

Principle 5 work stream 3: Alignment of strategies of financial institutions with Paris goals

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Climate alignment: as of today there a large number of commitments

ABP targets climate neutral investme Collective Commitment to Climate Action We, 36 Signatory Banks of the Principles for Responsible Banking, representing over trillion in assets, make the following Collective Commitment on Climate: Large Dutch pension fund to make deeper cuts to its coal and tar sands portfolio by 2050 Spanish fortunish on their haloner short - Spanish Danks agree to reduce sheets carbon footprint on their balance sheets

Laivur with the Paris Agreement in line with the Fifty financial institutions sign Dutch climate goal agreement



The beauty of commitments...

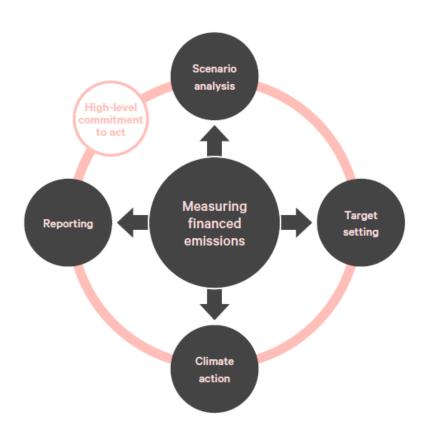
- Legislation helps to set minimum standard, commitments raise the bar
- Means for exchange of knowledge between financial institutions (helps everyone to move forward)
- Sense of peer pressure (wanting to be best in class)
- Possibility for public-private cooperation (identify barriers to finance, develop climate impact methods, incorporation in national climate plans)



What do these commitments entail?

- General commitment to act
- Target setting (preferably the Paris goals)
- Climate impact reporting and measuring (of carbon impact/Paris alignment)
- Climate action (e.g. divestment in coal)
- Scenario analysis

 They differ in terms of gov't involvement, or public monitoring e.g. through links with national climate plans.





Despite advantages, challenges remain...

- Many different commitments with very different contents...
- Comparability is difficult as methods and metrics for measuring progress are not aligned (what is Paris alignment?)
- Is there sufficient monitoring?
- How to move from commitments to ambitious action?
- Given that commitments can be essential in reaching Paris goals, what is the role of MoF?



Proposed follow-up by coalition under P5 WS3

Stock-take to explore the role that MoFs can play:

- Stock-taking current climate action commitments within Members jurisdictions (for instance in the context of national climate plans)
- Identify best practices within these commitments
- Stock-take of methods and metrics that are being used under these commitments

With the purpose of encouraging:

- ambitious climate commitments in all Member states
- Getting overview of different commitments and increase comparability by further aligning methods and metrics for measuring climate impact



Questions for discussion

- Do Members see a role for MoF and the Coalition in encouraging (operationalization) of such commitments e.g. by embedding commitments in national climate plans?
- Do Members see need for further work on aligning available methods and metrics for Paris alignment?
- Do Members agree that a stocktaking exercise would be useful to monitor developments and would be a first stepping stone on which further work can be build?



Questions?

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