



Islamic Development Bank

Statement by

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Your Excellencies
Distinguished Guests
Ladies and Gentlemen

I would like to thank the Government of the Kingdom of Morocco, its people, and the UNFCCC for organizing the COP22 in this beautiful city of Marrakech in Morocco. Indeed, it is a great honor and privilege for me to address this august gathering on behalf of the Islamic Development Bank Group.

Climate change is a global risk that knows no bound. It is a game changer that threatens our survival and sustainability. The risk is so great that it could reverse the progress made over the years to tackle the most pressing development challenges of our time --- poverty, inequality, diseases, conflicts, and youth unemployment which are increasingly becoming perilous to many economies worldwide.

November 4 will be remembered as a defining moment when the landmark 2015 Paris Climate Agreement came into full force with a record number of countries having ratified it. Perhaps this will be the first time in history that an internationally legally binding treaty became effective in less than a year. In this context, I would like to thank all countries that contributed to this epoch-making achievement.

The agreement has galvanized support and commitments from both the developed and developing countries on the future of our planet – this is evident in the number of countries that announced their emission reduction targets. It has also demonstrated that we need differentiated monetary and non-monetary incentives to reduce human-induced greenhouse gas emissions. The onus of implementing the agreement lies with stakeholders who need to fulfil their obligations as quickly as possible in order to address the urgency posed by the climate change challenge. The urgency is nowhere apparent than in the steady rise in global temperature which is warming our planet disproportionately. The latest scientific report is worrisome; it shows that the warmest months in history were in the first half of 2016.

Against this backdrop, it is important to renew and strengthen our spirit of cooperation and chart an inclusive pathway for effective and timely implementation of the Agreement. Concerted actions are required at country and global levels to scale up investments for climate-resilient activities; develop innovative smart-solutions to fight climate change; leverage more resources from various sources; catalyze capacity development to address skills gap, technology transfer, and knowledge sharing to support the least developed countries;

“greening” our financing, and encourage transition into green economy for countries that wish to do so.

As an international financial institution, the IsDB Group has always supported environmental protection and by extension addressing climate change through financing mitigation and adaptation projects in our member countries. We make special provision for environmental protection in all our project documents as well as launched a Renewable Energy for Poverty Reduction Program in 2014 to tackle energy challenges in member countries. Recently we adopted a new Energy Policy, which call for more investment in renewable energy and energy efficiency projects.

Going forward, in post-COP22 era, we plan to deepen our involvement in climate change activities by enhancing our catalytic role through helping member countries to translate their emission reduction targets into actions. It is our hope that countries will gradually incorporate the actions into their national development plans and in so doing make climate change a focused area that deserves an annual budget. We are increasing our financing for member countries to build climate resilience with a focus on mitigation and adaptation to climate shocks. In 2016 alone, for instance, our investments in climate mitigation projects in member countries accounted for more than 16 percent of our ordinary capital resources. Our intervention in adaptation projects since inception stood at 11 percent of the total approvals for agriculture and rural development sector amounting to \$9.7 billion. We are planning to allocate more funds to climate change activities in the coming years.

Our private sector institutions within the Bank Group are active in climate financing. We plan to leverage their capital and those of others to provide additional resources for member countries to tackle the impact of climate change on their economies. This resource leveraging will be complemented by the Bank’s tripartite economic cooperation initiative – the Reverse Linkage program– which is an important tool for supporting soft components of climate change. We shall facilitate and link countries that have developed expertise in certain aspects of climate change with those that are in need of developing their capacities.

We are also strengthening our strategic partnership to mobilize investments for adaptation of agriculture to climate change. Very recently, the Bank set up in 2015 a US\$2.5 billion *Lives and Livelihood Fund (LLF)* through partnership with the Bill and Melinda Gates Foundation, and other donors from the Gulf Cooperation Countries -- Saudi Arabia, Qatar, and the United Arab Emirates. Part of the Fund is earmarked for investment in agriculture in member countries, with

emphasis on scaling up interventions that can increase productivity and resilience of crops and livestock to climate change and climate variability.

Islamic finance is gaining traction worldwide in recent years due to its modus operandi that are increasingly appealing to socially responsible investors -- namely its risk-sharing principle and the requirement that financial transactions be linked to the real economy. Its various instruments including sukuk (Islamic bond) can be adapted in the form of green sukuk to mobilize additional resources. We believe that green sukuk can unlock billions of dollars that could help fill the financing gaps for climate change. Because of immense demand for resources to finance 2030 Agenda for Sustainable Development and climate change activities in member countries, Islamic finance presents alternative and complementary option that can be explored to mobilize the required resources.

In conclusion, as we now live in an era of climate change reality, we can bend the arc of history towards safer and protected planet if all hands are on deck. I call on every stakeholder to rise to the challenge of climate change by turning pledges and commitments into actions. Together we can make our planet safer and better for future generations.

Thank you for your kind attention.