

# Joint Multilateral Development Banks Long-Term Strategy Program (LTS-P)

## Why are ambitious climate commitments and long-term strategies so important to client countries?

There are economic and wider benefits of ambitious climate action when country development along a net zero and climate-resilient pathway is consistent with countries' national development goals. **Low emission and resilient development helps minimize future warming and adverse climate impacts; it leads to lower long-term costs in many sectors and offers large co-benefits, such as reduced health care costs and increased environmental services.** Paris-aligned development pathways are thus about protecting and improving economic competitiveness and resilience in an increasingly uncertain world, and actively creating opportunities to introduce and scale technologies and innovation that can lead to greater prosperity and value creation for all.

## Are countries adequately preparing for a resilient, low-emissions and just future?

The effects of climate change are becoming increasingly undeniable, as evidenced by extreme drought, crop failures, massive floods and storms, all leading to extensive damages to people, ecosystems and businesses throughout the world. At the same time, the world faces significant development needs to lift all people out of poverty and increase prosperity, when often the poorest communities are also the most vulnerable to climate change impacts. As countries pursue their development objectives, it is crucial that development plans are consistent with a changing climate and the required just global transition to net-zero greenhouse gas emissions (GHG) to limit additional warming.

The Paris Agreement invites signatories to formulate and submit **Long-term, Low-Emissions Development Strategies (LT-LEDs or LTSs)**. Long-Term Strategies (LTS)

play a key role in informing nearer-term nationally determined contributions (NDCs), National Adaptation Plans (NAPs) and other climate strategies.

- **An LTS is a country strategy that describes opportunities for and a pathway to a low-emission, climate-resilient economy by around mid-century, consistent with a country's development goals, needs, and constraints, via a just whole-of-government and whole-of-society transformation at several levels, economy-wide, sectoral and sub-national.**
- **LTSs support the period revision of countries' medium-term NDCs and are informed by them, ensuring alignment in short-, medium-, and long-term planning.**
- **Today, only 73 countries plus the EU have officially submitted an LTS to the UNFCCC, and only 14 of those are low or lower middle-income countries.**

## How does the LTS-P work to scale up support in countries that need assistance?

Responding to the COP27 call "to contribute to significantly increasing climate ambition using the breadth of their policy and financial instruments for greater results", at COP28 MDBs jointly launched the LTS Program (LTS-P), hosted by the World Bank's Climate Support Facility<sup>1</sup>. LTS-P channels donor funding to eligible MDBs to support LTS development and delivery in line with the MDB Principles for LTS support.

The program helps MDBs to mobilize resources and provides a platform for coordination of their support to developing countries, thus streamlining delivery. It is central to knowledge and information sharing among MDBs and institutional partners and strengthening collective MDB impact by working as a system and leveraging each other's strengths.

<sup>1</sup> In 2020, the WB created the Climate Support Facility (CSF), a multi-donor trust fund administered by the World Bank, to help strengthen country capacities and policies to implement the goals of the Paris Agreement.

## What is the collective benefit of MDBs working in such a partnership?

We as MDBs are:

- Uniquely positioned to support client countries at national and sub-national levels in the formulation and delivery of LTSs and LTS-related activities (such as low-emissions pathways and climate resilience plans) because of their global reach and in-country presence.
- Have the ability to accelerate and mobilize finance by linking climate policy to investments, and have extensive experience in stakeholder engagement, capacity building and the technical know-how, required to support developing countries in formulating LTSs.
- Often present in the same countries and supporting the same clients, which provides opportunities for MDB collaboration in supporting LTSs. The LTS-P thus builds on existing MDB in-country coordination and provides a basis for wider Country platform approaches.

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## How can LTSs influence/improve the work of MDBs?

All MDBs have now operationalized Paris alignment, which means **that every investment is reviewed for its consistency with the Paris alignment of a country and client**. LTSs provide clear market signals and help determine the investments and policies required for their client countries to transition to net zero and resilient economies. They also help to inform MDB lending and policy support to countries and design financial instruments and technical assistance that can involve the broader market and both public and private sectors to contribute towards achieving national climate and development goals.

By articulating the long-term vision and transition pathways that countries are committed to, LTSs also cues the private sector to invest in sustainable business models and technologies, shepherding private finance. Lastly, the LTS formulation process is designed to facilitate conversations among different governmental ministries, stakeholders, MDBs and other development partners to develop a common vision and narrative for the future. **These engagements can help align and facilitate parties on the pathway to net zero and climate resilient implementation.**

## Who are the members in the MDB LTS-P?

Member MDBs include African Development Bank, Asian Development Bank, Asian Infrastructure Investment Bank, Council of Europe Development Bank, European Bank for Reconstruction and Development, European Investment Bank, Inter-American Development Bank Group, Islamic Development Bank, New Development Bank, World Bank Group.



## What are the expected results?

The LTS-P aims to deliver the following results:

- **Development and operationalization of LTSs** beginning with at least 20 high priority countries and helping to enhance consistency with short-medium term commitments and plans (NDCs), that become enablers of long-term sectoral transformations.
- **Strengthened in-country institutions, technical capacity and increased cross-sectoral coordination** to develop, enhance or implement LTSs and to develop and improve investment planning and financing for implementation.
- **Improved understanding of the opportunities and challenges for a just transition to a resilient, net zero economy**, providing knowledge that can be leveraged across countries and regions and among the international development community for the operationalization of LTSs and supporting NDCs.
- **Increased collaboration, better-informed coordination and sharing of best practices and lessons learnt** among MDBs, DFIs and institutional partners.
- **Increased flow of climate finance** by informing public and private investment decisions and building investment pipelines.