

MDB Principles for Long-Term Strategy (LTS) Support

1. Following their [joint high-level statement](#) at the UN Secretary-General's Climate Action Summit at COP25 in 2019, the multilateral development banks (MDBs) announced their intent to develop a set of shared principles to help their public and private sector clients design and implement long-term strategies (LTSs) for low-carbon, climate-resilient development, with increased ambition over time.
2. The MDBs¹ have worked together to improve their shared understanding of the nature and role of LTSs in countries' decision-making processes. It is clear that LTSs are central to achieving ambitious long-term national, subnational, sectoral, and global climate goals, and also to guide near-term investment decisions in both the public and private sectors. LTSs lay out a path for countries to decarbonize in a timely manner to keep global warming well below 2°C (while pursuing efforts to limit it to 1.5°C), build climate resilience, avoid costly stranded assets, and facilitate an orderly transition for all sectors of the economy and society. This not only minimizes climate change impacts and vulnerabilities but opens up new opportunities. LTSs should thus be key reference points for countries' climate and development planning and policy reforms, including updates to nationally determined contributions (NDCs).
3. These shared MDB high-level principles may guide each institution in its support to countries in developing, implementing, and monitoring robust, inclusive, and ambitious LTSs:

Principle 1: Lay out a long-term vision for a decarbonized, climate-resilient future, with clear steps in the near and medium term to enable its achievement.

4. An LTS describes a country's long-term strategy for decarbonized, climate-resilient development and lays out the nature and sequence of the physical transformations required to achieve it, including medium- and long-term milestones. The LTS should create a roadmap for policies and institutional and regulatory reforms needed to develop low-carbon, climate-resilient infrastructure, services, natural resource management practices, and industries, and also inform investment decisions. An effective approach to designing an LTS is to start by defining future goals and then working backwards to identify viable pathways to achieve them, in line with feasible and appropriate rates of technological, industrial, and economic transition. This method, known as backcasting, allows economy-wide, subnational, and sectoral climate strategies to be explored in a way that (1) accounts for the contribution of near-term actions to long-term goals, and (2) helps reconcile tensions between long-term ambitions and near-term priorities. Backcasting promotes greater ambition by reframing short- and medium-term targets (such as 2030) as milestones on the path to a 1.5 degree compatible goal. This encourages much-needed transformational investments and reforms. Otherwise, countries may seek to achieve their near- and medium-term targets through actions with the lowest marginal cost (or "quick wins"), which may lead to unintended or harmful effects. They may also continue to invest in assets that will later be stranded or highly vulnerable to climate risks. Linking the LTS with successive NDCs ensures that near-term planning remains consistent with the long-term goal of achieving net zero global emissions by mid-century.

¹ These principles were developed with technical inputs from the African Development Bank (AfDB), Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), Council of Europe Development Bank (CEB), European Bank for Reconstruction and Development (EBRD), European Investment Bank (EIB), Inter-American Development Bank Group (IDBG), Islamic Development Bank (IsDB), New Development Bank (NDB) and World Bank Group (WBG) but do not represent institutional endorsement.

Principle 2: Link climate goals with the Sustainable Development Goals to maximize socioeconomic benefits and support a just transition.

5. An LTS is a climate-informed strategy for development that incorporates broader socioeconomic goals, such as access to basic services, job creation, or resilience to physical and transition impacts. The process of developing an LTS helps countries understand the comparative advantages of different sustainable, equitable, low-carbon, and resilient development pathways and the risks, opportunities, and transition costs inherent in each—so they can choose those that maximize socioeconomic benefits. An LTS should also recognize that, while decarbonization and resilience-building activities will create opportunities and benefits, they may be distributed unevenly across social groups and geographic areas. Consistent with promoting climate resilience, an LTS should identify populations, sectors, and territories that could be adversely affected by decarbonization, and integrate the development actions needed to overcome negative socioeconomic impacts—thus ensuring a just transition to a net zero economy. A just transition calls for a fair distribution of the costs and benefits, with recognition of the close relationships between climate change actions, responses, and impacts, equitable access to sustainable development, and the eradication of poverty.

Principle 3: Set ambitious climate targets consistent with the long-term goals of the Paris Agreement, with clear steps to achieving them, including near- and medium-term milestones.

6. The Paris Agreement aims to limit the global average temperature increase to well below 2°C above pre-industrial levels, and calls for further efforts to limit warming to 1.5°C. It also envisions reaching net zero emissions globally by mid-century. Achieving this will require rapid and far-reaching transformations across economies, including in energy, land use, urban infrastructure and systems (including transport and buildings), and industry. The Paris Agreement recognizes that countries are at different stages of development and have varying capacities, so it provides flexibility in terms of timelines and pathways to low-carbon, resilient development. Still, each country's LTS should take an economy-wide approach that reflects the deep systemic transformations required to achieve net zero, including potential macroeconomic and fiscal reforms to create an enabling environment for climate action and to deliver transformative change, stimulate private sector participation, and promote innovation. It should also set near- and medium-term priorities for achieving long-term objectives. Harmonizing LTSs and NDCs can ensure they are mutually supportive and that the short- and medium-term goals in NDCs are aligned with the country's long-term objectives.

Principle 4: Integrate the adaptation and climate resilience goals of the Paris Agreement.

7. The Paris Agreement seeks to enhance adaptive capacity, strengthen climate resilience, and reduce vulnerability to climate change. The LTS is an appropriate mechanism to integrate country adaptation and resilience strategies, as it takes a long view—out to 2050 or beyond—and considers country conditions across sectors and geographical areas, reflecting their unique adaptation needs. Support to countries should prioritize the development of climate adaptation plans that explicitly account for uncertainties about future climate risks. This means (1) evaluating adaptation approaches across a wide range of plausible climate futures, and environmental and socioeconomic changes, that could unfold; and (2) devising adaptation approaches and identifying investment opportunities that are dynamic and responsive to how conditions evolve. Considering adaptation and resilience together with mitigation can help countries identify minimize potential trade-offs (where mitigation actions may undermine adaptation and resilience, or vice-versa). By doing so, countries can enhance their ability to manage climate risks and inform policy and investment decisions. These adaptation

pathways can include “no regrets” near-term investments and policy changes, as well as appropriate actions to adapt to changing conditions in the medium or longer term.

Principle 5: Cover key sectors and systems to capture their impact, interlinkages, and interdependencies under a range of plausible futures.

8. It is important to understand each sector’s contribution to greenhouse gas emissions and sensitivity to climate change, and consider sectoral strategies, policies, and plans. This helps ensure that the LTS covers all key emitting sectors—including non-CO₂ emission sources, to the extent feasible, given data limitations and other constraints. It is also crucial to explore interlinkages between sectors, such as between the electrification of energy uses and power generation, or between land management, forestry, agricultural production, and water supply, in order to identify trade-offs and potential synergies. When developing long-term strategies for individual sectors, interlinkages between the target sector and other sectors should be considered. Furthermore, an LTS should explore emissions, climate resilience, and socioeconomic development outcomes under a range of plausible futures. The use of multiple scenarios can help decision-makers recognize uncertainties and how they could affect the implementation and success of the LTS. This includes not only climate change, but socioeconomic drivers of growth, technological development, changes in consumer behavior, etc. Understanding the range of future conditions under which a particular strategy could be implemented can help decision-makers identify feasible pathways and build social consensus, and can also inform LTS monitoring and the development of contingencies (see Principle 8).

Principle 6: Ensure country ownership by facilitating the integration of long-term objectives into development planning and budgeting all across the government.

9. LTS development should be a whole-of-government process. It should be guided by a framework that clearly assigns responsibilities, with goals, timeframes, and indicators across government institutions to support LTS implementation, as well as a mechanism to track progress. Along with environment ministries and other institutions that are typically responsible for climate and environmental policy, it is essential to actively involve line ministries such as transport, energy, agriculture, and others, to align the LTS with sectoral priorities and ensure its effective implementation. Ministries of planning and finance will play key roles in integrating the LTS’s long-term goals into development planning and budgeting, translating sectoral priorities into investments, and encouraging private sector participation. LTSs should also identify legislative and regulatory processes, as well as capacity building needs within government institutions, to ensure effective implementation. Subnational and sectoral-level LTS development should similarly involve all relevant subnational and sectoral authorities and ensure strong interlinkages with and contribution to economy-wide strategies and planning.

Principle 7: Develop an inclusive and transparent stakeholder engagement process, including on approaches to a just transition.

10. Consultation and dialogue with stakeholders across all sectors, from the outset of LTS development and throughout its implementation, is essential, to enable timely contributions and achieve better outcomes. An inclusive, transparent process for meaningful stakeholder engagement also enhances understanding of complexities and political sensitivities and helps identify opportunities to maximize benefits and minimize costs. This, in turn, promotes societal buy-in and can support a more just transition. Key stakeholders may include government entities responsible for the design and

implementation of the LTS, including ministries, subnational and regional governments, and non-governmental stakeholders, such as civil society organizations, trade unions, academia and research institutions, communities that are likely to be affected by the LTS, and the private sector, including sectoral associations, firms, utilities, financiers, and investors. Countries should consider establishing or strengthening existing institutional structures for LTS development, ensuring that those entities have clear roles and responsibilities, political and budgetary support, and processes to encourage inclusive and transparent stakeholder engagement.

Principle 8: Ensure that there is appropriate institutional capacity to implement, monitor and update the LTS.

11. Countries face different transition challenges and have different government structures, institutional arrangements, and technical, financial, and human resources. LTSs should reflect such differences and indicate the level of additional support needed in the context of international cooperation. It is also important that LTSs identify indicators for monitoring progress of their implementation, which should be integrated into national and sectoral monitoring and evaluation systems. Gaps in institutional and technical capacities need to be addressed, with concrete plans to invest in training, data-gathering, reporting, and management systems. Institutional and technical capacity must also be adequate to support regular updates of an LTS to maintain its relevance. Furthermore, the five-year NDC cycle should be utilized as an input to review, socialize, and update an LTS where needed. LTS revisions can be informed by up-to-date inputs such as available new data (e.g., considering evolving costs and the availability of new technologies), new scientific insights, changing socioeconomic trends, and evaluations of NDC implementation. This, in turn, ensures that the assumptions and objectives that underpin the LTS remain relevant and strategic.