

Green Investment Promoted by the Belt and Road Initiative

The MOU signed between UN Environment and the MEP aims to build a platform of information sharing and green finance to facilitate the sustainable development of the Belt and Road Initiative. Through close cooperation, the platform will focus on and assess the different development stages, environmental situations, and the influence of various infrastructure projects along the Belt and Road routes.

Dr. Louis explained that environmental cooperation within the region currently relies on two models. The first involves inter-governmental organizations such as ASEAN. Southeast Asian countries cooperate through ASEAN on issues like energy and water resources. The UN Environment Asia Pacific Office also cooperates with ASEAN's environmental department to pilot initiatives like promoting energy-efficient light bulbs. The second model involves using the private sector, which is more market-oriented.

The “Green Belt and Road” is expected to add a new dimension to the fabric of regional environmental governance with a combination of investment and green finance.

“Infrastructure projects that destroy the environment during construction and have no adequate measures in place to rectify the damage should not be eligible for loans.” Dr. Louis believes that green finance and credit will encourage companies to take on more social responsibilities towards the environment.

In fact, the Chinese government is already aggressively promoting green finance. At the beginning of 2016, at the behest of the Chinese G20 presidency, the G20 established the Green Finance Study Group (GFSG). At the conclusion of the Hangzhou Summit in September 2016, the G20 Leaders’ Communiqué fully endorsed the comprehensive report drafted by GFSG, and explicitly expressed its support in increasing green investment and financing and facilitating transnational green bond investment.

Green finance is expected to give businesses more of an incentive. “If a company is revealed to be failing to meet environmental standards, people won’t buy its stocks, which will compel it to raise the bar,” said Dr. Louis. As a result, those companies that care about the environment and observe environmental laws will bet-

ter their reputation and gain capital, creating a positive cycle in the market.