Embargoed Until **0900 (Beijing), Monday 2 September 2019**

Five-point green finance roadmap proposed for decarbonizing countries involved in Belt & Road Initiative, as report shows investment decisions made now could make or break Paris Agreement targets

Beijing, 2 September 2019 - Strong action is needed to decarbonize more than US$12 trillion in expected infrastructure investment in Belt and Road countries in order to ensure that the Paris Agreement climate goals are met, according to a world first quantitative study of Belt and Road countries' development trends and emissions pathways released today by Tsinghua Center for Finance and Development (Tsinghua CFD), Vivid Economics and ClimateWorks Foundation.

"The Belt and Road Initiative could provide an important platform in mobilizing green investments and promote the greening of the financial systems in B&R countries" said the authors.

"The nature of infrastructure projects means that carbon emissions are locked in at design and implementation stage. It is imperative to act immediately to decarbonize expected infrastructure investments in countries involved in the Belt and Road Initiative, in order to avoid overshooting the Paris Agreement targets and potentially placing the world on the pathway of 3 degree warming," said Senior Visiting Fellow at Tsinghua CFD and report co-author, Simon Zadek.

Putting a price on investments' climate risk will not be enough to effectively and rapidly drive investment towards low carbon infrastructure choices as many assets will be state-owned, de-risked through export guarantees, and unconstrained because of weak national environmental governance.

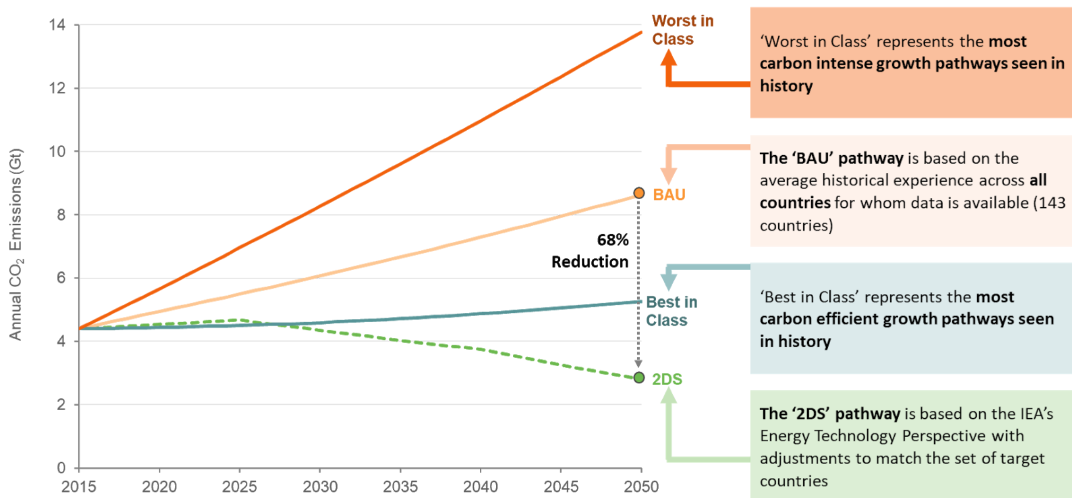
"China's Belt and Road Initiative offers a platform for strong action that could support green, low-carbon, and climate resilient development across 60% of the world's population and a quarter of global GDP," said Tsinghua CFD Director and report co-author Ma Jun.

Decarbonizing financing decisions offers the most highly leveraged route to rapid, scaled action, which can be delivered through a five-point green finance roadmap, outlined in the report.

"Our proposed green finance roadmap for decarbonizing Belt and Road infrastructure investment combines policy measures, investor commitments and transparency, business mobilisation and transformation, and extensive international cooperation," said the authors.

1. **Belt and Road Country Capabilities:** We propose establishing an international platform, possibly hosted by the UN, to support the intensive development of green finance across B&R countries and to meet the rapidly growing demand from these countries.
2. **China Action on Outward Investments:** Extending China's green requirements to its investment in the Belt and Road Initiative. This should involve applying mandatory environmental assessment requirements for Chinese investments in B&R countries.
3. **International Green Investment:** Promoting the adoption of green investment principles by global investors, the process of which has already been initiated by China and the UK's Green Investment Principles (GIP) covering investment in B&R countries. GIP membership should be further expanded.
4. **Carbon Transparency:** Given that infrastructure investments in B&R countries will have a defining impact on global carbon emissions in the future, it is imperative to improve disclosure of the climate impact of these projects.
5. **International Climate Coalition:** We propose to build a coalition among various international, regional and bilateral collaborative schemes, with a view to more effectively advancing low carbon and climate-resilient investments in B&R countries.

The report models three potential carbon emissions scenarios – worst in class, business as usual, and best in class – for 17 key BRI countries.[1] It compares the scenarios to the International Energy Agency's Energy Technology Perspectives 2 degree scenario and finds that the different development pathways of the 17 countries up to 2050 will have a significant impact on total carbon emissions trajectories.[2] A 2 Degree Scenario pathway requires 68% lower carbon emissions than business as usual in Belt and Road Countries by 2050.



"Strong, radical action is needed urgently, The Belt and Road Initiative will make investment decisions now that could permanently alter the development pathway of China and its initiative partners countries, and the climate outcome for the globe. Equipped with this knowledge, capital providers have a responsibility to ensure that Belt and Road countries develop the low-carbon economy of the future instead of the high-carbon economy of the past. This report begins to provide a framework for the rapid action required," said Ilmi Granoff, Director of the Sustainable Finance Program at the ClimateWorks Foundation.

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A media briefing of the report is available HERE.
The full report is available HERE.

Notes:
[1] The 17 countries were chosen based on four factors – GDP, population, geographical and political proximity to China, and whether there has been recent, committed significant Chinese investment. Full details are contained in the report.
[2] An explainer of the methodology is available in the media briefing. A detailed break down of the methodology is available in the report.

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