



Accelerating Green BRI Investments

Alignment and Implementation of the Green Development Guidance for BRI Projects (GDG) and the Green Investment Principles for the Belt and Road (GIP)



Table of Contents

4	Executive Summary
6	Introduction: The Green Development Guidance and Green Investment Principles for the Belt and Road Initiative
7	Comparative assessment of the GDG and the GIP
7	Overview of the GDG and the GIP
9	Similarities and Overlaps of the two frameworks
9	Complementarity of the two frameworks
11	Implementation of the GDG and the GIP
11	Implementation of the Green Development Guidance
12	Implementation of the Green Investment Principles
15	Recommendations for Collaboration between the GDG and the GIP

List of Tables & Figures

7	Table 1. Comparison of Green Development Guidance (GDG) and Green Investment Principles (GIP) for greening finance in the Belt and Road Initiative (BRI)
10	Table 2: Different Approaches of the GDG and the GIP
12	Figure 1: Evaluation process according to the Implementation Guide for the Green Development Guidance
13	Figure 2: Potential decision-making process for Green BRI Guidance implementation (project approval)
14	Figure 3: Themes and Sub-themes for Performance Evaluation from the GIP annual report

Accelerating Green BRI Investments: Alignment and Implementation of the Green Development Guidance for BRI Projects (GDG) and the Green Investment Principles for the Belt and Road (GIP)

January 18, 2022, Beijing

Authors:

Christoph NEDOPII WANG, Director Green Finance & Development Center, Associate Professor Fudan University

Cheng Lin, Secretariat of the Green Investment Principles for the Belt and Road Initiative

Chen Yunhan, Secretariat of the Green Investment Principles for the Belt and Road Initiative

Li Panwen, Senior Programme Manager, BRIGC Secretariat

Fan Danting, Green Finance and Climate Lawyer, China Office, ClientEarth

Advisors:

Ma Jun, Advisor of the BRIGC Advisory Committee, Chairman of Green Finance Committee of China Society of Finance and Banking, President of Beijing Institute of Finance and Sustainability

Li Yonghong, Deputy Director General, Foreign Environmental Cooperation Center (FECO), MEE

Dimitri de Boer, Chief Representative, China Office, ClientEarth

Executive Summary

Finance is a key lever to greening the Belt and Road Initiative (BRI). In his keynote speech at the Boao Forum for Asia Annual Conference 2021, President Xi Jinping stated to strengthen cooperation on green infrastructure, green energy and green finance, and improve the BRI International Green Development Coalition (BRIGC), the Green Investment Principles for the Belt and Road (GIP), and other multilateral cooperation platforms to make green a defining feature of Belt and Road cooperation.

Since 2013, Chinese and foreign partners have been actively exploring through policy release, joint research, dialogue and exchange, and capacity building to promote the development of green finance, strengthen the BRI ecological and environmental risk prevention and management, further improve the green investment and financing system, and continuously improve the ecological and environmental risk management level of foreign investment projects. Two most important pillars in this regard are the Green Development Guidance for BRI projects (Green Development Guidance, GDG), published by the Belt and Road Initiative International Green Development Coalition (BRIGC), and the sector-led Green Investment Principles for the Belt and Road (Green Investment Principles, GIP), jointly published by the China Green Finance Committee and the City of London.

This short report compares these two initiatives and makes recommendations regarding their further alignment and implementation. It draws on two training workshops on BRI green finance, and two harmonization workshops on synergizing GDG and GIP, held over the course of 2021. These were co-hosted by BRIGC, the Beijing Institute of Finance and Sustainability, and ClientEarth with support by the Green Finance & Development Center at FISF Fudan University, as part of a project funded by UK PACT.

The comparison finds that both frameworks are highly compatible and provide financial institutions, developers, relevant authorities in China and in the BRI countries with important tools to accelerate green finance and reduce environmental risks. Both frameworks were developed through international consultation.

The Green Development Guidance was officially launched by the BRI International Green Development Coalition (BRIGC) in 2019. GDG proposed “1 project classification mechanism” and “9 recommendations” (the “1+9” recommendations) to accelerate the green development of BRI and reduce the potential adverse impact of BRI projects. Focusing on the impact of projects on environmental pollution, biodiversity conservation and climate change, the study has made a preliminary positive and negative list of projects, provided application manuals for enterprises and financial institutions as well as a green development guide for the railway and highway infrastructure sectors, and provided green solutions for BRI participating countries and projects. The research outcomes have underpinned new government-issued guidelines on overseas finance and cooperation.¹

¹ Including the Green Development Guidelines for Overseas Investment and Cooperation jointly issued by MOFCOM and MEE in July 2021, and the Guidance for Ecological and Environmental Protection of Foreign Investment Cooperation and Construction Projects jointly issued by MEE and MOFCOM in January 2022.

The Green Investment Principles is an industry-led initiative with 41 signatories and 13 supporting institutes (by December 2021) committing to strengthening green and low-carbon investments in BRI countries and regions, who provide voluntary reporting on implementation for their operations and investments along the Belt and Road. It is supported and implemented through a secretariat and member-led working groups. These working groups have developed free tools and products for environmental and climate risk assessment, environmental information disclosure and green financial product innovation. An initial green project database has also been developed by the GIP Secretariat to provide access to more investment opportunities along the Belt and Road.

For the further alignment and implementation of both initiatives, the following recommendations are made, including: further deepen information sharing with partners to make relevant resources more widely available; enhance communication among environmental regulators, financial regulators and financial institutions; carry out specific cooperation on the definition of green/brown assets, project environmental risk assessment, industry guidelines, green project database, etc.; jointly develop more practical information disclosure and public participation tools; also, capacity building with financial institutions and project developers, as well as with relevant authorities in BRI countries should be facilitated to share experiences in environmental risk management and accelerate green finance.



Introduction: The Green Development Guidance and Green Investment Principles for the Belt and Road Initiative

Promoting post-pandemic green recovery and low-carbon sustainable development has become an international consensus, with concerted actions. However, in the process of green and low-carbon transition, insufficient green investment and financing is a challenge faced by most countries. Scaling green finance and investments in the countries of the Belt and Road Initiative (BRI) requires collective efforts from stakeholders such as government departments, financial institutions and enterprises to promote green standards, principles and best practices. Over the past years, relevant Chinese regulators have provided numerous policy documents guiding financial institutions and enterprises to green their BRI engagement. In addition to regulators, also associations and individual financial institutions have established both public and non-public frameworks on greening their investments in the region.

Two organizations working on greening finance have been explicitly mentioned by China's President Xi at the Boao Forum for Asia Annual Conference in April 2021 and in the Initiative for Green BRI Partnership signed by 29 country representatives in June 2021: the BRI International Green Development Coalition (BRIGC) and the Green Investment Principles (GIP).

The **BRIGC** was established at the Second Belt and Road Forum for International Cooperation in 2019 with its secretariat in the Foreign Environmental Cooperation Center, Ministry of Ecology and Environment (MEE). BRIGC aims to establish a policy dialogue and communication platform, an environmental knowledge and information platform, and a green technology exchange and transfer platform, so as to advance global consensus, understanding, cooperation, and action of a green BRI. To green finance and investments in the BRI,

- ▷ the BRIGC has developed and issued the **Green Development Guidance for BRI Projects Baseline Study (GDG)**² with 9 recommendations and 1 green light system in December 2020;
- ▷ In October 2021, the BRIGC released the **Application Guide for Enterprises and Financial Institutions**³ and **Guide for Railways and Highways Infrastructure Sectors**⁴ for the GDG.

The **GIP** was launched as a voluntary set of principles to accelerate green investments in the BRI region by the Green Finance Committee of China Society for Finance and Banking and the City of London's Green Finance Initiative in London at the 3rd meeting of the UK-China Green Finance Taskforce in November 2018. 7 principles in total are included in GIP. By December 2021, the GIP had 41 signatories and 13 supporters from 15 countries and regions around the world. It had also opened its first local chapter in Astana, Kazakhstan in 2021.

This note provides a short comparative assessment of the two frameworks, as well as develops suggestions for the further alignment and consistent implementation of the two frameworks. It finds that both frameworks are complementary and mostly harmonized. Both frameworks—the GIP and the GDG—share a similar objective: to drive greening finance and investment in the BRI. The GIP addresses financial institutions for voluntary engagement in green finance and risk management, while the GDG addresses (1) financial institutions, (2) developers/enterprises and (3) regulators by providing more detailed project evaluation, financing and management guidance based on China's and international best practices. Both frameworks are in need of further improvement and development, but overall are aligned in providing relevant tools for greening finance in the Belt and Road Initiative.

2 http://en.brigc.net/Reports/research_subject/202011/t20201125_102839.html

3 http://en.brigc.net/Reports/Report_Download/2021/202110/P020211025599678005345.pdf

4 http://en.brigc.net/Reports/Report_Download/2021/202110/P020211025599530110826.pdf

Comparative assessment of the GDG and the GIP

Overview of the GDG and the GIP

The Green Development Guidance and the Green Investment Principles share a similar goal of greening finance and investments in the BRI. The following Table 1 provides an overview of the two frameworks.



Table 1. Comparison of Green Development Guidance (GDG) and Green Investment Principles (GIP) for greening finance in the Belt and Road Initiative (BRI)

	Green Development Guidance (GDG)	Green Investment Principles (GIP)
Issuer	BRI International Green Development Coalition (BRIGC)	Green Finance Committee of China Society for Finance and Banking, the City of London's Green Finance Initiative (now UK-China Green Finance Center)
Supporters/ Institutions of the Advisors	<ul style="list-style-type: none"> Foreign Environmental Cooperation Center, Ministry of Ecology and Environment (MEE) China Banking and Insurance Regulatory Commission (CBIRC) BRI Construction Promotion Center, National Development and Reform Commission (NDRC) World Resources Institute (WRI) Children Investment Fund Foundation (CIFF) ClientEarth Habib Bank Limited, Pakistan Asian Infrastructure and Investment Bank (AIIB) World Wildlife Fund (WWF) 	<ul style="list-style-type: none"> People's Bank of China (PBOC) UK Treasury Belt and Road Bankers' Roundtable (BRBR) Principles for Responsible Investment (PRI) World Economic Forum (WEF) International Finance Corporation (IFC) Paulson Institute
Target Group(s)	<ul style="list-style-type: none"> Financial institutions Project developers/enterprises Relevant Chinese regulators Relevant host-country regulators 	<ul style="list-style-type: none"> Financial institutions Large corporates investing in the region
Target activity	<ul style="list-style-type: none"> Project finance and investment Whole lifecycle eco-environmental and climate management 	<ul style="list-style-type: none"> Finance and investment
Content	<p>1 Green Light System for environmental evaluation (biodiversity, climate, pollution) of projects and classification in "green"(encouraged projects), "yellow"(environmentally neutral projects with moderate impacts), "red"(projects requiring stricter supervision and regulation) with extended project list, and proposed the positive and negative lists of projects.</p> <p>9 recommendations</p> <ul style="list-style-type: none"> 1. Address all project phases for green overseas practices 2. Provide exclusion list for environmental protection 3. Environmental impact assessment (EIA) requirements specifications 4. Differentiated conditions (finance, approval) stipulations 5. Environmental and Social Management System (ESMS) stipulations 6. Grievance redress mechanism 7. Covenants 8. Public environmental reporting 9. International cooperation 	<p>7 principles</p> <ul style="list-style-type: none"> 1. Embedding sustainability into corporate governance 2. Understanding environmental, social and governance (ESG) risks 3. Disclosing environmental information 4. Enhancing communication with stakeholders 5. Utilizing green financial instruments 6. Adopting green supply chain management 7. Building capacity through collective action

Level of detail	<ul style="list-style-type: none"> • Detailed description of project classification • Detailed description of project phases • Detailed implementation guide for financial institutions • Detailed implementation guide for developers • Sector guidances/green solutions 	<ul style="list-style-type: none"> • High level principles
Active Signatories	n/a	41 signatories and 13 supporters
State of application (January 2022)	<p>The Green Overseas Investment and Cooperation Guidelines (July 2021) issued by Ministry of Commerce (MOFCOM) and MEE, as well as the Guidelines for Ecological Environmental Protection of Foreign Investment and Cooperation (January 2022) issued by MEE and MOFCOM are congruent with many of the recommendations of the Green Development Guidance; 29 senior government representatives recognized the work of the BRIGC by signing on to the Initiative for Belt and Road Partnership on Green Development in June 2021;</p> <p>More than 5 working meetings and capacity building activities with financial institutions and regulatory stakeholders;</p> <p>Implementation Guide for Green Development Guidance for financial institutions and project developers published by BRIGC in October 2021;</p> <p>Sector Guidelines for transportation infrastructure industry issued by BRIGC in October 2021.</p>	<p>Under implementation;</p> <p>Created three working groups and a Secretariat with two offices (Beijing and London);</p> <p>Hosted series of capacity building activities;</p> <p>Developed tools and methods for environmental risk assessment (ERA) and green project database;</p> <p>Developed website for information and access to practical tools and reports;</p> <p>Launched one regional chapter in Kazakhstan for Central Asia (planning for more in the next few years);</p> <p>Published 2 annual reports and held annual meetings.</p>
Further development	<p>Providing sector-specific guidances, particularly for high-risk and for green-opportunity sectors;</p> <p>Constantly improve taxonomy and include new projects in the "green", "yellow", "red" and "excluded" categories;</p> <p>Further specifications and strengthening of legal, non-legal requirements and guidances;</p> <p>Further work on capacity building activities with local and BRI regulators, financial institutions and corporations;</p> <p>Pilot activities with major BRI country;</p> <p>Create awareness among policymakers and financial partners across the world.</p>	<p>Further work on incentivizing membership and building capacity;</p> <p>Creating more regional chapters;</p> <p>Developing more tools and methods for ERA and green investments;</p> <p>Improving the existing green project database;</p> <p>Exploring possibility of creating or promoting regional green standards, such as the China-EU Common Ground Taxonomy on green and sustainable finance;</p> <p>Updating the Principles in accordance with the new international trends.</p>



Similarities and Overlaps of the two frameworks

As both frameworks address financial sector and to some extent project developers/enterprises, major similarities and overlaps between the two frameworks can be identified:

- ▷ Focus on green and sustainable financing and investment in the BRI
- ▷ Focus on environmental and climate risks
 - GIP Principle 2: Understanding environmental, social and governance (ESG) risks
 - GDG Recommendation 3: Environmental impact assessment
 - GDG Recommendation 5: Environmental and Social Risk Management System (ESMS)
- ▷ Environmental information disclosure
 - GIP Principle 3: Disclosing environmental information
 - GDG Recommendation 8: Public environmental reporting
- ▷ Integration of stakeholders in project development and (partly) in implementation
 - GIP Principle 4: Institute stakeholder information sharing mechanism and conflict resolution mechanism to enhance communication
 - GDG Recommendation 3: Public participation in environmental impact assessment
 - GDG Recommendation 6: Grievance redress mechanism

Complementarity of the two frameworks

While many overlaps exist between the frameworks, some elements of the frameworks focus on different approaches, and can be seen as complimentary (see also Table 2):

- ▷ 1. The frameworks encourage the integration of green finance on both an organization level (GIP Principle 1) and on a project timeline level (GDG Recommendation 1):
 - GIP Principle 1 encourages to incorporate sustainability into the overall corporate governance of the financial institutions, and thus to address sustainability (environment, social) from a board's perspective throughout the whole company.
 - GDG Recommendation 1 stipulates that green project finance requires to address all project phases – from initiation to evaluation, from construction to operation and reporting (and decommissioning).
- ▷ 2. The frameworks encourage accelerating green finance utilization, yet on different aspects:
 - GIP Principle 5 encourages the use of green financial instruments, including green insurance, green funds, green bonds.
 - GDG Recommendation 4 stipulates the acceleration of green finance by providing better financing and approval conditions for green projects.
- ▷ 3. The GIP encourages the adoption of green supply chain management (Principle 6).
- ▷ 4. The GIP encourages capacity building (Principle 7).
- ▷ 5. The GDG stipulates the application of covenants to ensure the power of financial institutions over projects to apply environmental risk management (Recommendation 7).
- ▷ 6. The GDG provides clear evaluation criteria for "green", "yellow" and "red" projects.
- ▷ 7. The GDG provides a list of projects falling into the different categories according to its environmental impacts.
- ▷ 8. The GDG provides a list of tools and safeguards to help financial institutions and enterprises to improve environmental outcomes of projects through better project management.

Table 2. Different Approaches of the GDG and the GIP

Phase	Specification	GDG	GIP
Core of all activities	Sustainability as part of corporate governance		GIP 1
	Green project management along whole project lifecycle	GDG 1	
Project evaluation	Exclusion of projects for environmental reasons	GDG 2	
	Classification of project's environmental performance	Green Light System	
	Evaluation of project's environmental and climate impact, including stakeholder consultation	GDG 3	GIP 4
Financing	Preference for green finance	GDG 4 (stipulating better conditions for green projects)	GIP 5
Operation	Environmental and social risk management	GDG 5	
	Grievance mechanism	GDG 6	GIP 4
	Covenants	GDG 7	
Reporting	Reporting of environmental performance	GDG 8	GIP 3
Supply chain management	Supply chain management		GIP 6
Cooperation	International cooperation	GDG 9	
	Capacity building		GIP 7



Implementation of the GDG and the GIP

Implementation of the Green Development Guidance

The GDG provides both a relevant framework for evaluating the environmental (and climate) contribution and environmental (and climate) risks of projects, for project management and guidance for reporting with a focus on Chinese-led investments that are encouraged to include international financial and development partners. The GDG provides guidance for Chinese and international partners engaged in financing overseas projects in BRI countries.

Accordingly, some parts of the GDG should be applied by Chinese and international partners, such as regulators, financial institutions and corporations (e.g. on project categorization, grievance, covenants, reporting). Furthermore, the GDG also provides a conceptual framework to include relevant Chinese regulators to guide, approve and oversee greening of the BRI, where National Development and Reform Commission (NDRC), Ministry of Commerce (MOFCOM), State-owned Assets Supervision and Administration Commission of the State Council (SASAC), and State Administration of Foreign Exchange (SAFE) will play different roles to jointly ensure the development of BRI projects. Currently, MOFCOM and MEE provided an updated environmental guidelines for overseas investments in July 2021, and has further updated its 2013 green overseas investment guidance in January 2022. Both documents put forward higher requirements for the prevention of ecological and environmental risks and environmental standards for overseas projects.

Furthermore, the GDG issued an implementation guide for project developers and financial institutions in October 2021, as well as a sector guidance for transport infrastructure investments. Based on practical needs, the application manual provides operation guidelines and application tools for enterprises, financial institutions and other stakeholders involved in the BRI development to implement the recommendations of the GDG and carry out project classification and management. It also designs and proposes an action roadmap for accelerating the development

of green projects and phase out red projects in line with the 9 recommendations.

In order to further implement the GDG with its 9 recommendations and the traffic light system in a holistic way, competent ministries and authorities could support by considering the following steps:

- ▷ Extend and apply project categorization and taxonomy including concept and adaptation (e.g. authorities for commerce cooperation, environmental management and financial regulatory); for international cooperation projects, this taxonomy can be harmonized with the harmonized China-EU Common Ground Taxonomy.
- ▷ Ensure project self-evaluation by project initiator is correct (e.g. authorities for commerce cooperation and environmental management) in order to minimize “green-washing” of projects and hold project owners accountable.
- ▷ Ensure EIA is sufficient (e.g. authorities for environmental management) according to the *Green Overseas Investment and Cooperation Guidelines and Guidance for Ecological and Environmental Protection of Foreign Investment Cooperation and Construction Projects* (i.e. stricter EIA requirements in countries with weaker institutional environments and for high-risk projects; encourage enterprises to carry out environmental impact assessments and due diligence on foreign investment projects in accordance with internationally accepted standards).
- ▷ Provide preferential conditions for “green”, and “red-green” projects (e.g. authorities for finance, export credit, and financial regulatory, financial institutions).
- ▷ Ensure reporting of Chinese financial institutions include environmental reporting (e.g. authorities for financial regulatory) - international financial institutions often comply with international standards, such as TCFD, Equator Principles.
- ▷ Develop practical guidances and handbooks for financial institutions and project developers on how to conduct effective environmental information disclosure and public participation.

Figure 1. Evaluation process according to the Implementation Guide for the Green Development Guidance

Self-evaluation Results	Project Classification	Lifecycle oversight	Exclusion of harmful projects	Environment Impact Assessment	Differentiated management	ESMS	Grievance Redress	Covenant	Reporting and disclosure	International Cooperation	
●			<ul style="list-style-type: none"> Provide exclusion list of projects whose environmental risks are not acceptable 	<ul style="list-style-type: none"> Require independent and publicly available EIAs based on international and/or Chinese standards 	<ul style="list-style-type: none"> Worse financing conditions for "red" projects 			<ul style="list-style-type: none"> Use Covenants Take relevant measures, in extreme cases declare bankruptcy of the project, to rectify mismanagement 	<ul style="list-style-type: none"> Strict (frequent and standardized and detailed) report on KPIs or environmental impact data 	<ul style="list-style-type: none"> Environmental information sharing to support global data repositories on climate and biodiversity Participate in global cooperation initiatives Take active role in setting global standards on green project financing 	
●	<ul style="list-style-type: none"> Provide Incentives for Self-Evaluation 	<ul style="list-style-type: none"> Internal setup to apply green development guidance throughout project cycle 				<ul style="list-style-type: none"> Require regular reporting from the ESMS 	<ul style="list-style-type: none"> Establish a transparent and easy-to-access grievance mechanism 				
●	<ul style="list-style-type: none"> Evaluate and Verify Client's Self-Evaluation Match Project Classification to Differentiated Management 				<ul style="list-style-type: none"> Better financing conditions for "red/green" projects 		<ul style="list-style-type: none"> Set a goal to respond to received complaints through its grievance mechanism 				
●											
●										<ul style="list-style-type: none"> Relatively relaxed reporting requirement 	
●						<ul style="list-style-type: none"> Better financing conditions for "green" projects 					

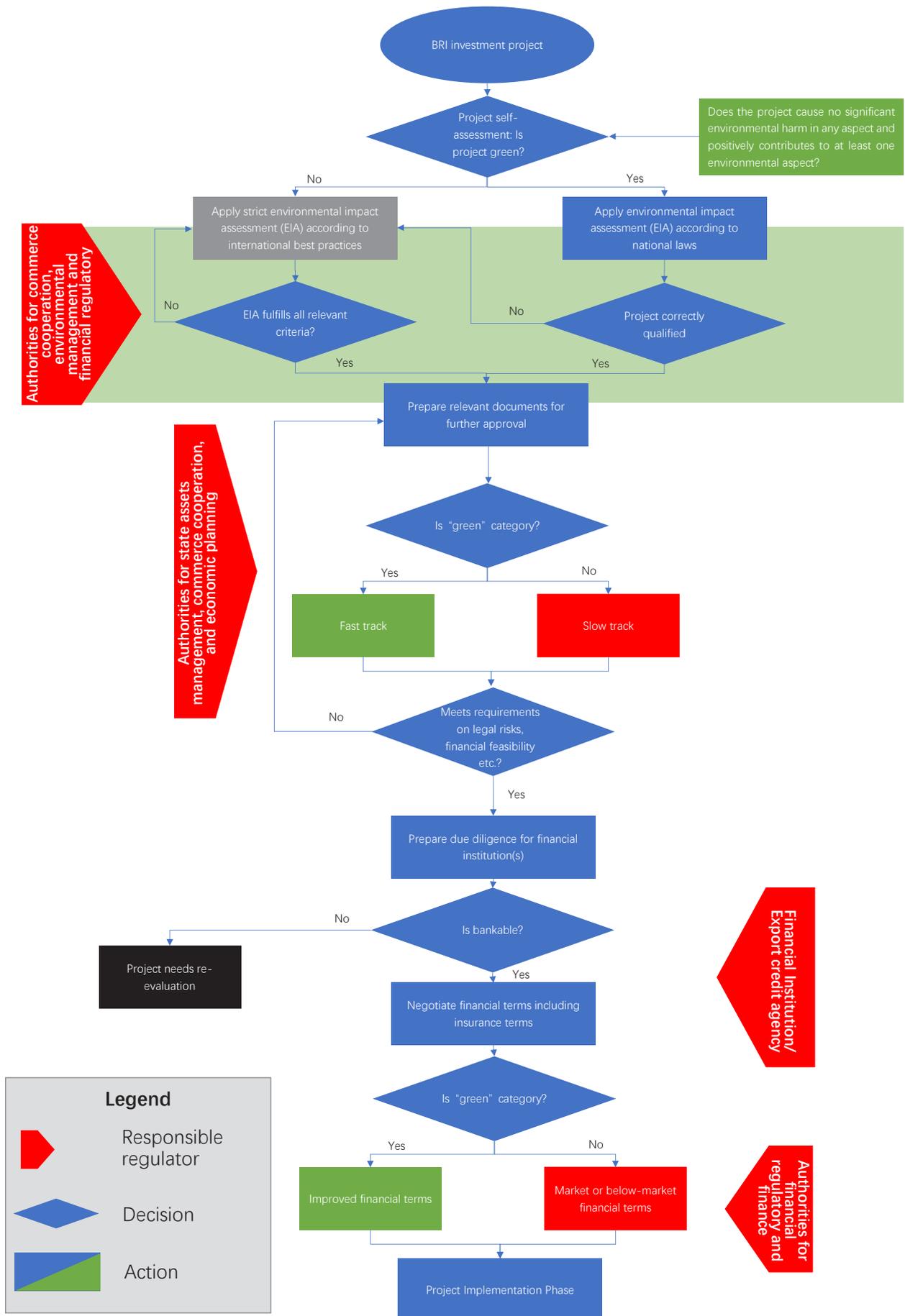
The conceptual process for the implementation of the GDG with the relevant authorities is drafted in Figure 2. This process can include both Chinese and international financial institutions and project developers, particularly for larger overseas investments.

Implementation of the Green Investment Principles

The implementation of the GIP by signatories is facilitated by capacity building and tracked by the annual progress report of the GIP Secretariat. The high-level nature of the principles provides certain flexibility in implementation, allowing financial institutions to freely adopt common standards, whether those are international or national, mandatory or voluntary, in different institutional contexts. It is further supplemented with tools and casebooks developed by the member-led working groups that consolidate existing methodologies and practices.

The annual progress reporting, mandated by the governance structure, is led by the GIP Secretariat, during which a detailed survey will be distributed to all members, covering the four themes of GIP implementation: governance and strategy, risk assessment and management, corporate and investment footprint, and disclosure and engagement. Questions summarizing common practices of financial institutions are grouped under different subthemes and themes, where members can choose the extent of implementation and further elaborate with supplemental materials. The evaluation for each member institution is thus based on their quantitative and qualitative answers: the more comprehensive and explicit their sustainability-related mechanisms and processes are, the higher they will be scored.

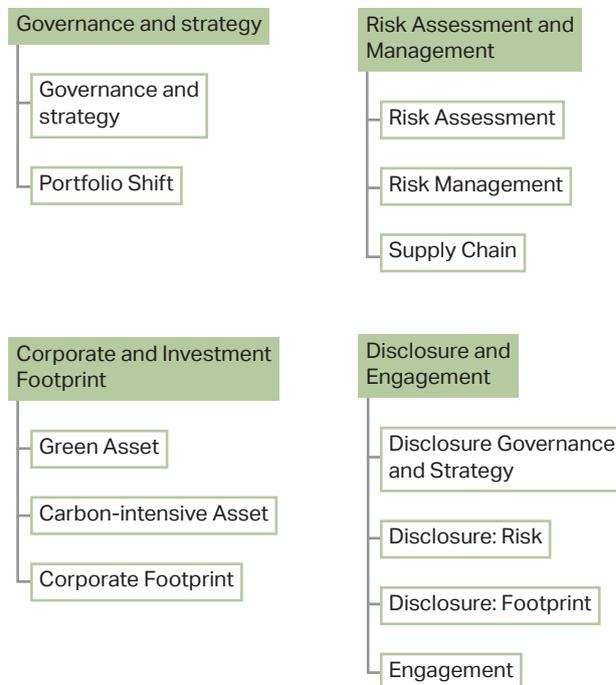
Figure 2. Potential decision-making process for Green Development Guidance implementation (project approval)



The annual report maps out the overall landscape of how member institutions are performing in terms of these subthemes and identifies progress made compared to the previous year, as well as challenges to be tackled in the coming years. The 2021 report⁵ shows improvements compared to the performance of the previous year. Signatories are gradually moving towards more advanced stages of performance:

- ▷ Governance and strategy: signatories have made major progress as increasing numbers of banks are building up structures and procedures for the oversight of climate and environment related issues at board and senior management level, while demonstrating higher levels of climate ambitions with regards to coal divestment and carbon neutrality.
- ▷ Climate and Environmental Risk Assessment: signatories have also made progress on risk assessment, and to some extent risk management, with expanding scope of risks assessed, increasing presence of quantitative elements, and more frequent internal communication. Environmental Risk Analysis (ERA) has gained more popularity among members in the forms of scenario analysis and stress testing on the sectoral level.
- ▷ Investment and Corporate Footprint: green investments and green financing are picking up pace, while members are becoming increasingly stringent on their financial support for carbon-intensive sectors. Near three quarters of signatories have considered the feasibility of at least limiting, halting, or exiting from investments in high emission projects.
- ▷ Disclosure and Engagement: Signatories are showing positive signs as the scope of climate-related disclosure continues to expand and deepen, while sustainability issues are increasingly becoming an element of stakeholder engagement.

Figure 3. Themes and Sub-themes for Performance Evaluation from the GIP annual report



On top of the annual report, a medium-term strategic planning, "Vision 2023" was endorsed by all GIP members in 2020, which sets out expectations for the whole GIP community in five directions: assess, disclose, commit, invest, and grow. 12 specific Key Performance Indicators (KPIs) are put forward as yearly targets to measure progress, among which 8 applies to individual financial institutions and the other 4 applies to the whole GIP community. Targets are set for 7 of the individual performance indicators for the year 2020, with four of them met and the other three closely lining up with what was expected. Significant ones include that 50% of the signatory institutions are developing policies on coal/fossil fuel divestment and increasing ambition of existing commitments towards total phase-out; and that 58% are setting quantitative green investment targets in terms of volume or proportion.

5 <https://gipbr.net/upload/file/20210921/6376781715345035704389754.pdf>

Recommendations for Collaboration between the GDG and the GIP

To further enhance the green development of the BRI, the GIP and the GDG will continue to be highly complementary frameworks. To foster alignment, harmonization and collaboration between the two frameworks and the involved partners, the GIP and GDG envisage to strengthen collaboration in the following areas:

- ▷ 1. Enhance communication between secretariat of the two initiatives, including possibility of co-hosting events (seminars, capacity building), co-author reports, etc.; further deepen information sharing within partners to make relevant resources more widely available;
- ▷ 2. Consider collaboration on the development of a unified definition or scope of brown assets or economic activities, e.g. based on the red pillar proposed by the GDG, for implementation by stakeholders in the BRI;
- ▷ 3. Consider collaboration on the development of a unified reporting standard for environmental risks and performance of projects;
- ▷ 4. Consider collaboration on defining environmental impact assessment standards for projects implemented in non-designated countries;
- ▷ 5. Consider collaboration on the development of some practical tools for free access, e.g. climate and environmental risk screening tools, information disclosure and public engagement tools;
- ▷ 6. Strengthen information exchange and sharing between environmental regulators and financial regulators & institutions;
- ▷ 7. Consider collaboration on Green Projects Pool & Database;
- ▷ 8. Consider jointly implement some case studies on the application of GDG and GIP, combine with the BRIGC demonstration projects, to select some specific projects and provide ecological and environmental risk assessment and green solutions. Afterwards, analyze the economic and environmental benefits before and after the application of green solutions, which will provide reference for the application to other BRI participating countries;
- ▷ 9. Consider inviting the BRIGC or its partners as supporters to the GIP;
- ▷ 10. Consider inviting GIP members as supporters to the GDG;
- ▷ 11. Consider any other areas that could enhance the role of both GIP and GDG in the development of a green BRI.



Accelerating Green BRI Investments

Alignment and Implementation of the Green
Development Guidance for BRI Projects
(GDG) and the Green Investment Principles
for the Belt and Road (GIP)

