



Islamic Development Bank's Approach to Environmental Issues

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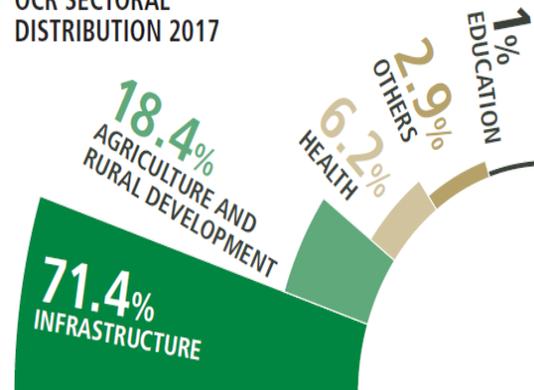
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IsDB and Environmental issues

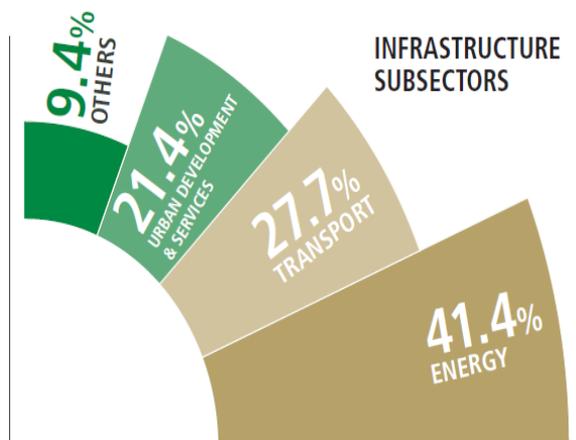
- Islamic Development Bank (IsDB) is a south-south development financial institution established in 1975.
- It operates on the principles of Shari'ah (Islamic law) by providing resources for development activities in its 57 member countries as well as Muslim communities worldwide.
- Its core activities in key economic sectors --- infrastructure, health, education, agriculture, etc. --- carry environmental and social risks



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IsDB and environmental issues

- Safeguards are needed for sustainable development to avoid vicious development cycle
- SDGs – a game changer –with 3 dimensions – social, economic and environment



How important are environmental issues to IDB?

Articles of Agreement of IDB

Development projects financed by IDB are meant to improve the life of those affected by such projects and to achieve a **harmonious and balanced development** (i.e. “do no harm”).

IDBG Ten-Year Strategic Framework

Helping member countries adapt to the rapidly changing global environment changes such as shifts in the balance of global economic power, accelerating urbanization and resource scarcity will require countries to adapt significantly, while **climate change and environmental challenges will leave some member countries particularly vulnerable.**

IDB Group Principles of Corporate Governance

Principle 4.1 Social and Environmental Responsibility -- ...economic and social impacts of programs and projects are carefully assessed during appraisal and post-evaluation stages, and that **environmental impact is assessed and the risks of adverse effects are adequately mitigated.**

Maqasid al-Shari’ah (the objectives of Islamic law)

Preservation of wealth (maal) includes **natural resources and the environment**; avoidance of excess (israf) and balanced use of resources

How does IsDB approach environmental issues?

Key infrastructure to address environmental issues:

- making provision for environmental protection in all project documents
- drafted environmental safeguard's statements and commitments
- Preparing Environmental and Social Safeguards
- Gained observer status with the UN Framework Convention on Climate Change (UNFCCC)
- Launched Renewable Energy for Poverty Reduction (REPOR) program to tackle the energy challenges in member countries via application of renewable energy resources.
- Adopted a new Energy Policy, which calls for more investment in renewable energy and energy efficiency projects
- Prepared "Climate Change Policy" to mainstream NDCs in development activities

How does IDB approach environmental issues?

In assessing projects:

- ✓ We look at financial and economic viability as well as **conformity with accepted environmental and social standards**.
- ✓ Ensure a full **Environmental Impact Assessment (EIA)** including public consultation is carried out before the project is approved
- ✓ Analyze and document **environmental and social risks (i.e Risk Matrix)** associated with a project to identify, avoid, and minimize harm to people and the environment.

Selected environmental related projects

Project and environmental due diligence	Country	Amount Approved	Environmental Issues
SADARA Petrochemical Project (with Environmental and Social Impact Assessment (ESIA))	KSA	\$120 million	<ul style="list-style-type: none"> • Desertification • Depletion of underground water resources • Coastal pollution from oil spills
Flood Protection Dams Project (with Environmental Impact Assessment study)	Oman	\$349 million	<ul style="list-style-type: none"> • Existing roads, electric power lines, buildings and houses around the site • Negative impacts due to construction activities, such as noise, dust, waste production, etc
Cocody Bay Environmental Improvement & Urban Development Project (Environmental and Social Studies and the Environmental and Social Management Plan prepared)	Cote D'Ivoire	€234 million	Increasing water pollution, recurrent flooding and accelerated silting up due to frenetic urbanization of the Gourou watershed
Irrigation Schemes Development in Unyama (Environmental Impact Assessment (EIA) prepared)	Uganda	\$90 Million	Reduction in soil productivity due to soil fertility loss and soil erosion

Risk Matrix of a Sample Petrochemical Project financed by IDB

Type of Risks	Description of Risk	Risk Level
Environmental Risks		
Identification and assessment of all environmental risks during both implementation and operational phases of the project	Have all environmental risks associated with the project been assessed and identified prior to the project construction and operation?	Medium-Low
Project conformity with best practices for safeguard of environment	Does the project's environmental risk mitigants conform to acceptable best practices?	Low
Adequate safety provisions have been identified for safe disposal of solid and liquid waste	Are there adequate safety measures for disposal of waste that is generated during the petrochemical production?	Medium-Low
Extent of operational waste recycling	Impact of non-recycling on resources	Low
Effects on air quality/emission standards	What measures have been taken to control gaseous emissions emitting into the atmosphere from the plant?	Medium-Low
Social Risks		
Rehabilitation and resettlement issues	Risk of wrongful displacement of people and economic impact on them	Low
Noise pollution issues	Does the Project cause any noise pollution that may be a nuisance to nearby residents?	Low

Source: Compiled from IDB's RRP document No. IDB/BED/288/1434H(8-4)

Conclusion

- IDB is strongly committed to addressing environmental issues in its development activities
- We affirm that a project's compliance with environmental and social safeguards is a cornerstone of ensuring sustainable development.
- We believe that it is imperative to prevent and mitigate undue harm to people and their environment in our financial interventions
- To this end, environmental issues/risks are taken into account during the design and implementation phases of our activities.
- We also carry out post-evaluation of our projects to review safeguards compliance, draw lessons, and highlight measures to mitigate future deficiencies/failures



Thank You