



# Sustainable Finance Framework

July 2025

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# 1. Introduction

## 1.1 IsDB's Corporate Profile

Founded in 1973, the Islamic Development Bank ("IsDB, the Bank") is a multilateral development financing institution which is dedicated to enhancing the social and economic development of its 57 Member Countries (MCs) and Muslim communities in non-member countries<sup>1</sup>.

Over the years, the Bank has evolved from a single entity established in 1974 into a group of five entities, each delivering diverse and value-added products and services to its members.

### IsDB's Vision

The Bank strives to become a world-class development bank, inspired by Islamic principles, that helps to significantly transform the landscape of comprehensive human development in the Muslim world and to restore its dignity.

### IsDB's Mission

To promote comprehensive human development, with a focus on the priority areas of alleviating poverty, improving health, promoting education, improving governance, and bringing prosperity to the people.

## 1.2 IsDB's Realigned Strategy

IsDB has repositioned its short to medium-term strategy – this Realigned Strategy caters to the evolving development landscape in IsDB's MCs<sup>2</sup>.

In 2021, IsDB's Governors met to review and realign IsDB's 10-Year strategy and make it 'fit-for purpose' to respond to the critical and evolving needs of MCs and Muslim communities in non-member countries.

The Governors affirmed that the most pressing development issues facing MCs include the profound effects of COVID-19, persistent vaccine inequality inordinately affecting many MCs, labor market and supply-chain disruptions, rising inflationary pressures mainly due to food and fuel price increases, and recurrent shocks to global trade, investment, and commodity prices; persistent droughts in Eastern Africa putting millions of people at risk of famine, exacerbated further by the Eastern European crisis.

In this context, the Strategic Realignment 2023-2025 was carefully planned and designed to allow the IsDB to deliver on development-finance responsibilities by complementing the efforts of MCs.

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<sup>1</sup> [https://www.isdb.org/sites/default/files/media/documents/2024-05/IsDB\\_AR23\\_EN\\_WFB\\_V2%201.pdf](https://www.isdb.org/sites/default/files/media/documents/2024-05/IsDB_AR23_EN_WFB_V2%201.pdf)

<sup>2</sup> [https://www.isdb.org/sites/default/files/media/documents/2023-03/IsDB\\_SR23-25\\_English\\_WFB\\_Single.pdf](https://www.isdb.org/sites/default/files/media/documents/2023-03/IsDB_SR23-25_English_WFB_Single.pdf)

### 1.2.1 Objectives, Pillars, Cross Cutting Areas and Enablers

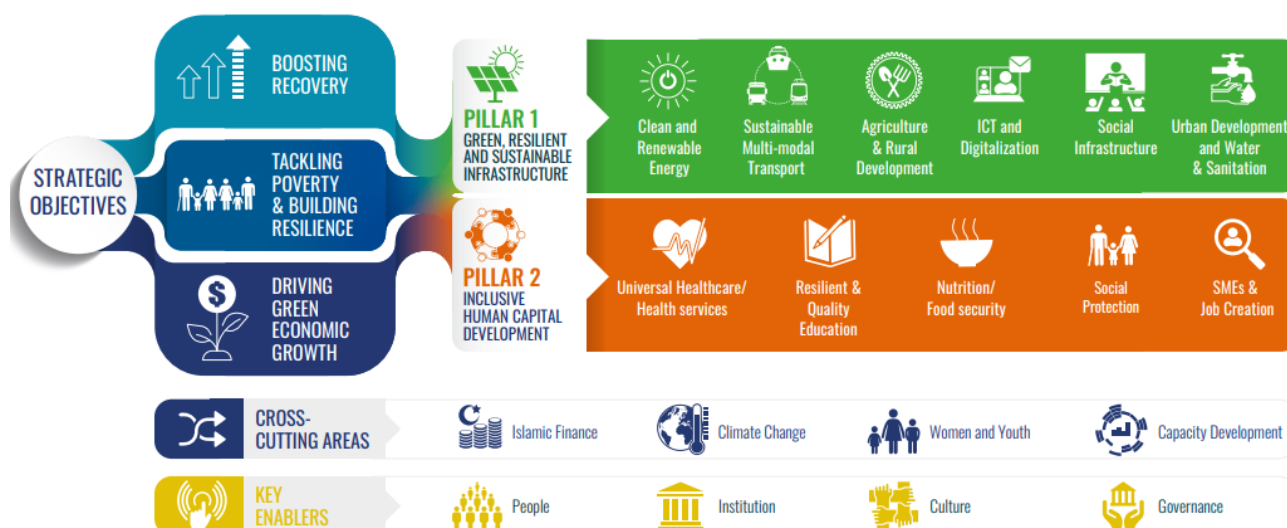
Given the changing development landscape and drawing on the guidance received from shareholders as well as senior management, three strategic objectives were set for the Realigned Strategy for the period 2023-2025:

- (i) Boosting Recovery
- (ii) Tackling Poverty and Building Resilience
- (iii) Driving Green Economic Growth

These objectives will be achieved by focusing on two key pillars in line with the Bank's comparative advantage, namely:

- (i) Green, Resilient, and Sustainable Infrastructure
- (ii) Inclusive Human Capital Development

Four cross-cutting areas and key enablers were chosen that contribute to greater development effectiveness from operations across a wide range of sector/thematic areas. A snapshot of the Realigned Strategy is below.



### 1.2.2 Green, Resilient, Inclusive and Sustainable (GRIS) Development Approach

As part of the Bank's Realigned Strategy, a Green, Resilient, Inclusive and Sustainable (GRIS) development approach is being implemented to safeguard the interests of vulnerable populations and foster inclusive development in MCs. The GRIS approach constitutes a systematic methodology focused on the synergistic interdependencies of economic growth, sustainability, resilience, and inclusiveness. As a result, the IsDB continues to integrate 'green growth', 'resilience', 'inclusiveness' and 'sustainability' considerations into the economic development of its MCs through its support and interventions. To ensure effective delivery of this strategic realignment, significant efforts are being made to enhance upstream analytical work in the Bank to incorporate GRIS-related opportunities into country-level dialogues, thereby ensuring a robust pipeline. Furthermore, the Bank has enhanced its project formulation, design and appraisal processes to extend beyond the

immediate direct effects of identifying core components of the projects, to focus also on the ultimate objectives of achieving positive 'GRIS' impacts on local economic activity, socio-economic sustainability, employment, gender equality, and poverty reduction, among other determined socioeconomic outcomes.

### 1.3 Overview of IsDB's Approach to Sustainability

The IsDB Group is committed to the UN SDGs, recognizing that development objectives will vary from one member country to another. IsDB's motivation to participate in achieving the SDGs comes from its dedication to solving the development challenges of its MCs.

The IsDB Group has established a dedicated Community of Practice (CoP) to raise awareness and develop core expertise, generate knowledge and provide an intellectual environment to discuss innovative solutions for MCs to achieve SDGs. IsDB understands that there is a huge financing gap to achieve these goals and believes that there is a great potential for Islamic Finance to help bridge this financing gap.

IsDB is widening its scope of activities beyond financing projects to also become a facilitator and a catalyst for mobilizing resources and finding development solutions from across the globe. While introducing this new facilitator and catalyst role as its strategic intent, IsDB will continue to finance projects to achieve its objectives. These projects will address basic developmental needs in terms of poverty, health and education in low-income-countries (LICs) and countries in conflict.

#### 1.3.1 United Nations Sustainable Development Goals

##### **IsDB's Approach to the UN SDGs**

The IsDB Group is fully committed to the SDGs. It recognizes that development objectives vary from one country to another. Its work is therefore initiated and motivated by understanding the real needs of its MCs, and it adapts its interventions accordingly. The IsDB Group supports the implementation of this transformative agenda according to the needs and priorities of its MCs, through a collaborative approach, and in partnership with bilateral and multilateral development financing institutions, the private sector and civil society<sup>3</sup>.

##### **Progress in Member Countries**

Measuring progress towards the SDGs in IsDB MCs is not merely an academic exercise but a practical necessity. These goals encompass a broad spectrum of developmental objectives, including eradicating poverty, ensuring quality education, promoting gender equality, and combating climate change. Therefore, assessing progress provides valuable insights into the well-being of societies, the health of economies, and the state of the environment.

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<sup>3</sup> <https://www.isdb.org/what-we-do/sustainable-development-goals>

As of 2023, IsDB MCs have achieved the following overall SDG scores<sup>4</sup>:



Sustainable Development Goals		Performance
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	Very Satisfactory (80% and above)
1 NO POVERTY	4 QUALITY EDUCATION	Satisfactory (60% up to 80%)
8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	
14 LIFE BELOW WATER	15 LIFE ON LAND	Fair (40% up to 60%)
2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	
5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	Unsatisfactory (20% up to 40%)
7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	
11 SUSTAINABLE CITIES AND COMMUNITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Very Unsatisfactory (less than 20%)
17 PARTNERSHIPS FOR THE GOALS		
None		
None		

Source: IsDB Institute "Reaching the SDGs: Progress of the IsDB Member Countries, 2023"

In addition to the scores, listed below are Macroeconomic Indicators in MCs in 2023 mapped against the UN SDGs<sup>5</sup>:

SDG	Indicator	IsDB	World	Year	Source
3	Mortality rate, under-5 (per 1,000 live births)	45.5	38.1	2021	WB, WDI
	Maternal mortality ratio (per 100,000 live births)	262.9	223	2020	WB, WDI
6	People using at least basic drinking water services (% of the population)	87.1	91.2	2022	WB, WDI
	People using safely managed sanitation services (% of the population)	44.6	56.6	2022	WB, WDI
4	Gross enrollment ratio, secondary, total (%)	62.9	77.2	2013 - 2022	WB, WDI
	Government expenditure on education as % of GDP (%)	3.7	4.2	2020 - 2021	WB, WDI
5	Gender Inequality Index (value) *	0.40	.465	2021	UNDP
	Labour force - 15+ - female (participation rate)	38.3	48.7	2023	UN ILO
	School enrollment, secondary, female (% gross)	67.8**	76.8	2022	WB, WDI
7	Access to electricity (% of the population)	84.5	91.4	2021	WB, WDI
	Real GDP growth (% change) *	3.48	2.96	2023	IMF, WEO
8	Exports of goods and services (% of GDP) *	29.39	30.96	2021 - 2022	WB, WDI
	The unemployment rate, total (% of the total labor force)	6.3	5.8	2022	WB, WDI
9	Individuals using the internet (% of the population)	54.5	63.1	2021	WB, WDI
	Manufacturing, value added (% of GDP)	16.5	16.3	2022	WB, WDI
	Industry including construction, value added (% of GDP)	40.3	28.1	2022	WB, WDI
13	CO2 emissions (per unit of GDP PPP) *	0.00022	0.000221	2022	GCA

\* RBMF Indicators

\*\* simple average of latest available data

Source of data is the ERS (Economic Research and Statistics Department) of the IsDB

<sup>4</sup> <https://www.isdb.org/sites/default/files/media/documents/2024-05/Annual%20Development%20Effectiveness%20Report%202023.pdf>

<sup>5</sup> <https://www.isdb.org/sites/default/files/media/documents/2024-05/Annual%20Development%20Effectiveness%20Report%202023.pdf>



Despite disparities, certain commonalities among IsDB MCs' progress and challenges emerge. The most challenging SDG, SDG 9 (Industry, Innovation and Infrastructure), takes precedence as a top priority for 25 MCs. Substantial progress is required in this area because industry, innovation, and infrastructure serve as fundamental drivers of economic growth and prosperity.

The second most challenging SDG is SDG 5 (Gender Equality), highlighting the gender gap and the necessity of promoting women's empowerment across IsDB MCs.

On a positive note, SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action) shine with exceptionally high scores. More than 85 percent of MCs achieve "Very Satisfactory" progress, with accomplishments exceeding 80 percent of their targets.

Therefore, while IsDB Member Countries have made significant progress towards the SDGs, substantial challenges remain on the path to achieving the 2030 targets. These challenges encompass diverse dimensions, from economic infrastructure to gender equality and environmental sustainability. IsDB's role as a financial institution and development partner is paramount in supporting MCs to overcome these roadblocks and continue making progress towards the SDGs.

As we move forward, IsDB and its partners will focus on accelerating progress in the most challenging areas, ensuring that no one is left behind in the journey towards a more sustainable, equitable, and prosperous future for all.

### 1.3.2 IsDB's Policies related to Sustainable Development

IsDB has a range of policies in place to support the institution's contribution to sustainability. These include:

- **IsDB's Climate Change Policy<sup>6</sup>:** This policy 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 the Bank to be an even more effective partner in supporting its MCs' transition to more resilient, green, sustainable and prosperous development pathways. More information is provided in section 1.4.1.
- **IsDB's Energy Sector Policy<sup>7</sup>:** This policy supports the continued transition of the energy sector portfolio of the Bank to synchronize with the overall goal of reduced poverty and enhanced sector knowledge.
- **Transport Sector Policy<sup>8</sup>:** The theme of this policy, 'Sustainable transport for inclusion and prosperity', reflects the importance of sustainability in transport-sector interventions while focusing on the objectives of (i) developing transport solutions that contribute to human inclusion among the neediest populations, and (ii) improving the performance of transport solutions that contribute to population prosperity.

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<sup>6</sup> <https://www.isdb.org/publications/isdb-climate-change-policy>

<sup>7</sup> [https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB\\_Energy%20Sector%20Policy.pdf](https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB_Energy%20Sector%20Policy.pdf)

<sup>8</sup> [https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB\\_Transport%20Sector%20Policy.pdf](https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB_Transport%20Sector%20Policy.pdf)

- **Education Sector Policy<sup>9</sup>:** This policy is intended to guide all education programmes and operations of the Bank. It highlights IsDB's education philosophy, as well as its investment priorities and criteria for making decisions on support to education. This support is aimed at building national human capital to strengthen the long-term global competitiveness of MCs by enhancing systems for education and skills development.
- **Agricultural and Rural Development Sector Policy<sup>10</sup>:** This policy aims to provide strategic direction for investment by the Bank in the agricultural and rural development of its MCs. The policy outlines a framework for IsDB's support to improve food security through rural and agricultural development for rural economic growth and employment generation in MCs. The thesis of the policy is to promote the commercialization of smallholder agriculture through the development of agriculture value chains, with an emphasis on private-sector participation.
- **Civil Society Engagement Policy<sup>11</sup>:** This policy sets the strategic direction of IsDB for engaging systematically with Civil Society Organizations (CSOs). The objectives of the policy are to: (i) create a framework of dialogue, consultation and partnership with CSOs to foster the sharing of knowledge, experiences and best practices; and (ii) improve direct assistance through CSOs to local communities.
- **Disaster Risks Management and Resilience Policy<sup>12</sup>:** This policy sets the standards and strategic direction of IsDB to support MCs to manage risks and shocks of natural disasters and contribute to sustainable economic development.
- **Women Empowerment Policy<sup>13</sup>:** The goal of this policy is to contribute to sustainable and inclusive development by empowering women and girls to participate in and benefit from the development of their societies and communities. It aims at improving the effectiveness of IsDB's development assistance so as to bring about greater socio-economic returns and deliver on its mandate.

## 1.4 IsDB's Approach to Climate and the Environment

### 1.4.1 IsDB's Climate Policy and Action Plan

In 2019, the Bank's Board of Executive Directors (BED) approved the IsDB Climate Change Policy. The Climate Policy builds on IsDB's adoption of the Voluntary Principles for Mainstreaming Climate Action within Financial Institutions and the Multilateral Development Banks (MDBs) Common Principles for Climate Finance Tracking.

In 2020, the Bank unveiled its Climate Change Action Plan (2020 – 2025)<sup>14</sup>. The 5-Year Climate Change Action Plan set out how the IsDB mandate on climate change will be implemented with its

<sup>9</sup> [https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB\\_Education%20Sector%20Policy.pdf](https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB_Education%20Sector%20Policy.pdf)

<sup>10</sup> [https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB\\_Agriculture%20Sector%20Policy.pdf](https://www.isdb.org/sites/default/files/media/documents/2019-04/IsDB_Agriculture%20Sector%20Policy.pdf)

<sup>11</sup> <https://www.isdb.org/sites/default/files/media/documents/2021-06/Civil%20Society%20Engagement%20Policy.pdf>

<sup>12</sup> [https://www.isdb.org/sites/default/files/media/documents/2022-02/DRMR\\_Policy.pdf](https://www.isdb.org/sites/default/files/media/documents/2022-02/DRMR_Policy.pdf)

<sup>13</sup> <https://www.isdb.org/sites/default/files/media/documents/2022-02/Women%26%2039%3Bs%20Empowerment%20Policy.pdf>

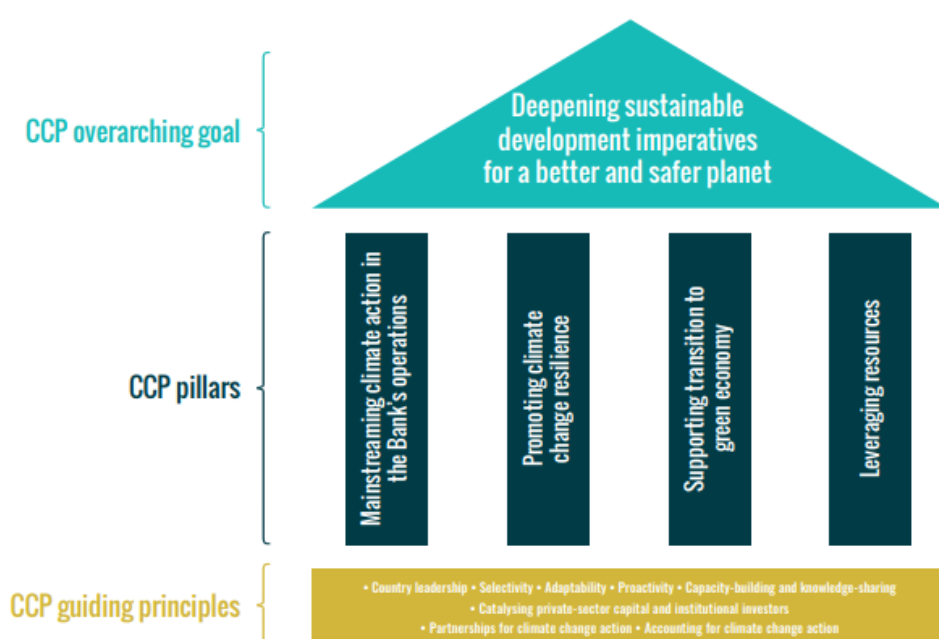
<sup>14</sup> <https://www.isdb.org/climate-change/publications/climate-action-plan-2020-2025>



clients and various stakeholders in line with the Paris Agreement and the MDB Paris Alignment Framework. It also set out modalities for achieving IsDB's climate finance target of 35% by 2025.

The Bank is increasing its efforts to ensure that all its activities and operations contribute to the goals of the Paris Agreement by systematically integrating climate mitigation opportunities and adaptation measures in its investments and lending operations. This includes jointly working with other MDBs for a harmonized approach to Paris Alignment. To create sustainable systems, climate considerations have been mainstreamed in the Bank's different sector policies and related operational strategies, including agriculture and rural development, energy, transport, health, urban development and water policies.

### Climate Change Policy pillars and guiding principles



The next stage of IsDB's Climate Action Plan (2020–2025) is the Green and Sustainability Strategy (2026–2030), which marks a significant evolution toward a more integrated and systemic approach to sustainable development. The new strategy expands the Bank's focus to cover six interrelated thematic areas: Green Transition and Climate Action, supporting low-carbon development and climate resilience; Nature, Biodiversity, and Ecosystems, promoting the protection of natural capital, tackling land degradation and desertification, and advancing the blue economy; Circular Economy and Sustainable Consumption/Production, enhancing resource efficiency and waste reduction; Green Finance and Private Sector Mobilization, scaling up capital flows through Green Sukuk, blended finance, and private sector participation; Just Transition and Social Inclusion, ensuring fair and inclusive outcomes, particularly around job transitions, gender equity, and youth engagement; and Alignment with the Paris Agreement and the SDGs, mainstreaming international climate and development commitments into the Bank's operations. Through this comprehensive strategy, the IsDB seeks to reinforce its leadership in sustainable finance and its commitment to delivering impactful and inclusive development outcomes across its member countries.

### 1.4.2 IsDB's Alignment to Financing the Goals of the Paris Agreement

Starting from January 2024, the IsDB committed to align all its sovereign operations with the objectives of the Paris Agreement and the Bank jointly developed an MDB common framework to operationalize this commitment.

MDB Paris Alignment is the process of ensuring that the policies, operations, and investments of MDBs are consistent with the goals and principles of the Paris Agreement on climate change.

To operationalize the Paris Agreement, MDBs (including IsDB), have developed a joint MDB Paris Alignment Approach. The approach comprises six building blocks:

- (i) Alignment with mitigation goals
- (ii) Adaptation and climate-resilient operations
- (iii) Accelerated contribution to transition through climate finance
- (iv) Strategy, enhancement, and policy support
- (v) Reporting
- (vi) Aligning internal activities

The MDBs jointly developed practical methodologies and approaches to implement each of the building blocks based on the various instruments and modes of financing available in each institution. To implement this commitment, IsDB established a Paris Alignment Taskforce led by H.E. the Vice President (Operations) to oversee the Bank's work on Paris Alignment and ensure the effective implementation of the IsDB's Paris Alignment Action Plan across the various functions and departments of the Bank.

The following documents provide clear guidance on how investment projects need to be structured and aligned with the Paris Agreements' climate goals:

- Direct Investment Lending Operations<sup>15</sup>
- Intermediated financing<sup>16</sup>
- General Corporate Purpose Financing<sup>17</sup>
- Policy-based Lending Operations<sup>18</sup>
- List of Activities Considered Universally Aligned with the Paris Agreement's Mitigation Goals or Not Aligned with the Mitigation Goals<sup>19</sup>

### 1.4.3 IsDB's Just Transition Framework

The IsDB Just Transition (JT) Framework is a strategic initiative that aims to help MCs achieve a low-carbon and climate-resilient development path, while ensuring social equity and economic prosperity for all.

The JT Framework is based on the principles of Islamic finance, which emphasize environmental stewardship, social justice, and shared prosperity. As a guiding principle, the JT Conceptual

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<sup>15</sup> [https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20DL%20Principles\\_final\\_14.06.2023.pdf](https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20DL%20Principles_final_14.06.2023.pdf)

<sup>16</sup> [https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20FI%20Principles\\_final\\_14.06.2023.pdf](https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20FI%20Principles_final_14.06.2023.pdf)

<sup>17</sup> [https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20GCP%20Principles\\_final\\_14.06.2023.pdf](https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20GCP%20Principles_final_14.06.2023.pdf)

<sup>18</sup> [https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20PBI%20Principles\\_final\\_14.06.2023.pdf](https://www.isdb.org/sites/default/files/media/documents/2023-06/MDB%20PA%20PBI%20Principles_final_14.06.2023.pdf)

<sup>19</sup> [https://www.isdb.org/sites/default/files/media/documents/2023-06/Universally%20Aligned%20and%20Not-Aligned%20Lists\\_final\\_14.06.2023.pdf](https://www.isdb.org/sites/default/files/media/documents/2023-06/Universally%20Aligned%20and%20Not-Aligned%20Lists_final_14.06.2023.pdf)

Framework focuses on maximizing the social and economic opportunities of climate actions, while minimizing and carefully managing any challenges – including through effective social dialogue among all groups impacted, and respect for fundamental labor principles and rights.

Specifically, the JT Framework aims to support IsDB and IsDB Member Countries transition towards low emissions, climate resilient development pathways, in a just, fair, and inclusive manner<sup>20</sup>.

## 1.5 IsDB's Contribution towards Sustainable Development

Recent achievements as outlined below reflect IsDB's dedication to promoting human dignity, sustainable development, and resilience in the face of evolving global challenges.

Theme	Select achievements
<b>Driving resilience and green growth</b>	<ul style="list-style-type: none"> <li>• In 2023, IsDB developed a greenhouse gas (GHG) accounting system and accompanying staff guidance to identify, measure, and report on operational and organizational GHG emissions, aligning with the Paris Agreement targets and the SDGs.</li> <li>• In terms of climate finance, IsDB exceeded its target of a 35% climate finance share of total financial commitments by 2025, with 37% already achieved.<sup>21</sup></li> <li>• As part of efforts under the Small-Scale Renewable Energy Applications in Rural Areas program, the Bank approved US\$200 million for the establishment of a new 400kV Jasra subsystem in Mauritania.</li> <li>• In 2023, IsDB approved 13 transport projects totaling US\$1.2 billion, with the aim of developing sustainable, reliable, cost-effective, and resilient transportation systems to accelerate socioeconomic activities, growth, and poverty reduction in MCs.</li> <li>• In partnership with Microsoft, the Bank supported the efforts of the Technology for Social Change and Development (Tech4Dev) initiative by implementing a Women Techsters Fellowship Program that aims to empower five million women across all 54 African countries by 2030.</li> </ul>
<b>Building inclusive human capital development</b>	<ul style="list-style-type: none"> <li>• In 2023, IsDB boosted its development financing to help deliver education for all, universal healthcare, and poverty reduction as part of its aim to build inclusive human capital in its MCs.</li> <li>• In 2023, IsDB approved 12 projects with US\$2.64 million of funding to support education, technical and</li> </ul>

<sup>20</sup> <https://www.isdb.org/publications/just-transition-conceptual-framework-and-action-plan-2023-2025>

<sup>21</sup> Revised to 46% with updated figures

	<p>vocational education and training (TVET), and capacity development in NMCs.</p> <ul style="list-style-type: none"> <li>• In 2023, IsDB also approved US\$1.4 billion for health-related projects. This included US\$846 million towards health transformation in Indonesia.</li> </ul>
<b>Boosting recovery and food security</b>	<ul style="list-style-type: none"> <li>• The IsDB Group is continuing with the operationalization of the Food Security Response Program (FSRP) approved in July 2022. The amount allocated for the program is US\$10.54 billion, plus US\$500 million of credit and political risk insurance.</li> <li>• IsDB provided substantial support to its MCs in 2023 through Emergency Response grants. Türkiye, Syria, Sudan, Libya, and Morocco collectively received US\$7.0 million in rapid financial assistance, demonstrating a dedicated effort to aid MCs impacted by humanitarian crises.</li> </ul>

## Major Planned Results from Projects Approved in 2023<sup>22</sup>



### 1.6 Sustainability Governance at IsDB

As a global development finance institution with Islamic finance principles underpinning its overall operations, IsDB incorporates sustainability governance throughout its operations by mainstreaming climate change, gender and youth, disaster risk management, and environmental and social safeguards across all project phases. In the country programming and dialogue stages, IsDB engages with stakeholders to ensure alignment with national priorities and the Sustainable

<sup>22</sup> IsDB's Annual Development Effectiveness Report 2023 - <https://www.isdb.org/publications/annual-development-effectiveness-report-2023>

Development Goals (SDGs). By integrating these critical aspects into the project appraisal and development process, IsDB ensures that its projects are designed to enhance resilience, promote social inclusion, and mitigate environmental impacts, thus fostering quality and prioritization at entry and ensuring sustainable development.

During project implementation and management, IsDB employs a comprehensive monitoring and evaluation framework to track progress and ensure compliance with environmental and social safeguards as well as to measure the social, economic and environmental results of its interventions. This framework encompasses regular progress and financial reporting, stakeholder consultations, and capacity-building activities. Upon project completion, IsDB conducts thorough evaluations to assess the outcomes and impacts, deriving lessons to improve future interventions. This holistic approach demonstrates IsDB's commitment to sustainable development, ensuring that projects contribute to the long-term well-being of member countries and their communities.

### 1.7 Global Positioning and Visibility

The Bank attaches great importance to advocate the key strategic items impacting the MCs, with the aim of positioning the IsDB as a global actor in development finance that fosters positive impact in its MCs. The Bank seeks, maintains and nurture relationships with a wide variety of coalitions and partnerships and develops new strategic partnerships that lead to technical and financial value addition to the Bank's operations.

The Global Advocacy unit in the Partnerships, Global Advocacy and Resource Mobilization Department works to channelize the Bank's efforts in positioning with the MDBs, UN Agencies, international forums, global funds and relevant philanthropic, civil society and donor organizations. The unit also develops targeted annual advocacy strategies related to IsDB mandate, strategic stakeholders (e.g., UN and its Specialized Agencies, MDBs, bi-lateral financial institutions; bilateral donors; multilateral donors; international NGOs; corporations; global philanthropy).

As a result, IsDB actively participates in strategic global advocacy events such as United Nations General Assembly and other UN organized events; OIC high-level meetings, World Economic Forum (WEF), G20 events; Finance in Commons Summit (FICs), the High-Level Political Forum on Sustainable Development (HLPF), the International Conference on Financing for Development, and other important international forums.

The Bank continues to pursue strategic alliance opportunities that can advance the Group's policy objectives globally, and its vision of socio-economic development for its MCs as per its mandate in light of the challenges of the future. These strategic alliances are meant to advance IsDB's global agenda in addressing policy constraints, increasing institutional influence, and boosting global reach.



## 2. Sustainable Finance Framework

One of the key aims of IsDB is to build a future that reflects a deep commitment to implementing the 2030 Agenda for Sustainable Development – as articulated in the SDGs – and to build strong partnerships to achieve those goals.

In this context, it is imperative to leverage innovative Islamic finance to strengthen the capacity of IsDB MCs on their road to the SDGs. To this end, in 2019, IsDB created its Sustainable Finance Framework, which enabled it to issue Green and Sustainable Sukuk.

In order to ensure that IsDB continues to align with the best market practice and the latest ICMA Principles and to reflect the evolution of IsDB's lending portfolio, the Bank decided to update its 2019 Sustainable Finance Framework to this new 2025 Sustainable Finance Framework (the "Framework").

The Framework is aligned with the ICMA Green Bond Principles (GBP) 2025<sup>23</sup>, the Social Bond Principles (SBP) 2025<sup>24</sup> and the Sustainability Bond Guidelines (SBG) 2021<sup>25</sup>. It is IsDB's intention to align with market best practices as these continually develop and evolve.

In the following pages, the Framework for IsDB's Green, Social and Sustainability (GSS) Sukuk is explained based on the core components and the key recommendations of the GBP, SBP, and SBG:

- Use of Proceeds
- Green and/or Social Asset Evaluation and Selection Process
- Management of Proceeds
- Reporting
- External Review

### 2.1 Use of Proceeds

This Framework will allow IsDB to issue three types of Sukuk (the "Sukuk") to finance and re-finance, in whole or in part, loans and investments with environmental and/or social benefits.

- (i) **Green Sukuk** – Sukuk where proceeds are allocated towards 'Green Project categories' as defined in section 2.1 'Use of Proceeds'
- (ii) **Social Sukuk** – Sukuk where proceeds are allocated towards 'Social Project categories' as defined in section 2.1 'Use of Proceeds'
- (iii) **Sustainability Sukuk** – Sukuk where proceeds are allocated towards 'Green Project categories' and 'Social project categories' as defined in section 2.1 'Use of Proceeds'

For any Sustainability Sukuk issuance, IsDB will endeavor to allocate the proceeds to a mix of both Green and Social projects.

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<sup>23</sup> The Green Bond Principles (GBP) 2025 - <https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Green-Bond-Principles-GBP-June-2025.pdf>

<sup>24</sup> The Social Bond Principles (SBP) 2025 - <https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Social-Bond-Principles-SBP-June-2025.pdf>

<sup>25</sup> Sustainability Bond Guidelines (SBG) 2021 - <https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>



The Use of Proceeds of any GSS Sukuk under this Framework will be subject to the following eligibility criteria, to be applied to new or existing<sup>26</sup> projects. This list may be further updated as technologies and other circumstances evolve.

Any updated version of this Framework will either maintain or improve the current levels of transparency and reporting disclosures, including the corresponding External Review.

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<sup>26</sup> The look-back period of existing assets for issuances under this Framework will be up to 2 years from the date of issuance. This data will be included in the annual green, social or sustainability Sukuk reporting.

## Green Projects Categories



Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Alignment with the UN SDG Targets
<p>Sustainable Water and Wastewater Management<sup>27</sup></p> <div style="display: flex; flex-direction: column; align-items: center;">   </div>	<ul style="list-style-type: none"> <li>Promote efficient water use technologies, Integrated Water Resources Management (IWRM), and improving water productivity across agriculture, rural, urban, and industrial sectors to achieve greater efficiency, effective water management, and sustainability.</li> <li>Promote IWRM principles related to watershed/basin management and interactions with other sectors.</li> <li>Develop guidelines for implementing IWRM Plan across different regions.</li> <li>Support the development of multi-purpose water infrastructure to maximize synergies across sectors.</li> <li>Advocate for legal frameworks, policies, and regulations supporting a landscape, Water-Energy-Food nexus approach with focus on climate-related impacts.</li> <li>Integrate water resources in value addition of relevant commodities, distinguishing blue, green, and grey water inputs in the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>Smart water technologies such as allocation improvements and multiple-use and reuse systems</li> <li>Smart measures for better irrigation water management such as advanced water saving technologies at the farmer field level</li> <li>Sustainable water and/or wastewater management measures including water purification, water saving, water conservation, and the re-use of water</li> </ul>	<p>SDG 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>SDG 6.4: By 2030 increase water-use efficiency across sectors to address water scarcity and reduce water stress.</p> <p>SDG 6.5: By 2030 implement Integrated Water Resources Management (IWRM) at all levels, including watershed/basin management, and foster cross-sector interactions.</p> <p>SDG 6.B: By 2030 support and strengthen the participation of local communities in improving water and sanitation management.</p> <p>SDG 13.1: Strengthen resilience and adaptive capacity to climate-related</p>

<sup>27</sup> All projects will have to meet at least one of the following criteria from the EU Taxonomy Technical Screening Criteria for Activities 5.1. (Construction, extension and operation of water collection, treatment and supply systems) and/or 5.2 (Renewal of water collection, treatment and supply systems):

- The net average energy consumption for abstraction and treatment equals to or is lower than 0.5 kWh per cubic meter produced water supply
- The leakage level is decreased by at least 20% (compared to own baseline performance averaged for three years) and/or achieves a threshold value equal to or lower than 1.5 using the Infrastructure Leakage Index (ILI) rating method
- The project / activity will decrease the net average energy consumption of the system by at least 20% compared to own baseline performance averaged for three years

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Alignment with the UN SDG Targets
			<p>hazards and natural disasters in all countries</p> <p>SDG 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>
<p>Renewable energy</p> 	<ul style="list-style-type: none"> <li>Improve energy access, promote renewable energy and enhance energy efficiency in generation, transmission and distribution. Enhance engagement of private sector.</li> </ul>	<ul style="list-style-type: none"> <li>Generation, transmission and distribution of electricity from renewable sources such as solar, wind, geothermal and hydro (less than 10 MW in size)<sup>28</sup></li> </ul>	<p>SDG 7.2: By 2030, increase substantially the share of renewable energy in the global energy mix</p>
<p>Clean transportation</p> 	<ul style="list-style-type: none"> <li>Support economic infrastructure including sustainable transport for greater connectivity. Support science, technology and innovation. Provide solutions for sustainable urban development.</li> </ul>	<ul style="list-style-type: none"> <li>Investment in electric rail transportation and infrastructure</li> <li>Investments in mass-transit transportation systems / vehicles with zero tailpipe emissions, such as: buses, bus rapid transit, tram, cable car, monorail, rail transit and ferries</li> </ul>	<p>SDG 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>


<sup>28</sup> Renewable Energy projects will have lifecycle emissions less than 100g CO<sub>2</sub>e/KWh

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Alignment with the UN SDG Targets
Energy efficiency <sup>29</sup>    	<ul style="list-style-type: none"> <li>Improve energy access, promote renewable energy and enhance energy efficiency in generation, transmission and distribution. Enhance engagement of private sector.</li> </ul>	<p>Energy Efficiency in Buildings:</p> <ul style="list-style-type: none"> <li>Buildings energy efficiency improvements in lighting, appliances and equipment, including energy-management systems</li> <li>Substitution of existing heating or cooling systems for buildings by co-generation plants that generate electricity in addition to providing heating or cooling</li> <li>Architectural or building changes that enable reduction of energy consumption</li> </ul> <p>District Heating and Cooling:</p> <ul style="list-style-type: none"> <li>Rehabilitation of district heating and cooling systems</li> </ul> <p>Utility Scale Energy Efficiency Improvements:</p> <ul style="list-style-type: none"> <li>Reduction of heat loss in utilities and/or increased recovery of waste heat</li> <li>Improvement in utility-scale energy efficiency through efficient energy use, and loss reduction<sup>30</sup>, or resource efficiency improvements<sup>31</sup></li> </ul>	<p>SDG 7.3: By 2030, double the global rate of improvement in energy efficiency</p> <p>SDG 9.4: By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p>

<sup>29</sup> Please note that projects under this category will not be linked to fossil-fuel powered assets.

<sup>30</sup> For transmission and distribution network projects, to be considered eligible, the improvement threshold is seen as the achievement of technical losses below 10% of gross generation (through infrastructure and grid optimization)

<sup>31</sup> These projects will only be eligible if significant energy savings can be demonstrated through carbon intensity performance ((tCO2/unit of outcome) of the facility aligned with low-carbon pathways. IsDB will consider the following metrics serving as examples to guide establishing thresholds: (a) GHG emissions per unit of production (b) energy consumption per unit of production (c) recycling rate and (d) percentage of renewable energy used in the manufacturing process.

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Alignment with the UN SDG Targets
Pollution prevention and control    	<ul style="list-style-type: none"> <li>Green growth and supporting the transition to a green economy, including reducing pollution and greenhouse gas emissions, minimizing waste and the inefficient use of natural resources, maintaining biodiversity and strengthening energy security.</li> </ul>	<ul style="list-style-type: none"> <li>Wastewater reduction and treatment projects<sup>32</sup></li> <li>Waste recycling and waste reduction projects<sup>3334</sup></li> <li>Waste to Energy projects<sup>35</sup></li> </ul>	<p>SDG 6.3: By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p> <p>SDG 12.2: By 2030, achieve the sustainable management and efficient use of natural resources</p> <p>SDG 12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>
Environmentally sustainable management of natural living	<ul style="list-style-type: none"> <li>Sustainable agriculture and forestry projects can reduce greenhouse gas emissions, water use, soil erosion, and chemical inputs, and improve food security and rural livelihoods.</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection and restoration: This includes the conservation, restoration, and sustainable management of natural resources and ecosystems, such as</li> </ul>	<p>SDG 2.3: By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including</p>

<sup>32</sup> For Wastewater treatment projects, ISDB will meet the thresholds specified in the Technical Screening Criteria of EU Taxonomy Activity 5.3. (Construction, extension and operation of wastewater collection and treatment) - The net energy consumption of the wastewater treatment plant equals to or is lower than:

- 35 kWh per population equivalent (p.e.) per annum for treatment plant capacity below 10 000 p.e.
- 25 kWh per population equivalent (p.e.) per annum for treatment plant capacity between 10 000 and 100 000 p.e.
- 20 kWh per population equivalent (p.e.) per annum for treatment plant capacity above 100 000 p.e.



<sup>33</sup> Waste Projects entail Improvements to solid waste management (minimization, collection, recovery, treatment, recycling). As noted in 2.1.2 (Exclusions), landfill construction or expansion is excluded.

<sup>34</sup> ISDB follows the Waste Hierarchy


<sup>35</sup> For Waste to Energy projects, ISDB will follow the Climate Bonds Initiative's 2022 Waste Management Criteria (notably Table 9: Criteria for Energy from Waste) – any Waste to Energy projects will meet the following criteria:

- Plant efficiency  $\geq 25\%$ ; AND
- Bottom ash recovery; AND
- $\geq 90\%$  recovery of metal from ash; AND
- Average carbon intensity of electricity and/ or heat over the life of the plant  $\leq$  waste management; AND
- The capacity of the plant does not exceed the calculated residual waste at any time in the plant's life




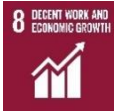

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Alignment with the UN SDG Targets
<p>resources and land use<sup>36</sup></p> <div>   </div>	<ul style="list-style-type: none"> <li>Environmental protection and restoration projects can preserve biodiversity, ecosystem services, and natural capital, and prevent or reverse environmental degradation and loss.</li> <li>Invest in raising productivity of small farm agriculture, build resilience to climate change, improve access to markets, and strengthen capacity.</li> </ul>	<p>forests, wetlands, oceans, and wildlife.</p> <ul style="list-style-type: none"> <li>Sustainable agriculture and forestry: This includes the adoption of practices and technologies that increase productivity, efficiency, and sustainability of agricultural and forestry activities, such as organic farming, agroforestry, precision agriculture, vertical farming and irrigation.</li> <li>Preservation or restoration of natural landscapes</li> <li>Soil remediation/integrated soil fertility management (inorganic and organic)</li> <li>Plantation to support the cultivation of smart agriculture projects including: <ul style="list-style-type: none"> <li>climate-resilient crops</li> <li>less water-intensive crops,</li> <li>salt-tolerant and flood-resilient crops</li> <li>early maturing crops</li> <li>perennial and agroforestry-based crops</li> </ul> </li> </ul>	<p>through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment</p> <p>SDG 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p> <p>SDG 15.3: By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world</p> <p>SDG 15.4: By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide</p>

<sup>36</sup> Biodiversity risk management is covered under IsDB's Environmental and Social Safeguards Policy. Within this category, biodiversity risks are considered, especially for projects involving land-use changes, reservoirs, and ecosystem modifications.

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Alignment with the UN SDG Targets
			<p>benefits that are essential for sustainable development</p> <p>SDG 15.a: Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems</p> <p>SDG 15.b: Mobilize significant resources from all sources and at all levels to finance sustainable forest management and provide adequate incentives to developing countries to advance such management, including for conservation and reforestation</p>
<p>Climate Change Adaptation<sup>37</sup></p> 	<ul style="list-style-type: none"> <li>Climate adaptation and resilience projects can enhance the capacity to cope with and recover from climate shocks and natural disasters and reduce the potential losses and damages.</li> </ul>	<ul style="list-style-type: none"> <li>Projects relating to flood prevention in the event of storms such as efficient water drainage systems in urban areas.</li> <li>Projects that focus on the implementation of measures that reduce vulnerability and increase the resilience of human and natural systems to the impacts of climate change, such as extreme weather events, sea level rise, droughts, floods, and heat waves.</li> </ul>	<p>SDG 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>SDG13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>

<sup>37</sup> Projects eligible for consideration under this category must demonstrate adherence to the 3-step approach of the MDB Climate Adaptation Methodology, which comprises: establishing the context of vulnerability in the project location, articulating the intent to address vulnerability through or within the project, and elucidating the linkage between known and anticipated vulnerabilities and the specific project activities. Further information available here: <https://www.isdb.org/sites/default/files/media/documents/2022-11/Joint%20methodology%20for%20tracking%20climate%20change%20adaptation%20finance.pdf>


## Social Projects Categories

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
<p>Employment generation / SME Financing</p> <div>    </div>	<ul style="list-style-type: none"> <li>Support productive and economic empowerment of youth, women, refugees, Internally Displaced People (IDPs) and create decent employment opportunities for their gainful engagement.</li> <li>Support pro-poor growth, reduce inequality, particularly in ensuring women have access to decent employment opportunities and finance, promote safe working conditions<sup>38</sup>, particularly for fragile segments of the population, promote human development, human dignity, financial inclusion, increase productivity and sustainable means of income generation</li> </ul>	<ul style="list-style-type: none"> <li>Providing and increasing access to finance for micro, small and medium enterprises with a particular focus on women and youth and those who are underprivileged</li> <li>Increase access to vocational skills development and employability schemes with a focus to enhance jobs creation that can benefit all segments of society including women and youth</li> <li>Provide vehicles for job creation and growth through vocational skills development, capacity development in entrepreneurship, strengthening partnerships with the private sector to create job pipelines for women and youth, and other</li> </ul>	<ul style="list-style-type: none"> <li>Small/medium enterprises and CSOs (cooperatives, NGOs, platforms of associations)</li> <li>Poor people<sup>39</sup></li> <li>Refugees and IDPs</li> <li>Women</li> <li>Youth</li> <li>People affected by disaster and conflict</li> <li>Grassroot communities</li> <li>Farmers</li> </ul>	<p>SDG 1.1: By 2030, eradicate extreme poverty for all people everywhere, currently measured as people living on less than \$1.25 a day</p> <p>SDG 1.4: By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance</p> <p>SDG 8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services</p>



<sup>38</sup> Employment generated adheres to the ILO Decent Work Standards which includes safe working conditions

<sup>39</sup> As per definition in <https://hdr.undp.org/content/2024-global-multidimensional-poverty-index-mpi#/indicies/MPI>

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
		<p>similar approach to strengthen job creation for youth or underprivileged individuals in IsDB's MCs</p> <ul style="list-style-type: none"> <li>Financial literacy, skills training</li> </ul>		<p>SDG 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>SDG 9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets</p>

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
Affordable housing 	<ul style="list-style-type: none"> <li>Meeting the basic human needs of shelter in MCs.</li> </ul>	<ul style="list-style-type: none"> <li>Affordable and improved housing projects<sup>40</sup> targeting low-income households and marginalized, disadvantaged, and underrepresented segments of the rural population</li> <li>Affordable and improved housing projects targeting low-income and vulnerable segments of the population in urban areas</li> <li>Increased access to housing finance solutions tailored to low-income earners, women focused on Female-Friendly Housing (FFH) and youth</li> <li>Creation of employment and business opportunities for youth and women through construction and management of affordable housing</li> </ul>	<ul style="list-style-type: none"> <li>People affected by disaster and conflict</li> <li>Women</li> <li>Youth</li> <li>Underserved communities</li> </ul>	SDG 11.1: By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

<sup>40</sup> Affordable housing projects will have to meet eligibility criteria for building's energy efficiency whenever possible. Moreover, for affordable housing to be included as an Eligible Project, projects would have to be consistent with the low carbon-resilient development plan and/or the NDC of that country.

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
<p>Affordable basic infrastructure</p>  	<ul style="list-style-type: none"> <li>Address growing rural and urban needs for water and sanitation.</li> <li>Support sustainable infrastructure.</li> </ul>	<ul style="list-style-type: none"> <li>Projects providing / expanding access to electricity, clean drinking water, sanitation and transport<sup>41</sup> in IsDB MCs with a particular focus on underserved communities, women and youth</li> <li>Development of telecom network and related infrastructure in underserved areas with a particular focus on underserved communities, women and youth</li> <li>Development of community-level WASH facilities in rural areas and informal settlements, prioritizing access to women and children</li> <li>Projects providing affordable, reliable and sustainable electricity access to underserved communities, enabling economic activities, especially for</li> </ul>	<ul style="list-style-type: none"> <li>People affected by disaster and conflict</li> <li>Women</li> <li>Youth</li> <li>Underserved communities</li> </ul>	<p>SDG 6.1: By 2030, achieve universal and equitable access to safe and affordable drinking water for all</p> <p>SDG 6.2: By 2030, achieve access to adequate and equitable sanitation and hygiene for all and end open defecation, paying special attention to the needs of women and girls and those in vulnerable situations</p> <p>SDG 6.A: By 2030, expand international cooperation and capacity-building support to developing countries in water- and sanitation-related activities and programmes, including water harvesting, desalination, water efficiency, wastewater treatment, recycling and reuse technologies</p> <p>SDG 6.b: Support and strengthen the participation of local communities in improving water and sanitation management</p>



<sup>41</sup> 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.



Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
		<p>underserved communities, women and youth<sup>42</sup></p> <ul style="list-style-type: none"> <li>• Projects that provide Safe and accessible transportation</li> <li>• Projects that promote and increase the representation of women in the design/development decision making and management of infrastructure</li> <li>• Projects that promote and ensure the employment of women in basic infrastructure sectors.</li> </ul>		<p>SDG 11.2: By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons</p>

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<sup>42</sup> Improving energy access is central to IsDB's mandate of promoting sustainable development across its member countries. Reliable and affordable energy enables inclusive economic participation, enhances social services like healthcare and education, and powers climate-smart agriculture and resilient infrastructure. By scaling renewable and decentralized energy solutions, the Bank supports long-term affordability while reducing environmental impact and dependency on volatile fossil fuel markets. This approach not only lifts communities out of energy poverty but also strengthens resilience, equity, and productivity, a cornerstone of sustainable development. Ultimately, energy access supported through the Bank serves as a foundational enabler for achieving the SDGs and unlocking shared prosperity at scale.

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
<p>Access to essential services</p> <div>   </div>	<ul style="list-style-type: none"> <li>Enrol &amp; retain out-of-school children, support bilingual education, vocational literacy programs and education for competitiveness and employment.</li> <li>Improve access to affordable and quality healthcare services, particularly for vulnerable populations.</li> <li>Promoting digital inclusion and bridging the digital divide directly aligning with IsDB Digital Inclusion Operational Strategy 2024-27 and supporting the IsDB ICT Policy (2019).</li> </ul>	<ul style="list-style-type: none"> <li>Projects expanding access to free/subsidized healthcare, education and training facilities<sup>43</sup></li> <li>Increased access of women and youth to primary healthcare centres</li> <li>Enhance maternal and child healthcare services to reduce maternal and infant mortality rates with a focus on underserved groups</li> <li>Provide reproductive health services including prenatal and postnatal care for women, particularly for vulnerable groups like refugees and IDPs</li> <li>Strengthen capacity development for healthcare professionals</li> <li>Projects that include the training and upskilling of women and girls in fields and sectors they are underrepresented</li> </ul>	<ul style="list-style-type: none"> <li>Poor people</li> <li>Refugees and IDPs</li> <li>Women</li> <li>Youth</li> <li>Underserved / under-connected people</li> </ul>	<p>SDG 3.1: By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births</p> <p>SDG 3.2: By 2030, end preventable deaths of newborns and children under 5 years of age, with all countries aiming to reduce neonatal mortality to at least as low as 12 per 1,000 live births and under-5 mortality to at least as low as 25 per 1,000 live births</p> <p>SDG 3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases</p> <p>SDG 3.4: By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being</p> <p>SDG 3.8: Achieve universal health coverage, including</p>

<sup>43</sup> Education/Healthcare buildings will have to meet eligibility criteria for building's energy efficiency whenever possible




Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
		<p>(energy, technology, construction)</p> <ul style="list-style-type: none"> <li>Projects designed to combat digital exclusion (such as construction of cellular towers, expansion upgrade of fibre optic cables and the upgrade of networks to more advanced, faster and more efficient technologies)</li> </ul>		<p>financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p> <p>SDG 3.C: Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States</p> <p>SDG 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes</p> <p>SDG 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university</p> <p>SDG 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all</p>

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
				<p>levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p> <p>SDG 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy</p> <p>SDG 4.a: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all</p>

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
<p>Socioeconomic advancement and empowerment</p>   	<ul style="list-style-type: none"> <li>Support pro-poor growth, reduce inequality, promote human development, human dignity, financial inclusion, increase productivity and sustainable means of income generation.</li> </ul>	<ul style="list-style-type: none"> <li>Projects that promote women's leadership and participation in decision making roles</li> <li>Projects that create decent employment opportunities and workforce integration for women particularly in traditional male dominated fields</li> <li>Projects that incorporate gender-sensitive design features</li> <li>Projects that help improve the socioeconomic status of women, such as their resilience to drivers of fragility</li> <li>Projects that help improve the education for refugees and strengthen community resilience</li> <li>Projects that integrate gender-responsive climate strategies</li> <li>Projects that support women's access to assets</li> </ul>	<ul style="list-style-type: none"> <li>Women</li> <li>People affected by disaster and conflict</li> <li>People affected by disasters, climate change, displacement and external shocks</li> <li>Youth</li> </ul>	<p>SDG 5.1: End all forms of discrimination against all women and girls everywhere</p> <p>SDG 5.5: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision making in political, economic and public life</p> <p>SDG 5.b: Enhance the use of enabling technology, in particular information and communications technology, to promote the empowerment of women</p> <p>SDG 5.C: Adopt and strengthen sound policies and enforceable legislation for the promotion of gender equality and the empowerment of all women and girls at all levels</p> <p>SDG 8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p>

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
				<p>SDG 10.2: By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> <p>SDG 10.7: Facilitate orderly, safe, regular and responsible migration and mobility of people, including through the implementation of planned and well-managed migration policies</p>



Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
<p>Food security and sustainable food systems</p>   	<ul style="list-style-type: none"> <li>Support member countries agrifood systems by investing in agricultural innovation, smart farming, and sustainable and resilient production systems to enhance productivity while preserving natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Projects/investments that alleviate poverty and enhance food security and nutrition</li> <li>Projects/investments that contribute to enhancing sustainable, inclusive and equitable agriculture and rural development;</li> <li>Projects/investments that creates rural employment opportunities both in agriculture and the rural non-farming economy</li> </ul>	<ul style="list-style-type: none"> <li>Rural people</li> <li>Farmers</li> <li>SMEs</li> <li>Agro dealers</li> <li>Agriculture service providers</li> <li>Women</li> <li>Youth</li> <li>People affected by disaster and conflict</li> <li>People affected by disasters, climate change, displacement and external shocks</li> </ul>	<p>SDG 1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions</p> <p>SDG 2.1: By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p> <p>SDG 2.2: By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons</p> <p>SDG 2.3: By 2030 double the agricultural productivity and the incomes of small-scale food producers, particularly women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to</p>

Project Category	Alignment with IsDB's objectives	Eligibility Criteria	Target Population	Alignment with the UN SDG Targets
				<p>land, other productive resources and inputs, knowledge, financial services, markets, and opportunities for value addition and non-farm employment</p> <p>SDG 2.4: By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality</p> <p>SDG 8.2: Achieve higher levels of productivity of economies through diversification, technological upgrading and innovation, including through a focus on high value added and labour-intensive sector</p>

## 2.2 Exclusion criteria

IsDB follows the principles of Shariah and as such is not involved in any financing of alcohol, gambling, adult entertainment, or weapons.

In addition, the following kinds of financing are excluded as potential use of proceeds under this Framework:

- 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 CO<sub>2</sub> 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

## 2.3 Project Selection and Evaluation Process

### 2.3.1 Sustainability Assessment Process at IsDB

In line with the Realigned Strategy of the Bank, all projects financed by the Bank are assessed through the Green, Resilient, Inclusive and Sustainable (GRIS) development approach (as outlined in section 1.2.2). This is being employed to safeguard the interests of the vulnerable populations and build and sustain inclusive development in MCs. The GRIS approach is a systematic method focused on the synergistic interdependencies of economic growth, sustainability, resilience, and inclusiveness.

Similarly, starting from January 2024, all sovereign investment and operations of the Bank are assessed against the MDB Paris Alignment framework. This assessment ensures that all financed activities are consistent with and contribute to the achievement of the Paris Agreement. It covers the mitigation and adaptation aspects of climate action and the alignment of financial flows with low-carbon and climate-resilient development. By aligning its operations with the Paris Agreement, IsDB demonstrates strong commitment to support the global transition to a low-carbon and climate-resilient future, and to uphold the highest standards of environmental and social responsibility.

In addition, all projects that IsDB considers for potential allocation to GSS Sukuk, are subject to compliance with international conventions and agreements, including the ILO Labour Standards, host country laws and regulations, and IsDB's policies to manage potential environmental and social risks - including the energy, transport, education, agricultural sector policies defined in section 1.1.3.

In line with its Climate Change Policy, the Bank is committed to mainstreaming climate change in all of its activities across its operations, investments and policies, and incorporating climate risk identification and management. All physical assets are screened using a customized online tool, Aware for Project. The tool helps to inform project design on potential climate change, environmental and disaster risks and ensure that robust climate adaptation and resilience measures are incorporated in project formulation and design. The evaluation of projects also includes alignment with medium and long-term climate change plans and strategies of member countries, including Nationally Determined Contribution (NDC) and net zero commitments.

To ensure that the Bank's interventions do not cause or contribute to adverse environmental and social impacts, IsDB adopted an Environment and Social Safeguards (ESS) policy which was approved by the BED in February 2020. The safeguards are intended to prevent, minimize, mitigate, or compensate for the potential negative effects of IsDB-supported activities on the natural environment, labor standards, cultural heritage, indigenous peoples, gender, and other relevant social issues. The aim of the safeguards is to enhance the positive outcomes of the Bank's development interventions by promoting inclusive and participatory approaches, strengthening institutional capacities, and fostering good governance and accountability. The safeguards include elements such as screening and categorization, environmental and social assessment, environmental and social management plan, information disclosure and consultation, grievance redress mechanism, and independent review and oversight.

Moreover, projects co-financed with other MDBs are subject to compliance with best practice guidelines such as the IFC Performance Standards and the World Bank EHS Safeguards. IsDB's due diligence processes preclude the financing of any projects considered economically, social, or environmentally unsustainable.

### 2.3.2 Sustainable Financing Project Selection Process

The evaluation and selection process for any GSS Sukuk issued under this Framework will be carried out by a Sustainable Finance Task Force (SFTF), which monitors the project selection and evaluation allocation process as per the eligibility criteria defined in the Use of Proceeds section.

The SFTF consists of representatives from a wide range of departments with relevant technical expertise as follows:

- ❖ Economic and Social Infrastructure Department
- ❖ Office of the VP Operations
- ❖ Office of the DG-Country Programs
- ❖ Partnerships, Global Advocacy and Resource Mobilization Department
- ❖ Resilience and Climate Action Department
  - Climate Change and Environment Division
  - Women and Youth Empowerment Division
  - Fragility and Resilience Division
- ❖ Risk Management Department
- ❖ Strategy, Budget & Corporate Performance Department, and,
- ❖ Treasury Department
  - Capital Markets Division

Each department covers the relevant technical expertise on climate, resilience, inclusion, youth empowerment, economic and social empowerment.

If a project satisfies any of the Eligibility Criteria of the Eligible Project Categories listed above, the project can then be considered as a potentially Eligible Project for allocation to GSS Sukuk and is considered for approval by the SFTF.

Each project approved by the SFTF for inclusion in the Green, Social or Sustainability Sukuk portfolio is recorded by this group and either included in the GSS Sukuk Register (if proceeds are waiting to be allocated) or remains identified but not utilized if all outstanding Green, Social or Sustainability Sukuk are fully allocated.

As part of IsDB's project management system, implemented projects have a Monitoring and Evaluation Plan incorporated during project formulation and design. This is carried out at the level of (a) in-country project management team and system and (b) at the Bank level, which includes ongoing diligence on key performance indicators through the Project Implementation Assessment & Support Report (PIASR), usually prepared biannually. In the case of any climate finance projects, these projects will be monitored according to their net emissions reductions. If ongoing monitoring demonstrates that the project fails to meet the emissions reductions estimated during the design phase, remedial measures aimed at actualizing the planned objectives are introduced.

If at any point a project fails screening, either at the level of IsDB's environmental and social assessment procedures/ policies level, or the PIASR, or at the level of the Eligibility Criteria of the Eligible Project Categories, the project will be placed under review and the SFTF will reassess its inclusion if the screening criteria are met at a later date. No time limit is applied, and if a project does meet the respective eligibility criteria after remediation work, it may then become eligible for inclusion. If a project continues to fail screening it will not be considered as an Eligible Project for GSS Sukuk.

As standard practice at the IsDB, all projects, including those categorized as social, undergo a rigorous climate risk assessment process to ensure that climate risk measures are incorporated to enshrine sustainable development imperatives within them.

The SFTF, which was established in April 2020 and expanded in March 2023, is responsible for the following, among others:

- Review and validate the selection of Eligible Projects based on the defined Eligible Criteria listed in the Use of Proceeds section.
- Monitor the Eligible Projects portfolio, specifically, during the life of each Sukuk issued; the SFTF can decide to exclude or replace select Eligible Projects if an Eligible Project no longer meets the eligibility criteria, or the Eligible Project in the pool no longer requires funding.
- Determine if an Eligible Project requiring re-financing could be included in the pool as replacement or to enhance the asset diversity of the pool.
- Manage any future updates of the Framework and corresponding Second Opinion.

## 2.4 Management of Proceeds

IsDB established a Green, Social or Sustainability Sukuk Asset Register in 2019 (known as the “GSS Asset Register”) and maintains it to manage the proceeds of each IsDB GSS Sukuk issuance. The proceeds of each IsDB GSS Sukuk will be deposited in the general funding accounts and earmarked for allocation using the GSS Asset Register. Until they are allocated to eligible projects, proceeds will be invested according to IsDB’s normal liquidity policy. The proceeds will be allocated within two years from the date of issuance of any GSS Sukuk issuance.

All of IsDB’s investments are Shariah-compliant and IsDB strives to incorporate ESG criteria in their investment process.

The GSS Sukuk Register will be reviewed half yearly. It will contain relevant information including:

1. Details of the Sukuk: ISIN, pricing date, maturity date, etc.
2. Per each GSS Sukuk issued, details of Eligible Use of Proceeds, including:
  - Eligible Projects identified (including eligibility criteria considerations)
  - Project Categories utilized
  - Allocation made to each Eligible Project
  - Estimate of impact of each respective Eligible Project

## 2.5 Reporting

To be fully transparent towards the GSS Sukuk investors and other market stakeholders, IsDB commits to report allocation and impact on portfolio level, at least on an annual basis, or if there are material changes to the GSS Sukuk Register, on the Use of Proceeds and the environmental and/or social output of the GSS Sukuk Register. Reporting will be provided until maturity of all Sukuk issuances<sup>44</sup>.

If, after completion of the allocation period, some Eligible Projects are divested or become otherwise ineligible, IsDB will publish an updated report, containing allocation and impact metrics of the revised portfolio.

The SFTF will be responsible for preparing and reporting on any GSS Sukuk issuance. It will coordinate with the relevant Global Practices when collating the necessary information. The potential allocation and impact metrics are detailed below.

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<sup>44</sup> The reporting commitment has been updated in this Framework to portfolio level, from Sukuk-by-Sukuk reporting in the 2019 Framework. Thus, IsDB will now have one reporting for all its GSS Sukuk issuances, and it will be published annually until any GSS Sukuk is outstanding. All assets allocated to previous Sukuk will also be absorbed by the portfolio approach, and IsDB will ensure that the total amount of Eligible Projects portfolio is at least equal to or greater than the total volume of GSS Sukuk issuances outstanding.

### 2.5.1 Allocation Reporting

IsDB will provide information on the allocation of the net proceeds of its GSS Sukuk. The information will contain at least the following details:

1. A list of Eligible Projects financed through GSS Sukuk, including amounts allocated to each Eligible Project; and
2. Breakdown of Eligible Projects per each Eligibility Category;
3. The geographic distribution of green or social Eligible Projects;
4. The remaining balance of unallocated proceeds;
5. Wherever material and possible, the share of GSS Sukuk financing, wherever a project requires more financing than the allocation received from the GSS Sukuk.

### 2.5.2 Impact Reporting

The Impact Report will include details on the environmental and/or social outputs of the Green and/or Social projects on portfolio level. IsDB intends to align, on a best effort basis, the impact reporting with the approach described in ICMA's Harmonised Framework for Impact Reporting<sup>45</sup>.

The impact reporting will include:

- A qualitative description of the green or social Eligible Projects;
- The 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.);
- IsDB's share of financing;
- Potential key environmental impact indicators (as mentioned in the below table)
- Information on the methodology and assumptions used to evaluate the green or social Eligible Projects impacts

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<sup>45</sup> ICMA Harmonised Green Framework for Impact Reporting 2024: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-June-2024.pdf>  
ICMA Harmonised Social Framework for Impact Reporting 2025: <https://www.icmagroup.org/assets/documents/Sustainable-finance/2025-updates/Handbook-Harmonised-Framework-for-Impact-Reporting-for-Social-Bonds-June-2025.pdf>



Potential key environmental impact indicators include:

## Green Eligible Categories

Project Category	Indicative impact Reporting Metrics
Sustainable water and wastewater management	<ul style="list-style-type: none"> <li>• Reduction in water losses in water transfer and/or distribution (m3)</li> <li>• Reduction in water consumption of economic activities (e.g. industrial processes, agricultural activities including irrigation using water saving technologies, etc.), (m3)</li> <li>• Reduced, avoided water loss (in reservoirs/ waterways/ natural habitats etc.), (m3)</li> <li>• Water reuse and/or water use avoided by waterless solutions and equipment, (e.g. for sanitation, cooling systems for power plants, industrial processes, etc.) (m3)</li> <li>• Additional water availability and/or increased water catchment (m3/year)</li> <li>• Water resources developed for multiple use (m3)</li> <li>• IWRM Plan Implemented and improving management processes in member countries (number)</li> <li>• Area covered by sustainable land and water resources management practices (hectares)</li> </ul>
Renewable energy	<ul style="list-style-type: none"> <li>• Renewable MWh generated or purchased</li> <li>• % of electricity consumption from renewable sources</li> <li>• Estimated avoided GHG emissions (tCO<sub>2</sub>eq)</li> </ul>
Clean transportation	<ul style="list-style-type: none"> <li>• Estimated GHG emissions reduced (tCO<sub>2</sub>eq)</li> <li>• % reduction in energy use</li> </ul>
Energy efficiency	<ul style="list-style-type: none"> <li>• Estimated GHG emissions reduced (tCO<sub>2</sub>eq)</li> <li>• Expected energy saved (in MWh)</li> <li>• % reduction in energy use</li> </ul>
Pollution prevention and control	<ul style="list-style-type: none"> <li>• Amount of waste recycled (tons)</li> <li>• Amount of waste reused (tons)</li> </ul>
Environmentally sustainable management of natural living resources and land use	<ul style="list-style-type: none"> <li>• Estimated annual GHG emissions reduced (in tCO<sub>2</sub>e/year)</li> </ul>

Project Category	Indicative impact Reporting Metrics
	<ul style="list-style-type: none"> <li>• Estimated land area with biodiversity management (including species, soil and water)</li> <li>• Area under afforestation or reforestation (hectares)</li> <li>• Area under preservation or restoration (hectares)</li> <li>• Increase in agricultural land using more drought resistant crops (hectares)</li> <li>• Increase in area under wetland management (hectares)</li> <li>• Area of remediated land (square meters)</li> <li>• Quantity of remediated soil (tons)</li> <li>• Crop yield increased (tons/hectare)</li> <li>• Crop production increased (tons)</li> <li>• Area irrigated (hectares)</li> <li>• Water savings from improved irrigation, stormwater and rainwater capture, groundwater recharge and/or the reuse of highly treated wastewater (m<sup>3</sup>/year)</li> <li>• Population accessing microfinance (number)</li> <li>• Rural (farm, non-farm or cottage industry) enterprises established or promoted (number)</li> </ul>
Climate Change Adaptation	<ul style="list-style-type: none"> <li>• Estimated kilometres of areas protected from flooding</li> <li>• Estimated number of flood disasters avoided</li> </ul>

## Social Eligible Categories

Project Category	Indicative impact Reporting Metrics
Employment generation / SME Financing	<ul style="list-style-type: none"> <li>• Number of SMEs supported or funded</li> <li>• Number of employees of SMEs supported or funded</li> <li>• Number of jobs generated</li> <li>• Number of women/youth supported</li> <li>• Number of farmers supported</li> <li>• Number of CSOs (cooperatives) established or promoted</li> <li>• Number of poor people, refugees, IDPs with access to microfinance</li> <li>• Number of people with improved livelihoods/income</li> <li>• Number of people affected by disaster, conflict who were provided livelihood service</li> <li>• Number of social innovators benefiting from access or creating employment in grassroot communities</li> </ul>
Affordable housing	<ul style="list-style-type: none"> <li>• Number of dwellings</li> <li>• Number of beneficiaries</li> <li>• Number of women/youth supported</li> <li>• Number of people affected by disaster, conflict who were provided livelihood/accessing housing services</li> </ul>
Affordable basic infrastructure	<ul style="list-style-type: none"> <li>• Number of beneficiaries</li> <li>• Number of people with improved access to a mobile network</li> <li>• Number of people with improved access to a broadband network</li> <li>• Number of women/youth supported</li> <li>• Number of people affected by disaster, conflict who were provided livelihood/access to services</li> <li>• Number of people with access to clean drinking water</li> <li>• Number of people with access to improved sanitation services in rural areas</li> <li>• Potable water treatment capacity increased (m3/day)</li> <li>• Reduced number of people suffering from flood-related infections</li> </ul>

Project Category	Indicative impact Reporting Metrics
Access to essential services	<ul style="list-style-type: none"> <li>• Number of patients reached</li> <li>• Number of students reached</li> <li>• Number of women supported</li> <li>• Number of poor people, refugees, IDPs with better access to social services</li> <li>• Number of people gaining access to digital services</li> <li>• Unit (Km) of fiber optic cables laid</li> <li>• Number of cellular towers installed</li> <li>• Increase in internet penetration rate</li> <li>• Reduction in digital divide index</li> <li>• Number of people trained in digital skills</li> <li>• Increase in digital literacy rate</li> <li>• Number of patients reached through telemedicine</li> <li>• Increase in access to healthcare services</li> </ul>
Socioeconomic advancement and empowerment	<ul style="list-style-type: none"> <li>• Number of beneficiaries</li> <li>• Number of people affected by disaster, conflict who were provided livelihood/access to services</li> <li>• Number of people with enhanced resilience to disasters, climate change, displacement and external shocks</li> <li>• Youth benefitting from youth empowerment initiatives</li> <li>• Women benefitting from youth empowerment initiatives</li> <li>• Number of individuals/households with increased income</li> </ul>
Food security and sustainable food systems	<ul style="list-style-type: none"> <li>• Number of beneficiaries</li> <li>• Increased rates of agriculture productivity</li> <li>• Number of individuals/households with reduced vulnerability to famine</li> <li>• Number of individuals/households with increased access to food</li> <li>• Number of individuals/households with improved nutrition</li> </ul>

IsDB's annual impact and allocation reporting will be made public on its website - <https://www.isdb.org/investor-relations>

## 2.6 External Review

### 2.6.1 Second Party opinion

IsDB has appointed S&P Global Ratings to provide an External Review for its Sustainable Finance Framework. This Second Party Opinion document will be made available on IsDB's website - <https://www.isdb.org/investor-relations>

### 2.6.2 Post issuance external verification

IsDB will obtain an external review of its Allocation and Impact reporting from a third party, and this will also be available at IsDB's website - <https://www.isdb.org/investor-relations>

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