

FIVE VOLUNTARY PRINCIPLES FOR MAINSTREAMING CLIMATE ACTION WITHIN FINANCIAL INSTITUTIONS ("MAINSTREAMING PRINCIPLES" INITIATIVE)

NEXT STEPS

Background

Signing up to the five voluntary *Principles for Mainstreaming Climate Action within Financial Institutions* ("Mainstreaming Principles") is a statement of leadership on climate relevant financing. Beyond the statement, the Mainstreaming Principles aim to provide an opportunity for financial institutions to learn from each other, ensure lessons-learned around good practice are disseminated and support the development of new approaches. Also, the Principles can facilitate exchanges between interested Supporting Institutions already applying or wanting to apply harmonized approaches (e.g. on climate finance tracking), to facilitate the further integration of climate change considerations within their activities.

The existence of several regional and international climate and green finance related knowledge and learning platforms, as well as the development of harmonized approaches over recent years demonstrates the value of such knowledge sharing and cooperation. Knowledge exchange platforms are crucial to facilitate peer-to-peer engagement around the practicalities of successful approaches.. However, such learning and knowledge-sharing has until recently tended to be fairly discreet, often focused on specific issues amongst similar types of organizations.

The Financial Institution Climate Finance Mainstreaming Initiative has thus far delivered the *Five Voluntary Principles for Mainstreaming Climate Action within Financial Institutions* (the "Principles"), and the *Emerging Practices Paper* which illustrate through case studies the varying ways in which financial institutions implement practical approaches to mainstream climate finance within their strategies, activities and operations.

The key to success for this process is to be inclusive, ensuring in particular representation and input from as wide a range of relevant financial institutions as possible, including private financial institutions, and development financial institutions.

To date, 25 financial institutions have become "Supporting Institutions" of the Principles. A "Supporting Institution" is a financial institution whose management has publically confirmed their support for the Principles, and is interested in participating (on a voluntary basis) in the ongoing knowledge sharing and development of emerging operational approaches and practices linked to the Principles.

Next Steps

Following the launch of the Principles and the Emerging Practices Paper on the 7th December, 2015, Supporting Institutions will be convened to discuss the initial priorities and potential work plan of the Principles.

A “Planning Group” will be formed consisting of voluntary Supporting Institutions. The Planning Group will have no more than:

- [1, 2] Multilateral Development Banks
- [1] Financial Institutions from the IDFC from a Developed Country
- [1] Financial Institutions from the IDFC from a Developing Country
- [2, 3] Private Sector Financial Institutions (e.g. commercial banks, investment banks, project finance banks)
- [1, 2] Investor or Pension Fund representative

The Planning Group will develop *a proposal for the future work under the Initiative*, including (among others) the following items:

- **Knowledge Sharing objectives, work plans and needs related to the overall Initiative and each of the Principles:** The Planning Group will identify opportunities for knowledge sharing and process that will best help Supporting Institutions share and learn from each other, particularly around experiences and emerging practices in implementing the five Principles. Some examples for knowledge sharing may include: innovative structures or programs, factors that affect success, and processes to mainstream climate related initiatives and/or develop new approaches.
- **Initial Administrative Structure:** The group will identify an initial administrative structure that will help move the discussions and work plans forward, including:
 - Arrangements relating to the Planning Group and the continuation of its function and work.
 - Mechanisms by which the entire group of Supporting Institutions can engage and review the organization of the work, review the outputs of the Initiative, and provide input/oversight.
 - Items relating to cost and support for knowledge sharing and other outputs of the Initiative.

The Planning Group will present a knowledge sharing work plan proposal for 2016 to the entire group of Supporting Institutions as early as possible. The Planning Group will present its proposal for initial administrative structure for consideration no later than March 11, 2016.