selection* below). These screenings and due diligence will also be applied to green projects.

IsDB aims to align its exclusion criteria to other MDBs and excludes the following projects and assets from financing:

- Upstream fossil fuel extraction and production (including gas, coal and oil)
- New standalone fossil fuel electricity production
- Energy efficiency of coal infrastructure



- Energy efficiency projects that lead to an increase in CO₂ emissions (through capacity expansion and increased output as a result of the project/investment)
- Processing, storing, marketing of gas, coal, and oil
- Refining of oil
- Nuclear power generation and related assets
- Distribution or transport of fossil fuels
- Construction, maintenance or expansion of roads
- Heavy duty vehicles, infrastructure for fossil fuels (e.g., fuel stations) or bunker fuelled shipping infrastructure
- Landfill construction or expansion
- Any activities involving deforestation
- Palm Oil related activities

Selection

The selection process is a key governance factor to consider in CICERO Green's and IISD's assessment. CICERO Green and IISD typically look at how climate, environmental and social considerations are considered when evaluating whether projects can qualify for sustainable finance funding. The broader the project categories, the more importance CICERO Green places on the governance process.

According to IsDB, as much as practically possible, IsDB generally prefers to finance feasible clean technologies in lieu of fossil based technologies – this applies to all of IsDB's activities and not just the project categories in this framework. As part of the screening and due diligence for infrastructure projects included under social project category under this framework, in a given country, they would have to be consistent with the low carbon-resilient development plan and/or the NDC of that country. In general, where significant environmental impacts are expected, abatement measures are reflected in the climate change risks and vulnerability management plan (CR&VA MP) and Environment and Social Management Plan (ESMP) which are condition precedent in agreements with IsDB's clients. Emissions life-cycle assessments or specific climate requirements toward subcontractors are not specified.

The Sustainability Finance Framework includes several categories with fossil fuel related projects. According to the issuer, dedicated processes exist regarding project selection, such as the clean transport category. For the selection of green projects in transportation related assets, IsDB's internal climate policies dictate the following considerations:

1. GHG emission reduction is considered against a business as usual (BAU) scenario (reduction against BAU scenario is aligned with MDB Common principles as "exceeding available standards")
2. The reduction of the generalized travel cost is considered.
3. GHG emission reduction by modal shift is assessed.
4. GHG emission reduction by both zero/low emission fleet and infrastructure is assessed.
5. GHG emission reduction by vehicles using fossil fuel is demonstrated.
6. fleet and infrastructure that is fundamental to the operation of transport service is eligible
7. Well-to-wheel (WTW) assessment is important where indirect emissions are considered material

IsDB has established a Sustainable Finance Task Force (SFTF) responsible for reviewing and evaluating selection of projects according to the eligibility criteria, compliance screening with relevant internal policies and monitoring the eligible project portfolio. The SFTF will consist of representatives from different Global Practices with relevant technical expertise on climate change as well as women and youth, in addition to representatives from the teams on capital markets, risk management and budget, performance and results. Each of these Global Practices encapsulates relevant technical expertise on climate, resilience, youth empowerment. In addition, it will also include IsDB Group Spokesperson and Advisor to President on Global Advocacy. The issuer informed us that



external advice will be sought if necessary. A Sustainable Finance Framework working group will be responsible for a final review of the projects approved by the SFTF and including projects into the portfolio.

Both the SFTF as well as the Sustainable Finance Framework working group decide in consensus and will meet at least twice a year. Should projects fail the screening procedures at the internal policies level or the eligibility criteria level, projects are kept under review for potential inclusion into the portfolio at a later stage. If a project continues to fail screening it will not be considered, and will not be considered as an eligible project for either a green or sustainable sukuk.

Management of proceeds

IsDB's green and sustainability sukuk proceeds are managed via a newly established register ("GSS Sukuk Register") detailing the sukuks' relevant information, projects identified, project categories, allocation and estimated impact. Proceeds will be deposited in the general funding accounts and earmarked for allocation using the GSS Sukuk Register. Disbursements will be processed to individual projects. Until allocation, proceeds will be invested according to IsDB's normal liquidity policy. Currently, this liquidity policy is not following specific ESG guidelines. The issuer informed us that going forward green and sustainable institutions will be preferred.

All of IsDB's investments are Shari'ah compliant and the register is reviewed half yearly.

Reporting

Transparency, reporting, and verification of impacts are key to enable investors to follow the implementation of sustainable finance programs. Procedures for reporting and disclosure of sustainable finance investments are also vital to build confidence that sustainable finance is contributing towards a sustainable and climate-friendly future, both among investors and in society.

IsDB will report annually on allocation and impact metrics and publish the respective reports on their website, until the proceeds of any Green or Sustainability Sukuk have been fully allocated. Both, the allocation and impact reporting, will be conducted on a project-by-project level. The allocation reporting includes a list of eligible projects financed including amounts allocated to each eligible project; proceeds allocated per each eligibility category; the geographic distribution of green or social eligible projects; the remaining balance of unallocated proceeds; wherever material and possible, the share of green/sustainability sukuk financing, wherever a project requires more financing than the allocation received from the green/sustainability sukuk.

The impact reporting will include a quantitative description of green or social eligible projects; environmental objective pursued with the green or social Eligible Projects; a breakdown of green or social eligible projects by the nature of what is being financed (assets, capital expenditures, operating expenditures, etc.); the share of financing from IsDB; potential key environmental impact indicators; in the social categories, numbers of beneficiaries or number of women/youth supported; information on the methodology and assumptions used to evaluate the green or social eligible projects impacts. The reporting methodology is currently being developed as part of the efforts of the multilateral development banks' working group on harmonizing methodology for measuring contribution to SDGs.

The Sustainable Finance Task Force (SFTF) will be responsible for preparing and reporting on any green or sustainability sukuk issuance. They will request the assistance and input of relevant Global Practices when collating the necessary information.



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Shades of
Green



Each Green or Sustainability Sukuk will have an independent report created. IsDB will publish the first report within one year from the time of green or sustainability sukuk issuance and will obtain external verification for its reporting from a third party. This verification report will be made publicly available on their website.

3 Assessment of IsDB’s sustainable finance framework and policies

The framework and procedures for IsDB’s green and sustainability sukuk investments are assessed and their strengths and weaknesses are discussed in this section. The strengths of an investment framework with respect to environmental impact are areas where it clearly supports low-carbon projects; weaknesses are typically areas that are unclear or too general. Pitfalls are also raised in this section to note areas where IsDB should be aware of potential macro-level impacts of investment projects.

Overall shading

Based on the project category shadings detailed below, and consideration of environmental ambitions and governance structure reflected in IsDB’s sustainable finance framework, we rate the framework **CICERO Medium Green**.

Eligible projects under the IsDB’s sustainable finance framework

At the basic level, the selection of eligible project categories is the primary mechanism to ensure that projects deliver environmental and social benefits. Through selection of project categories with clear environmental and social benefits, green and sustainability sukuk aim to provide investors with certainty that their investments deliver sustainability returns as well as financial returns.

The following table provides an assessment of the eligible green asset categories:

Category	Eligible project types	Green Shading and some concerns	Social considerations and some concerns
Renewable energy	Generation of electricity from renewable sources such as solar, wind, geothermal and hydro (less than 25MW in size)	Dark Green SDG 7: Affordable and Clean Energy ✓ Solar and wind power is key to a low-carbon transition. ✓ Large hydropower (>25MW) are excluded under this framework. However, hydropower can have local environmental impacts. ✓ Geothermal and hydropower plants can have significant emissions that should be minimized. ✓ IsDB informed us that this could also include energy from captured methane from waste or	✓ Increased electrification of energy supply can support increase of access to affordable energy. ✓ The transition to renewable energy production may affect employment opportunities, community development and labor practices. ✓ An increased share of renewable energy and electricity production may not automatically lead to equal access of marginalized and vulnerable populations to sustainable energy.



		<ul style="list-style-type: none"> ✓ agricultural activities to directly replace fossil fuels. Consider potential rebound effects. ✓ Projects entailing deforestation elements would not qualify. ✓ All construction projects can have adverse local environmental impacts and materials (e.g., cement, steel, etc) as well as equipment use could be fossil-fuel intensive. 	<ul style="list-style-type: none"> ✓ Hydropower plants can have negative social impacts, including relocation, damage to cultural heritage, and increase of risk and prevalence of water-related diseases. Vulnerable, poor and marginalized populations may be more exposed to these risks.
<p>Clean transportation</p>	<p>Investment in electric rail transportation, rail transport for the movement of goods and people as well as related infrastructure projects (metric gauge lines, signalization systems, station/depot expansion, pedestrian crossings), and mass-transit projects including light rail</p>	<p>Medium Green</p> <ul style="list-style-type: none"> ✓ SDG 11: Sustainable Cities and Communities ✓ Both electric and fossil fuel driven public transportation as well as respective stations can be financed. ✓ Excluded under this category are distribution or transport of fossil fuels, fossil fuel infrastructure (e.g., fuel stations), heavy duty vehicles and construction, maintenance or expansion of roads, ports and bunker fueled shipping infrastructure, other large-scale transportation construction except for railway projects and related infrastructure. ✓ While electric rail is seen as a dark green solution, fossil fuel based public transport is rated medium and fossil fuel based supporting infrastructure. ✓ For mass transit, IsDB requires a modal shift and a projected net emission reduction to be demonstrated at project level. ✓ To avoid lock-in of obsolete technologies we encourage seeking zero-emission technologies where feasible. 	<ul style="list-style-type: none"> ✓ Vulnerable and marginalized population groups can benefit from affordable access to transport by rail and mass transit modalities. ✓ Access to transport increases the likeliness of achieving gender equality, education and health objectives. ✓ Large infrastructure projects, such as major new railways, may affect poor, marginalized and vulnerable populations and might lead to relocation.
<p>Energy efficiency</p>	<ul style="list-style-type: none"> • Buildings energy efficiency improvements in 	<p>Light Green</p> <ul style="list-style-type: none"> ✓ SDG 7: Affordable and Clean Energy 	<ul style="list-style-type: none"> ✓ Vulnerable and marginalized population groups can benefit from affordable access to



<ul style="list-style-type: none"> lighting, appliances and equipment, including energy-management systems • Substitution of existing heating or cooling systems for buildings by co-generation plants that generate electricity in addition to providing heating or cooling • Architectural or building changes that enable reduction of energy consumption • Rehabilitation of district heating and cooling systems • Reduction of heat loss in utilities and/or increased recovery of waste heat • Improvement in utility-scale energy efficiency through efficient energy use, and loss reduction, or resource efficiency improvements 	<ul style="list-style-type: none"> ✓ ✓ ✓ ✓ ✓ ✓ ✓ 	<p>SDG 9: Industry, Innovation and Infrastructure</p> <p>This category finances significant energy efficiency improvements for fossil fuel and non-fossil fuel based infrastructure that are key to reducing emissions.</p> <p>IsDB confirmed new assets are eligible if significant energy savings can be demonstrated through carbon intensity performance of the facility aligned with low-carbon pathways through comparison with current market technology benchmarks, but does not have absolute energy efficiency targets.</p> <p>While new and existing fossil fuel based power generation (e.g. natural gas, combined cycle) facilities are excluded, the list of eligible projects includes some fossil fuel elements, e.g. efficiency improvements in existing boilers and hot water heaters, as well as replacements. These represent important short-term emission reductions, but do not ultimately transition to alternative fuel sources, and could have associated lock-in and rebound effects.</p> <p>IsDB confirmed investments in existing facilities' improvement are eligible if these will not result in increased net emission compared to the baseline emission of the facility prior to IsDB investment.</p> <p>IsDB screens for rebound effects as energy efficiency projects that lead to an increase in CO₂ emissions (through capacity expansion and increased output as a result of</p>	<ul style="list-style-type: none"> ✓ ✓ 	<p>energy in terms of education and health objectives.</p> <p>Equal access to energy efficiency may be a point of concern. Improved energy efficiency, efficient heating and cooling solutions and district-level solutions may exclude poor and marginalized communities without access to basic affordable infrastructure or access to affordable housing.</p>
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			the project/investment) are excluded.
			<ul style="list-style-type: none"> ✓ Be aware of lock-in of obsolete technologies when proceeds are allocated to efficiency in fossil fuel infrastructure.
<p>Pollution prevention and control</p>	<p>Wastewater, waste recycling, and waste reduction projects</p>	<p>Medium to Dark Green</p> <ul style="list-style-type: none"> ✓ SDG 6: Clean Water and Sanitation ✓ SDG 12: Responsible Consumption and Production 	<ul style="list-style-type: none"> ✓ Pollution prevention and control plays an important role in health risk for marginalized and vulnerable communities. ✓ Recycling and reuse may strengthen local employment opportunities, especially for population groups that already depend on it. Waste to energy projects that divert recyclable waste streams (such as biowaste or recyclable plastics) to incineration, are a risk to both environmental quality and local economic growth.
<p>Environmentally sustainable management of natural living resources and land use</p>	<ul style="list-style-type: none"> • Interventions on climate smart agriculture encouraging afforestation and agroforestry, reforestation and 	<p>Light to Medium Green</p> <ul style="list-style-type: none"> ✓ SDG 2: Zero Hunger ✓ This is a broad category according to MDB's Common Principles of green projects, including sustainable agriculture, commercial 	<ul style="list-style-type: none"> ✓ Sustainable food production by sustainably managed land use can help nutrition, as well as increased climate resilience during drought and floods.



<p>sustainable forest management activities that increase carbon stocks</p> <ul style="list-style-type: none"> • Preservation or restoration of natural landscapes • Soil remediation • Integrated soil fertility management (inorganic and organic) • Measures to enhance conditions and carrying capacity of existing grazing land to minimize the introduction of new lands into the grazing (solely if net emission reductions can be demonstrated) • System plantation to support the production of biofuels (solely if net emission reductions can be demonstrated) and production does not compete with food resources)¹ • Livestock projects that reduce methane or any other GHG emissions such as manure management with biodigesters, and improved feeding 	<p>forestry, re-forestation and afforestation projects that are important for a 2050 climate solution.</p> <ul style="list-style-type: none"> ✓ Projects including elements of deforestation are excluded. ✓ Livestock projects and new or increased grazing land capacity can lead to significant emissions and soil quality reduction especially through beef production, and face significant risk of rebound effects. IsDB confirmed that livestock projects are only eligible if they reduce methane or other GHG emissions (e.g., emission intensity). Concerns remain when it comes to transparency on methodology used and hence it is difficult to assess if actual reductions in GHG emissions for such projects will be achieved. IsDB excludes any expansion of livestock. ✓ Fertility management is crucial for a 2050 solution, but feature a significant risk of emissions and water pollution through nitrogen based fertilizer application as well as rebound effects, e.g., through increased fertilizer production. ✓ Production of biofuels feature substantial risks, e.g., for biodiversity and potential incentives to deforestation. Projects need to comply with international conventions and need to be screened for competition with food crops. ✓ Irrigation projects should take into account water scarcity concerns (e.g., availability of surface water) 	<ul style="list-style-type: none"> ✓ Biofuels production may compete with primary food production for human consumption, which will affect the poorer, marginalized and vulnerable populations unequally, especially concerning employment (smallholder production), food prices and health considerations. ✓ Indigenous peoples are important stakeholders in terms of knowledge of natural resource management, as well as impact of agriculture practices on their habitats. Where present, they should be involved in formulating and implementing resource management and land use projects.
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¹Comply with the Convention on Biodiversity, Convention on International Trade in Endangered Species of Wild Fauna and Flora, Ramsar Convention, and International Plant Protection Convention.

	practices to reduce methane emissions	✓	Land use affects other environmental considerations (e.g., soil erosion, biodiversity, air and water quality, water availability).	
Sustainable water and wastewater management	Projects relating to flood prevention in the event of storms such as efficient water drainage systems in urban areas		Dark Green	✓
			SDG 13: Climate Action	
		✓	Flood mitigation projects are important for adaptation. Projects that include the construction of reservoirs could have large negative impacts on the local environment, ecosystem services, biodiversity.	✓
		✓	IsDB confirmed that fossil fuel infrastructure is excluded from this category.	✓
		✓	Consider potential emissions from the construction phase and supply chain (e.g., from cement production)	✓
		✓	Consider potential impacts on local environment, ecosystem services, and biodiversity.	✓
				✓
				Reduction of urban flood risk may improve living conditions for the marginalized (populations living in poor conditions)
				Efficient water drainage reduces risks of water-related diseases
				Urban flood prevention projects should take into account that vulnerable urban populations often settle in floodplains. They are hence disproportionately affected by consequences of flooding – especially in case of poor populations with low economic resilience.

Table 1. Eligible green project categories

The following table provides an assessment of the eligible social asset categories:

Category	Eligible project types	Green Shading and some concerns	Social considerations and concerns
Employment generation / SME Financing	Providing and increasing access to finance for micro, small and medium enterprises, and providing jobs for youth or underprivileged individuals in IsDB's MCs	Light Green	✓ SDG 1: No Poverty
		✓	✓
		✓	Access to (micro)finance can lift vulnerable and marginalized populations out of extreme poverty
		✓	Finance and jobs should be equally available for men and women.
		✓	Setting the target group at a national level keeps the door open to all potential beneficiaries, but also
		✓	In order to transition to a low-carbon, climate resilient economy, sustainable job creation needs to be concentrated in areas that support this transition
		✓	Training programs and skill development currently do not include substantial climate and environmentally relevant aspects focusing on



a climate-resilient and low-carbon future

- ✓ While there are no exclusion criteria, for high-emitting industries the issuer has informed us that IsDB considers low-carbon and climate resilient industries for youth employment as these industries might feature less climate risks

bears the risk of not reaching the poorest and most marginalized (including women).

Affordable housing



Affordable and improved housing projects for rural population (Affordable housing projects will have to meet eligibility criteria for building's energy efficiency whenever possible)

Light Green

- ✓ Buildings can include fossil fuel heating systems, such as oil & gas heating that represent an emission lock-in effect. IsDB informed us that these would be minor elements and typically entail solar energy or existing energy sources.
- ✓ Housing projects will be screened for climate resilience (“Aware for Projects”) and general environmental impacts
- ✓ Improved housing projects for rural population will meet the energy efficiency criteria and according to the exclusion criteria will not lead to an increase in CO₂ emissions through capacity expansion and increased output as a result of the project/investment).
- ✓ In a low-carbon 2050 perspective, the energy performance of buildings is expected to be improved, with passive and energy-contributing housing technologies becoming mainstream and the energy performance of existing buildings greatly improved through refurbishments.

- ✓ **SDG 11 Sustainable Cities and Communities**
- ✓ Achieving affordable access to housing provides an opportunity to achieve health-, education and social equality objectives, as well as access to basic services.
- ✓ Combining this objective with energy efficiency and renewable energy access reduces the risk of increasing environmental and climate footprints
- ✓ Setting the target group in rural areas at a general level keeps the door open to all potential beneficiaries, but also bears the risk of not reaching the poorest and most marginalized (including women).



- ✓ The building sector accounts for a large share of primary energy consumption in most countries. Efficiency of building envelopes needs to improve by 30% by 2025 to keep pace with increased building size and energy demand – in addition to improvements in lighting and appliances and increased renewable heat sources. Energy efficiency improvements in buildings are thus important building blocks towards reaching the 2°C goal.

Affordable basic infrastructure



- Projects providing / **Light Green**
 - ✓ Access to electricity does not include new fossil fuel based power generation plants
 - ✓ Projects can feature emissions, e.g., through deployment of fossil fuel vehicles, temporary and permanent fossil fuel based infrastructures, but would need to demonstrate net emission reduction (compared to BAU) or consistency with the low carbon-resilient development plan and/or the NDC of that country
 - ✓ There is a risk of locking in inefficient infrastructure, we encourage careful consideration should be taken in assessing projects to ensure the best possible technology is utilized
 - ✓ IsDB’s environmental risk screening procedure address local environmental impacts
 - ✓ The provision of basic services is important from a
- ✓ **SDG 6: Clean Water and Sanitation**
- ✓ **SDG 7: Affordable and Clean Energy**
- ✓ **SDG 11 Sustainable Cities and Communities**
- ✓ Access to basic services is a crucial element in achieving the Sustainable Development Goals, as well as assuring equal access to environmental and economic benefits.
- ✓ The issuer ensures clear impact monitoring in this category, which allows IsDB to keep track of connection rates to affordable infrastructure. .



social sustainability perspective and is not perceived to have significant environmental impacts, however, we encourage the integration of environmental consideration where appropriate and reporting on environmental impacts

Access to essential services



Projects expanding access to free/subsidized healthcare, education and training facilities

Light Green

- ✓ The Education/Healthcare buildings will be screened for energy efficiency potential. The issuer has informed us whenever possible the green buildings' criteria will be implemented. In addition, all buildings will be screened for climate resilience with "Aware for Projects".
- ✓ Projects can feature significant emissions, e.g., through substantial deployment of fossil fuel vehicles, temporary and permanent fossil fuel based infrastructures
- ✓ Parking lots and roads outside of the scope of minor project components of respective facilities are excluded from financing under this category.

✓ **SDG 3: Good Health and Well-Being**

✓ **SDG 7: Quality Education**

- ✓ Healthcare is part of this project category. However, IsDB has not aligned this framework's health objectives with its social policies. While any increase of health services benefits social development, marginalized communities that have not been explicitly included as a target population may risk to have less access to these services.
- ✓ Setting the target group at a general level keeps the door open to all potential beneficiaries, but also bears the risk of not reaching the poorest and most marginalized (including women)
- ✓ Enrolling & retentions for out-of-school children, support bilingual education, vocational literacy programs and education for competitiveness and employment have few to no negative external effects, while



strengthening the social basis for youth.

Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> Projects that help improve the socio-economic status of women like enhancing the resilience of Women-owned SMEs through the Women Entrepreneurs Finance Initiative (WE-FI) Projects that help improve the supporting education for refugees and strengthening community resilience such as the IsDB Syrian Education Support Program 	<p>Medium to Dark Green</p> <ul style="list-style-type: none"> Women and underprivileged groups are more vulnerable to climate change. Empowerment and socioeconomic advancement should take into account climate resilience and low-carbon aspects Education and empowerment of women can have significant positive effects on the climate There are clear synergies in integrating environmental social considerations. According to IsDB, only socioeconomic advancement and empowerment activities that substantially contribute to low carbon and climate resilience will be eligible under this framework 	<ul style="list-style-type: none"> ✓ SDG 5: Gender Equality ✓ SDG 10: Reduced Inequalities Reducing economic inequalities has proved beneficial for stable and sustainable economic development. ✓ Despite concrete examples of projects that could fall under this category, project eligibility criteria are very broadly formulated, which entails a potential risk of including projects that do not reach the most vulnerable, marginalized or those in need of socioeconomic advancement
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Table 2. Eligible social project categories

Background

International finance institutions, such as multilateral development banks, are providing internationally aligned financing and commonly have two or more member countries as shareholders. IsDB, together with other public finance institutions, are vital driving forces to achieve the UN Sustainable Development Goals (SDGs) and can provide leadership through providing financing of activities as well as technical support, convening power and engagement of the private sector and institutional partnerships. The members of the international development finance club hold total assets worth USD 3.7 trillion and the core multilateral development banks (MDBs) hold assets worth USD 1.5 trillion.² As financing bodies, MDBs can operate in financially riskier environments than other financial players, thanks to their financial performance and expertise. As a result, they can de-risk and leverage private finance in areas that would otherwise have less access to international finance.

In terms of climate finance, development finance institutions (bilateral, multilateral, national) contributed 89% of the total public finance with more than USD 200 billion worth of climate finance according to the Climate Policy Initiative.³ The current climate finance commitment, however, is not sufficient: According to the last report by the

² <https://www.idfc.org/wp-content/uploads/2018/11/rising-sdg-challenge-unique-contribution-idfc.pdf>

³ <http://www.climatefinancelandscape.org/>



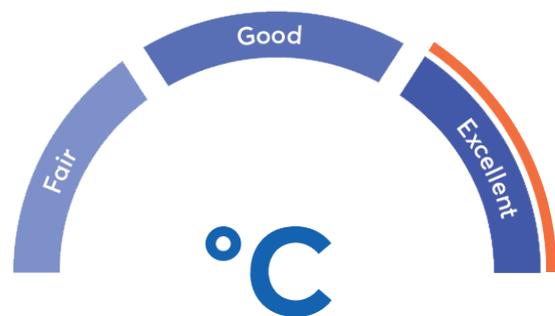
IPCC, “upscaling of supply-side energy system investments between now and mid-century, reaching levels of between 1.6–3.8 trillion USD [per year] globally with an average of about 3.5 trillion USD [per year] over 2016–2050” or “3.0 trillion USD [per year] over the same period for 2°C-consistent pathway” is required.⁴

Given the broad mandate of international financing institutions such as IsDB to provide, e.g., financing to advance countries’ development aspirations aligned with the SDGs projects financed within categories naturally reflect the entire range from CICERO Light Green to CICERO Dark Green. While Dark Green rated solutions provide low-carbon and climate resilient solutions, CICERO Green’s Light Green shading is allocated to vital efficiency improvements in fossil fuel related infrastructure particularly in sectors that are difficult to decarbonize. Despite the fact that projects might be exposed to the risk of lock-in of emissions, CICERO Green views investments into all Shades of Green as necessary to reach the well below 2°C target.

Governance Assessment

Four aspects are studied when assessing the IsDB’s governance procedures: 1) the policies and goals of relevance to the sustainable finance framework; 2) the selection process used to identify eligible projects under the framework; 3) the management of proceeds; and 4) the reporting on the projects to investors. Based on these aspects, an overall grading is given on governance strength falling into one of three classes: Fair, Good or Excellent.

IsDB has in place a sound management and governance structure, as well as regular and transparent reporting about sustainability and green finance project achievements to investors and the public. Extensive environmental and social internal policies and through project screening procedures are required for all projects. IsDB has no emissions reporting or targets, but has recently internally approved a climate finance target. In addition, IsDB applies a climate risk tool to screen for physical climate resilience. The selection process is divided in two steps with two separate committees that decide in consensus and include environmental and sustainability expertise. The reporting will be conducted on a project-by-project level and a dedicated report for each sukuk issued will be published. Third party verification will be obtained for the impact reporting and this report will be published. The overall assessment of IsDB’s governance structure and processes gives it a rating of **Excellent**.



Strengths

Green and social projects are selected via a two-step selection process that includes significant due-diligence and climate resilience, vulnerability, environmental impact assessments and “do no harm” screening procedures for all physical assets. In addition, IsDB classifies projects into different risk categories with respective additional requirements to mitigate potentially higher risks. Combined with an exclusion list that safeguards against fossil fuel extraction, production and transportation investments, fossil fuel based power plants, large hydropower projects (>25MW), deforestation, expansion of livestock production, palm oil plantations, heavy duty vehicles or bunker fueled shipping, and roads among others, we are encouraged by the issuers’ commitment to ensure sustainability of the investments and the integrated assessment of social and environmental aspects of projects. This is also supported by IsDB’s ambition to mainstream climate finance into the bank’s activities by a recently

⁴ <https://www.ipcc.ch/sr15/chapter/chapter-4/>



internally approved climate finance target. IsDB has a responsibility to ensure a rigorous environmental and social assessment that supports the sustainability ambitions of the framework.

It is important to design and build sustainable projects that avoid locking in fossil fuels and are resilient to the impacts of climate change. It is acknowledged that IsDB's MCs are developing countries, frontier markets and least developed countries and that social objectives in certain contexts may call for solutions that feature fossil fuel elements, such as petrol ambulances for hospitals. IsDB has confirmed that proceeds will not be invested in any fossil fuel based power generation and that climate resilience is assessed for every physical asset financed or refinanced under this framework. The green categories entail aspects that are crucial for the long-term vision of a low carbon and climate resilient future, such as renewable energy, electric transport infrastructure, afforestation and flooding prevention. In addition, IsDB has substantial policies and additional screening requirements in place, where projects could potentially have controversial nature, e.g., screening for potential competition of biofuel production with food resources or screening and excluding expansion of livestock. It is also a strength that IsDB, due to its broad mandate, aims to finance or refinance the whole range from Light to Dark Green rated projects incl. substantial emissions reductions efforts in industries that are hard to decarbonize in an emerging market context – CICERO Green rates these largely Light Green or Medium Green where investments support the bridge to a low-carbon and climate resilient future in IsDB's MCs. CICERO Green has the impression that due to the substantial screening procedures preceding projects' approval, the risk of lock-in of emissions and rebound effects are partially mitigated.

This framework has a strong social foundation. It proposes project categories for social development, taking both angles of poverty alleviation, access to infrastructure and services and increased access to education and employment and highlighting the vulnerable target groups of youth and women. Many of the activities under the social pillar of this framework are well aligned with internal policies and relate to Sustainable Development Goals. The framework is also embedded in regional cooperation initiatives, through partnerships with other MDBs and by facilitating cooperation and exchanges between Member Countries (South-South Cooperation). This strengthens regional development and increases the sustainable nature of economic development on the long run, by de-risking access to finance to domestic players, sharing knowledge and creating favorable market conditions.

The eligible social asset categories are aligned to and contribute to the implementation of several SDGs. Eligible projects support SDG 1 No poverty, SDG 2 Zero Hunger, SDG 3 Good health and well-being, SDG 4 Quality education, SDG 5 Gender Equality, SDG 6 Clean water and sanitation, SDG 7 Affordable and clean energy, SDG 8 Decent work and economic growth, SDG 9 Industry, innovation and infrastructure, SDG 11 Sustainable cities and communities, SDG 10 Reduced inequalities, SDG 13 Climate action and SDG 16 Peace, justice and strong institutions. The alignment with several SDGs highlights the value of social asset categories for implementing sustainable development targets in IsDB member countries.

Weaknesses

The framework includes project categories that potentially could include controversial projects. This relates in particular to projects such as, e.g., energy efficiency related to fossil fuel elements, affordable housing with fossil fuel powered boilers or waste to energy in some instances. IsDB informed us that potentially controversial projects undergo in-depth scrutiny to ensure positive climate impacts. It is acknowledged that IsDB's MCs are developing countries, frontier markets and least developed countries and that social objectives in certain contexts may call for solutions that feature fossil fuel elements, such as petrol ambulances for hospitals. Concerns remain when it comes to transparency on the methodology that will be used by IsDB and hence it has been difficult to assess if actual reductions in GHG emissions for such projects will be achieved. We encourage a high level of transparency for these types of projects.



Pitfalls

While the framework's aspect of addressing multiple aspects of the green transition (from Light Green to Dark Green), is a clear strength, the broad categories bear the pitfall of allowing for projects that might have adverse social or climate impacts despite IsDB's internal screening procedures. We encourage IsDB to define eligible projects more narrowly to ensure positive climate impacts to investors.

The use of potential impact indicators depends on the actual allocation of proceeds. The chosen impact indicators do not necessarily display progress or development as they display single numbers without a comparison to relevant BAU, baseline scenarios or future scenarios. As IsDB aims to deliver progress toward the SDGs, progress oriented impact metrics would substantially improve this framework. In addition, the reporting would benefit from reporting environmental indicators for all social projects financed. Especially in categories such as affordable housing, affordable basic infrastructure or access to essential services reporting additional factors (e.g., on housing energy efficiency, type and amount of energy consumption of services/infrastructure, type of SMEs financed, deforestation elements, waste deposited in landfills, water capacities etc.) could prove vital for investors and for IsDB's long-term environmental do-no-harm objective. Detailed reporting to investors could partially mitigate concerns arising from broad definitions in the project categories.

Furthermore, given the structure of the framework that allows for both green and sustainable sukus, and divides the project categories into green and social, there is a risk that project financing could be steered to the project categories where the threshold to meet the criteria is the lowest and, therefore, reduced climate considerations on the account of social projects' potential short-term impact, e.g., in infrastructure. IsDB could more strongly address trade-offs and interlinkages between the two project categories, since both project types should be aligned with the transition to a low-carbon, climate resilient future and pose no serious social concerns. Examples include fossil fuel based railways, and buildings with poor energy efficiency improvements. Concerning the social risks borne by the eligible green asset classes, there is no evidence available on whether social sustainability has been ensured as there are no clear social objectives defined. This is in part mitigated by internal policies and the two-part screening process at the activity level, and the strong interlinkages between the two categories in the framework, which represents a reflection of how the issuer works with both social and environmental initiatives in the target communities. In addition, IsDB informed us that they are committed to mainstream climate finance into all its objectives and that alignment with the low carbon-resilient development plan and/or the NDC of that country is considered. However, NDCs/low carbon-resilient development plans do not all feature quantitative targets. We encourage IsDB to also define combined objectives in the sustainable finance framework. IsDB has a responsibility to ensure a rigorous social assessment that supports the sustainability ambitions of green categories.

The total environmental impact of several potential assets financed in green or social categories under this framework, such as buildings over their life time is difficult to calculate with accuracy. Energy efficiency is key, but it is not sufficient to ensure low overall environmental impact and sustainable communities. Impacts from the construction phase, the choice of material and their life cycle emissions, water use, pollution and access to public transport are also important factors that determine a buildings overall sustainability. Another pitfall is posed by waste to energy related projects. These projects should first consider waste reduction and circular economy potential and manage the risk of substantial greenhouse gas as well as toxic metal emissions. IsDB informed us that as much as possible, IsDB would assess existing waste reuse and recycling initiatives and programs in project locations and how the planned energy to waste project compliments the overall waste management system of the beneficiaries. In addition, IsDB would also consider capacity building and awareness initiatives implemented by the beneficiary to limit these risks that might limit waste reuse and recycling options and that circular economy approaches are considered. In general, the framework would benefit from requiring life cycle assessments, a clear pathway towards low-carbon solutions for assets that involve fossil fuels or realization of 2050 solutions already today, e.g., through zero-emission or energy-plus houses or circular economy solutions.



The approach IsDB has taken in this framework to sustainability and green project categories is strongly climate focused. In the case of climate change mitigation, this approach is built on a broadly accepted and commonly developed framework – the MDB’s Common Principles for Climate Mitigation Finance Tracking. For resilience and adaptation, a widely used, tried and tested methodology is in place as well. For aspects related to sustainable investment such as biodiversity, land use or waste or other environmentally relevant objectives and investments, such a goal-oriented and common framework is missing. This may turn out to be a pitfall in the long run, since the activities under the green project categories in this framework also cover projects on environmentally sustainably managed natural resources that contribute to clean water, sustainable communities, agriculture and forestry. The lack of a strong framework on environmental sustainability means that a more intensive and case by case effort to assure due diligence on sustainable use of proceeds is needed in comparison for projects dedicated to climate change objectives.

There are multiple examples of the policies underpinning this framework that are still under development, even if publication of these elements is to follow soon. For example, IsDB has indicated to start tracking contribution of financing to SDGs as of 2020. Another example is IsDB’s operational plan, which will include monitoring of sustainability targets per sector. Finally, IsDB’s Environmental and Social Safeguards are close to being adopted. These documents will add strength to this framework’s governance once finalized. At the time of writing of this second opinion, the issuer has provided sufficient insight in the advanced drafts of these documents to support this second opinion. The pitfall of presenting a framework that is partly built on documents that have not yet been adopted can be addressed by a speedy completion and adoption of these draft documents.

Another pitfall in this framework, and in particular the social project categories, is the fact that target groups within vulnerable parts of populations are not defined at a high level of detail– this is only done at the project level, for example when the project logical framework is being developed. This is a deliberate choice, based on the fact that IsDB’s MCs are emerging economies and development objectives apply to populations in all of those countries. By not defining a specific target audience for social asset categories, IsDB keeps the door open to all potential beneficiaries.

Not specifying vulnerable and marginalized groups within member countries bears the risk of not reaching the poorest and most marginalized (including women). With specific target groups only specified in the project logical framework, target populations may prove difficult to aggregate for the purpose of monitoring progress towards IsDB policy implementation and SDGs. For example, an increase of employment opportunities for women of 10% in a project may be a significant improvement, or only modest progress, depending on the targets on a national or SDG level.



Appendix 1: Referenced Documents List

Document Number	Document Name	Description
1	Sustainable Finance Framework, October 2019	
2	DEVELOPMENT EFFECTIVENESS REPORT 2018	IsDB's report on IsDB's sustainable development effectiveness
3	CLIMATE CHANGE POLICY, February 2019	IsDB's climate change policy
4	ENERGY SECTOR POLICY, December 2018	IsDB's energy sector policy
5	TRANSPORT SECTOR POLICY, December 2018	IsDB's transport sector policy
6	2018 ANNUAL REPORT	IsDB's annual report 2018
7	JOINT REPORT ON MULTILATERAL DEVELOPMENT BANKS' CLIMATE FINANCE, 2018	Joint Climate Finance reporting from multilateral development banks
8	BANK PROCEDURE (BP) FOR ENVIRONMENTAL AND SOCIAL SAFEGUARDS	Draft of the environmental and social safeguards procedures document
9	OPERATIONAL POLICY ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS	Draft of the operational policy on environmental and social safeguards procedures document
10	2018 JOINT REPORT ON MULTILATERAL DEVELOPMENT BANKS' CLIMATE FINANCE	Report from the multilateral development banks on their status on climate finance
11	10-YEAR STRATEGIC FRAMEWORK	Handbook on IsDB's 10 year strategic framework
12	Copy of CSI List	Comprehensive list of IsDB's climate and social indicators



13	Project Logical Framework Guidelines	Technical guidelines for the design and preparation of project logical frameworks
14	DEVELOPMENT RESULTS FRAMEWORK 2020 - 2022	A strategy guideline to achieve IsDB's 3 Year Integrated Work Plan 2019
15	WOMEN'S EMPOWERMENT POLICY	IsDB's policy on women empowerment
16	Youth Development Strategy 2019–2025	IsDB's strategy on youth development
17	HEALTH SECTOR POLICY TECHNICAL STUDY	IsDB's policy on the health sector
18	STAR HYDROPOWER LIMITED 147 MW Patrind Hydro Power Project Environmental & Social Monitoring Report (October-December 2015)	Report on environmental and social performance of a 147 MW hydro power project for October to December 2015
19	STAR HYDROPOWER LIMITED 147 MW Patrind Hydro Power Project Environmental & Social Monitoring Report (October-December 2015)	Report on environmental and social performance of a 147 MW hydro power project for 2016
20	RRM Dangoumana Agricultural Devp Burkina Faso-17-18	Results Framework and Monitoring report for Burkina Faso
21	Environmental & Social Monitoring Annual Report- December 2016 Part 1 and 2	Annual report 2016 outlining environmental and social issues, responses and status
22	Sample list of assets for CICERO Shades of Green	Sample list providing examples of potential assets financed under this framework
23	Draft of IsDB's Guidance Note on Social, Gender and Sustainable Public Procurement in Islamic Development Bank financed Procurements, June 2019	Draft guidance document on social, gender and sustainable public procurement
24	President's Five-Year Program, https://www.isdb.org/leadership/president%E2%80%99s-five-year-program	Summary of the five-year program
25	http://www.acclimatise.uk.com/wp-content/uploads/2018/11/Aware_brochure_Nov2018.pdf	Overview of the IsDB's Aware for projects climate risk screening tool
26	https://www.eib.org/attachments/documents/mdb_idfc_mitigation_common_principles_en.pdf	The MDB's Common Principles for Climate Mitigation Finance Tracking
27	HYDROELECTRIC POWER: A GUIDE FOR DEVELOPERS AND INVESTORS	IFC guide on hydropower projects



Appendix 2: About CICERO Shades of Green

CICERO Green is a subsidiary of the climate research institute CICERO. CICERO is Norway's foremost institute for interdisciplinary climate research. We deliver new insight that helps solve the climate challenge and strengthen international cooperation. CICERO has garnered attention for its work on the effects of manmade emissions on the climate and has played an active role in the UN's IPCC since 1995. CICERO staff provide quality control and methodological development for CICERO Green.

CICERO Green provides second opinions on institutions' frameworks and guidance for assessing and selecting eligible projects for green bond investments. CICERO Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market's inception in 2008. CICERO Green is independent of the entity issuing the bond or sukuk, its directors, senior management and advisers, and is remunerated in a way that prevents any conflicts of interests arising as a result of the fee structure. CICERO Green operates independently from the financial sector and other stakeholders to preserve the unbiased nature and high quality of second opinions.

We work with both international and domestic issuers, drawing on the global expertise of the Expert Network on Second Opinions (ENSO). Led by CICERO Green, ENSO contributes expertise to the second opinions, and is comprised of a network of trusted, independent research institutions and reputable experts on climate change and other environmental issues, including the Basque Center for Climate Change (BC3), the Stockholm Environment Institute, the Institute of Energy, Environment and Economy at Tsinghua University and the International Institute for Sustainable Development (IISD).





Appendix 3: About IISD

The International Institute for Sustainable Development (IISD) is an independent policy research organization working to deliver the knowledge to act. From offices in Winnipeg, Geneva, Ottawa, Toronto and New York, IISD's work impacts lives in nearly 100 countries.

IISD provides practical solutions to the growing challenges and opportunities of integrating environmental and social priorities with economic development. IISD reports on international negotiations and shares knowledge gained through collaborative projects, resulting in more rigorous research, stronger global networks, and better engagement among researchers, citizens, businesses and policy-makers.

The Public Procurement and Infrastructure Finance Sub-Program at IISD provides advisory services to public and private sector clients for the design and implementation of policies, programs and tools to prepare, finance and de-risk sustainable and low-carbon infrastructure.

IISD is registered as a charitable organization in Canada and has 501(c)(3) status in the United States. IISD receives core operating support from the Government of Canada, provided through the International Development Research Centre (IDRC) and from the Province of Manitoba. IISD receives project funding from numerous governments inside and outside Canada, United Nations agencies, foundations, the private sector and individuals.

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