



BRI GREEN REVIEW

Secretariat of BRI International Green Development Coalition

Special Edition:

Organized by:

BRI International Green Development Coalition (BRIGC)

Date: March 27, 2023



Topics:

SPECIAL ISSUE

- Focusing on the Developing World: Progress of Green Development and Just Transition
- Green Finance in the Green Transition of Developing Countries
- Practices of Chinese Enterprises to Empower BRI Green Development

On March 27, BRI International Green Development Coalition (BRIGC) hosted the Seminar on Promoting Green and Low-Carbon Transition in BRI Participating Countries and Seminar on CCICED Special Policy Study on Green BRI in Beijing. The Seminar was jointly opened by Mr. Scott Vaughan, CCICED International Chief Advisor, former President of International Institute for Sustainable Development, and Mr. Guo Jing, President of BRI Green Development Institute (BRIGDI), former Director General of the Department of International Cooperation, Ministry of Ecology and Environment of P.R. China (MEE), and moderated by Mr. Li Yonghong, Deputy Director General of Foreign Environmental Cooperation Center (FECO), MEE, and Dr. Zhang Jianyu, Executive President of BRIGDI.



During the Seminar, keynote speeches were addressed by international and Chinese experts including, inter alia, Prof. Jeffrey Sachs, President of UN Sustainable Development Solutions Network, Director of the Center for Sustainable Development of Columbia University, Mr. Fabby Tumiwa, Executive Director of Institute for Essential Services Reform, Indonesia (IESR), Mr. Ephyro Amatong, Co-chair of the ASEAN Capital Markets Forum's (ACMF) Working Group on Sustainable Finance and former Assistant Secretary of the Department of Finance of the Philippines, Prof. Kevin P. Gallagher, Director of Global Development Policy Center (GDP Center), Boston University, and Dr. Tao Ye, Deputy Director for Renewable Energy Center, Energy Research Institute of National Development and Reform Commission. The seminar focused on topics such as progress of green development and just transition in the developing world, the role of green finance in the green transition of developing countries, practices of Chinese enterprises to empower BRI green development, and the future of BRI green partnership.

Around 100 international and Chinese participants attended the meeting in a hybrid manner, including Chinese government institutions such as MEE, National Development and Reform Commission, and the Ministry of Commerce, regional research institutes and international organizations from Indonesia, the Philippines, Pakistan and Africa, financial institutions, private sector and NGOs.

Here are some of the remarks from the guests.



Opening Remarks

Scott Vaughan

**CCICED International Chief Advisor
former President of International Institute for Sustainable Development**



The Seminar is an important opportunity for the exchange of ideas on promoting and accelerating green and low-carbon transition in BRI participating countries. The development of BRI green finance plays a very important role in promoting global climate actions. The establishment of BRI green partnership will promote the just transition in developing countries. I'm looking forward to today's in-depth discussion on BRI green cooperation, climate and environmental financing policy of MDBs, and the synergy among global initiatives such as the International Just Energy Transition Partnerships (JETPs). Ideas can be exchanged on how to fully leverage China's fundamental role in the Global South on environment to help developing countries to realize green and low-carbon transition and related climate goals, explore new approaches to the debt issue in green development, and identify new opportunities for green financing in the future.

Guo Jing

**President of BRI Green Development Institute (BRIDGI)
former Director General of the Department of International Cooperation, MEE**

With the world struggling to recover from the COVID-19 pandemic, global sustainable development still faces multiple challenges. Green BRI cooperation aims to help developing countries to identify proper goals and explore unique paths in green transition that work the best for their national conditions and development stages, and contribute to achieving the United Nations 2030 SDGs. In 2022, under BRIGC's support, the Chinese government released several policy documents including the Opinions on Jointly Promoting Green Development of the Belt and Road and Guidelines for Ecological and Environmental Protection in Overseas Investment and Cooperation Construction Projects. This year marks the tenth anniversary of the BRI, offering great opportunities for green BRI cooperation. BRIGC will play a more active role in building a platform, a bridge and a window to gather greater consensus on green development.



Invited Speech

Jeffrey Sachs

**President of the UN Sustainable Development Solutions Network
Director of the Center for Sustainable Development at Columbia University**



BRI is an extremely important initiative macro-economically and from a global perspective, offering a pathway for the modernization of China and BRI participating countries in the 21st century. I'm a very strong supporter of BRI, and I think it will be one of the historic contributions for the world, a completely win-win proposition. Today, green BRI is the right option we have for future development.

China needs to further scale up BRI cooperation. By leveraging the strength in planning mechanism, it's important to scale up the BRI green and low-carbon strategic planning at the regional level. It is believed that cooperation projects should be consistent with the longer-term strategy in the coming 25-30 years.

While fully considering the needs of BRI participating countries, China should work together with these countries to figure out the right strategy for BRI cooperation with a strategic vision.

By making full use of its global leading technological edge in green energy and other areas, China could facilitate the development of net-zero electricity, electric public transportation and building, and hydrogen. 5G communication, battery storage, green production, and renewable energy can be catalyzed by digital transformation to build smart and modernized infrastructure.

This Seminar provides a timely occasion for us to set long-term strategic planning in green transition. We need quantitative guidance in regional development, and effective solution to the mismatch of maturities in development financing. In addition, cooperation projects with MDBs can provide long-term financing needed for low-carbon development projects.



Fabby Tumiwa

Executive Director of Institute for Essential Services Reform, Indonesia (IESR)



Indonesia updated the NDC in 2022, which is a pressing task for the country to realize its emission reduction target. The President of Indonesia required the power sector to have carbon emissions peak by 2030 and realize Net-Zero Emission (NZE) by 2060. This means an aggregated investment of about USD 1.3 trillion in industry, transport, power and other sectors.

In Southeast Asia, renewable-related industrialization (battery, electric vehicles, solar PV) is a key driver of energy transition. Thanks to its rich nickel reserves, Indonesia has started to promote the production of battery and electric vehicles. Low production cost and resource accessibility provide extraordinary opportunities for the development of solar PV industry. It is expected that China could support Indonesia's energy transition through technology, manufacturing

and investment. China could make full use of its edge in clean energy technology, invest in RE infrastructure, jointly build PV industrial chain and supply chain. China could enhance BRI cooperation with Indonesia and Southeast Asia in RE equipment manufacturing and green investment.

Ephyro Amatong

Co-chair of the ASEAN Capital Markets Forum's (ACMF) Working Group on Sustainable Finance, former Assistant Secretary of the Department of Finance of the Philippines

ASEAN Member States are experiencing rapid growth with a projected investment demand of USD 210 billion in infrastructure by 2030, and USD 290 billion in renewable energy by 2025. ASEAN covers a population of nearly 660 million. As a major regional economy in Asia, ASEAN is also vulnerable to climate change.

As the demand for sustainable investment continues to grow worldwide, ASEAN Member States, in reference to related UN standards, developed the ASEAN Green, Social and Sustainable (GSS) Bond Standard and issued a total of USD 39 billion of ASEAN GSS bond. Besides, ASEAN has also set the Roadmap for Sustainable Capital Markets, released the ASEAN Taxonomy for Sustainable Finance to develop technical standards for a unified ASEAN green finance market, and established an ASEAN version of the "Traffic Light System" for sustainable finance to help ASEAN Member States to realize green and low-carbon transition in an effective and affordable way.



Kevin P. Gallagher

Director of Global Development Policy Center of Boston University



BRI has provided technology and financing for the development of renewable energy in developing countries and enabled the developing world to effectively engage in the new global green supply chain and realize their own development. In recent years, BRI investment has reduced due to various issues. However, the investment in PV and wind power has seen an upward trend, indicating the transition to a green and diversified investment and financing portfolio.

Cecilia Han Springer

Assistant Director of Global Development Policy Center of Boston University

BRI participating countries face multiple challenges in engaging in BRI cooperation on green finance, including the absence of incentive policies, pressure from conventional energy sectors, lack of investment and capacity for RE development, and limited experience in cooperation with China. It is recommended that China can further improve the innovative mechanism of financing for renewable energy infrastructure, step up support for green manufacturing in developing countries and promote sustainable investment in key materials for green transition.



Tao Ye

**Deputy Director of Renewable Energy Center,
Energy Research Institute of National Development and Reform Commission**



The RE industry in China has a promising prospect under the support of diverse incentive measures. In 2022, China's installed capacity of renewable energy exceeded 1200 GW, surpassing that of coal-fired power. RE electricity resource accounted for over 31% of the country's power consumption. China's renewable energy development is characterized by large scale, rapid growth, market-oriented development, and high quality and stability. Meanwhile, China has also launched diversified programs and a series of policies to support RE development, including "Wind Power Installation in Thousands of Villages", "Solar PV Installation in Thousands of Households" and "PV+". In the future, China needs to enhance international cooperation in the development of RE, promote innovation in R&D and business model, and further reduce the social cost of global green development and carbon emission reduction with development financing.



Roundtable: Focusing on the Developing World: Progress of Green Development and Just Transition

Zhang Jianping

Deputy Director of Academic Steering Committee, Chinese Academy of International Trade and Economic Cooperation, Ministry of Commerce of China

Through infrastructure development, China has effectively helped developing countries to develop efficiently, thus creating enabling platforms and conditions for sustainable development and green transition. Data shows that BRI investment has doubled compared with that of 10 years ago, accounting for 19% of the total outbound investment, with nearly half in Southeast Asia. These prove to be good practices in BRI cooperation. I have the following suggestions for green BRI cooperation in the future. First, paying close attention to the transfer, sharing and trade of low-carbon and green technology. Second, creating synergy between technology progress and trade development to effectively reduce the cost of capital with better technology and development to achieve sustainable green future.



Doen Arinaldo

Program Manager of Energy Transformation, Institute for Essential Services Reform, Indonesia (IESR)



The energy transition in Indonesia has two priority areas, namely accelerating the deployment of renewable energy and reducing coal-fired power generation. In the next five years, Indonesia plans to gradually expand the installed capacity of renewable energy, with an annual growth of 500 GW. By vigorously developing solar PV, it is committed to raising the share of solar to 80% by 2060, so as to achieve net zero emission then. The power sector faces power surplus, limited space for renewable energy, and risks in procurement procedures and power agreements. Indonesia plans to upgrade its power system with the following measures. First, improving the connectivity of power grids between islands through infrastructure development. Second, gradually phasing out coal-fired power in the next decade. Accordingly, the Indonesian government put forward a

roadmap to phase down coal use in 2022, and required the coal-fired power plants in operation to reduce their greenhouse gas emissions by 35% in the next decade. IESR has also carried out relevant research to offer an in-depth analysis on how coal-fired power plants could meet the emission targets and the impact of the roadmap on foreign-invested coal-fired power plants by China, the ROK and Japan.

Denise Fontanilla

Associate for Policy Advocacy of Institute for Climate and Sustainable Cities, the Philippines (ICSC)

The Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (IPCC) pointed out that the world already has the financial and technological capacity to act on climate change and accelerate the energy transition, and in doing so can also pursue sustainable and climate-resilient development, which is vital for Southeast Asia. Energy transition is an important step in the economic development of the Philippines. Climate action and decarbonization are co-benefits and can pave the way for affordable and reliable energy for the Philippines. At present, the energy sector of the Philippines is biased toward large-scale, rigid, centralized power generation and heavy investments have been poured mostly into baseload coal. This leads to its coal-dominated energy mix with a reduced share of renewable energy. Research shows that by 2030, the share of renewable energy will increase to 42% under the energy transition. Besides improving RE stances of the Philippine government, attracting FDI and green energy projects, the Philippines urgently needs green BRI investment to provide financial support for utility-scale renewable energy projects, electrification of public transportation, household solar system, power grid upgrading and other projects.



Sara Jane Ahmed

Finance Advisor to the V20 (Climate Vulnerable Forum) Group of Ministers of Finance



The Climate Prosperity Plans (CPP) launched by the V20 (Climate Vulnerable Forum) Group of Ministers of Finance should strengthen cooperation with the BRI to enhance regional economic growth and people's welfare, promote the sharing of green technologies and alleviate the climate crisis and the lack of investment by building a climate-centered investment and trade partnership. CPP has won more than RMB700 billion of investment for BRI participating countries, such as Sri Lanka and Bangladesh, to develop wind power and power grid connectivity projects. It is expected that green BRI investment will increase the lending ratio of green and resilient investments, reduce brown and high-risk investment, and play an important role in expanding investment space by supporting planning, financing, financial services and manufacturing.

Fikayo Akeredolu

China-Africa Program Officer, African Climate Foundation

African countries are relatively vulnerable to climate change and lack resilience to climate impacts, which exert a great impact on their economies and livelihoods. Africa presents huge growth potential. Data shows that in the past decade, Africa accounted for 2% of the global renewable energy investment trend. Facing the issues of energy and electricity availability and unbalanced supply and demand, it is urgent to conduct an in-depth study of the deployment of renewable energy and expand its scale, so as to address energy poverty. We look forward to BRI international cooperation to provide investment and infrastructure support for renewable energy planning in Africa. Ghana, Nigeria and other African countries have put forward energy just transition plans. In the future, BRI should attach greater importance to the development status of different African countries and pay attention to their real needs. It is suggested that more cooperation on small-scale and beautiful projects should be conducted in Africa to gain financial support and deploying renewable energy, while reflecting the diversity of the continent.



Mustafa Hyder Sayed

Executive Director, Pakistan-China Institute



It is necessary to explore the cooperation opportunities of Chinese businesses and financial institutions with host countries of BRI projects to upgrade coal-fired power plants with the lowest economic loss. Through innovative solutions, the green BRI transition and cooperation mechanism could be established to share the best practices of renewable energy projects in China. Chinese businesses can play a leading role in encouraging host countries to draw on China's experience. In addition, it is suggested that we could conduct cooperation on green BRI cities, share their experience and expand the influence of best practices from major BRI cities. Pakistan is committed to building a demonstration project on green BRI city to attract green investment and promote green energy transition and green innovation.

Fritzie Vergel

the Philippines Coordinator, Energy Transition Partnership



Focusing on Indonesia, Vietnam and the Philippines, the Southeast Asia Energy Transition Partnership (ETP) works to enhance energy transition in the following aspects: improve energy efficiency of renewable energy by supporting the government's decisions, attract smart BRI investment to create an enabling environment for investment, and promote the construction of smart grids to have more renewable power. In order to meet the challenges of energy transition in the three countries, it is necessary to strengthen long-term decision-making and planning, develop feasible financing projects, and study and evaluate the next breakthrough in improving energy efficiency. It is expected that green energy transition will be achieved at the community level for the economy, environment and society through BRI cooperation in the future.

Zhang Xiaohua

former Senior Policy Advisor on Climate Change and South-South Cooperation of the Executive Office of Secretary-General of the UN

Just transition is the common issue of developing countries and the whole world and a hot topic often discussed by the international community. With sound technology support and cooperation in the industry sector, we can support, encourage and promote the design, research and development of advanced technologies, and play a fundamental role in promoting the green and low-carbon transition of BRI participating countries. China has many successful cases and advanced technologies in the development of renewable energy. Promoting cooperation between China and BRI participating countries will help promote the just transition. Renewable energy should be implemented and solved based on local conditions, and call for collective actions from all parties through BRIGC platform and promote global sustainable development.



Roundtable: Green Finance in the Green Transition of Developing Countries

Sun Guiying

Deputy General Manager of On-lending Department, the Export-Import Bank of China



The development of green finance requires improved top-level design, optimized system policies, innovative product services and enhanced international cooperation. In terms of improving top-level design, we need to establish a long-term mechanism for the development of green finance. In terms of optimizing system policies, we need to formulate guidelines for green credit and identify green credit criteria. In terms of product innovation, we need to step up support for priority areas. We also need to implement green development principles to help Chinese enterprises to go global in a green manner. In terms of international cooperation, we need to work together with host countries to promote the coordinated development of local economy and environment through green finance, and support projects in energy conservation, environmental protection, renewable energy and low-carbon technologies.

Wen Hao

Senior Accountant, Planning and Research Department Office of Innovation and Development Center for BRI, China Development Bank

The changing global situation requires a reflection on green BRI from the perspective of international rules, strategic alignment, international cooperation and financial guarantee. As we build a green BRI, we are witnessing growing consensus on green development, platforms of international cooperation at different levels and the establishment of technology management mechanism. In terms of improving BRI green financial service system, firstly, we need to establish BRI green finance standards, in order to bridge the gap in green project standards and rating of BRI participating countries. Second, we need to enhance international cooperation to mobilize the participation of international multilateral financial institutions in green investment and financing. Third, we need to develop new mechanism. Private capital could effectively mobilized with public investment to stimulate the investment market.



Zhang Jingwen

Deputy Director of the Department of Industry and Regional Studies, Modern Finance Research Institute, Industrial and Commercial Bank of China (ICBC)



I can share the following ideas on utilizing existing resources to support green transition in BRI participating countries. First, we should drive more resources to low-carbon areas to support BRI participating countries to develop public welfare projects and clean energy according to their green development plans and strategies. Second, we need to constantly improve green development services for BRI participating countries. We could expand the coverage of services to build a BRI service network and support the green transition of BRI projects through developing new financial products and improving technology empowerment. Third, we need to establish an exchange platform for green finance to facilitate dialogues and cooperation among banks.

Cao Hui

Legal Counsel and Member of the Sustainable Investment Committee, Silk Road Fund

Sustainability is a major factor in investment decision-making. Identifying green project or asset follows certain criteria. First, unified standards of green finance. The Common Ground Taxonomy jointly launched by China and the EU provides detailed reference for the identification of green projects. Second, financing the brown-to-green transition. Currently, investors are more interested in renewable energy. However, traditional industries still take up a high proportion in the GDP of developing countries. In other words, without promoting the green transition of traditional industries, investing in renewable energy alone is not enough for us to meet the temperature goal in Paris Agreement.



Christoph Nedopil

Associate Professor, Director of Green Finance & Development Center, FISF Fudan University



In the past 3 years, the Chinese government launched a series of policies and guidelines for overseas green investment in an effort to align with international standards in overseas projects. However, Asia's carbon emission still ranks among the top emitting regions of global carbon emissions. Therefore, more capital needs to flow to Asia to support emission reduction ambitions. To realize green transition, efforts should be made in the following three aspects. First, we need to promote the green transition of brown projects in stock. With coal-fired power still being the main source of electricity in most BRI participating countries, accelerating the green transition is an urgent move. It's important to lower the cost of power generation and step up support for the development of renewable energy through localized production and technology transfer. Second, in terms of green finance, we could explore the possibilities of debt-for-climate

and debt-for-nature swaps to help developing countries to fill the huge funding gap for addressing climate change. Third, we need to establish an environmental and social risk management mechanism that is incorporated into the overseas investment decision-making process of financial institutions.

Roundtable: Practices of Chinese Enterprises to Empower BRI Green Development

Chen Zhang

**Deputy Division Director of Africa Division,
China Renewable Energy Engineering Institute**

China-Pakistan Economic Corridor (CPEC) have produced the most notable green development results among the six BRI economic corridors. China and Pakistan have established a comprehensive cooperation partnership from top-level design, industrial planning to project implementation. In terms of top-level design, the CPEC Joint Cooperation Committee (JCC) mechanism is established, under which working groups on energy, transport and other areas were set up. The governments of China and Pakistan take the lead in developing industrial cooperation plans and lists of projects, as well as providing investment and financing support to ensure the implementation of the projects. Annual update and adjustment are carried out for the project. This cooperation model has been highly recognized by all parties.

Regarding regional cooperation, it is advised to promote joint research on regional planning between China and ASEAN countries, League of Arab States and African Union, gathering basic information on country profile, planning cooperation and industrial development of BRI participating countries, so as to provide policy recommendations and consulting services for governments and enterprises to “go global”.



Lin Yu

Senior Director of Department of Investment, CITIC Construction Group



Carbon peak and carbon neutrality goals have reshaped the international division of labor, giving birth to new competition and industrial standards. It also creates huge business opportunities and potentials. Most BRI participating countries are still in a traditional development stage featuring high energy consumption and high pollution. To realize breakthrough in green development, we need to shift from the traditional economic development mode. Chinese enterprises can play an important role in promoting BRI green transition through the following three aspects.

First, enhance the R&D and application of new materials and technologies to promote cutting-edge technology in energy conservation and emission reduction, and provide technical support for the green and low-carbon transition of BRI participating countries. Second, promote the application of green technology, environment-friendly materials, and clean energy, to make green solutions more cost-effective. Third, in the process of developing BRI projects, it is important to incorporate green development concept and integrate into the global green and low-carbon industrial chain. It's also necessary to strengthen the whole life-cycle environmental management and promote the low-carbon practices and emission reduction effects, to make green infrastructure projects more attractive for large investment institutions, so as to reduce financing costs.

Wang Xiangcan

Cross-regional Managing Director, Jinko Solar

The solar power plants invested by Jinko Solar in Abu Dhabi, Malaysia and other BRI participating countries have not only provided affordable electricity to local communities, but also increased employment, and promoted economic and social development. Regarding the energy projects in Africa, the biggest problem lies in financing, as international multilateral financial institutions have higher standards and requirements. In addition, power shortage and relatively backward grid infrastructure in this region also make it difficult to implement power projects. Enterprises need to consider a variety of PV application scenarios that are both practical and tailored to local conditions, as well as off-grid and micro-grid systems, which have higher requirements on their technologies. A

vertical industrial development has taken shape in Vietnam and Malaysia, and Jinko's power projects in Abu Dhabi has set a record for the lowest electricity price in the world and achieved a satisfactory local development.



Wang Yu

General Manager of the International Department, SPIC Yuanda Environmental Protection Limited



The State Power Investment Corporation (SPIC) has expanded renewable energy solutions by shifting away from the traditional operations. These practices include a special focus on CCUS, investing in water environment governance, developing renewable energy and recycling technologies and the desalination of sea water and desert management. There are two major challenges to advance BRI energy transition. The first is differences in policies and standards. BRI countries differ in environmental policies, standards and financing environment. The second is due to inadequate road infrastructure, power grids and transmission technologies, the accessibility of clean energy of BRI participating countries has been impacted to a certain extent.



About Us

The BRI International Green Development Coalition is jointly initiated by Ministry of Ecology and Environment of China and international partners. The ever-growing needs on implementing UN 2030 SDGs and the need to make progress towards the Paris Agreement targets for the BRI participating countries require the cooperation among governments, local and international development agencies, think tanks, private sectors, civil societies and other stakeholders to maximize the concerted effort on green development.

The main goal is to promote international consensus, understanding, cooperation and concredited actions to realize green development on the Belt and Road, to integrate sustainable development into the BRI through joint efforts and to facilitate BRI participating countries to realize SDGs related to environment and development. Government departments, local and international organizations, think tanks, private sectors, civil society organizations and other related stakeholders that endorses the mission of BRIGC are welcome to join as Partners.

For More Information

<http://en.brigc.net/>

Contact Us

Contact: Lan Yan, Peng Ning (Secretariat)

E-mail: secretariat@brigg.net
brigg@fecomee.org.cn

Fax: +86-10-82200535

International Coordinator of Advisory Committee

Contact: Zhang Jianyu

E-mail: jyzhang@cet.net.cn