

WG3 Working Plan (2023-2024)

Given the scale, duration, and risk profiles of the infrastructure investments along the Belt & Road, specialized and diversified financing mechanisms are urgently required for these projects as recipient countries may have limited financial resources. To bridge this gap, innovative financial instruments such as concessional loans, syndicated loans, blended finance developed by financial institutions can make substantial contributions to multiple stakeholders. The working group 3 strives to address this problem and bridge the financing gaps by bringing stakeholders together and providing more suitable financial instruments to mobilize more private capital into green projects along the Belt and Road.

The Working Group on Green Financial Product Innovation (WG3) is co-chaired by Industrial Bank and Standard Chartered Bank.

Key Objectives

- Build capacity of GIP Signatories and supporters in the focus area of green financial products innovation;
- To look into the financing gap and potential pathways for bridging the gap by providing green financial products in a more innovative way;
- To mobilize more private capital into green projects along the Belt and Road;

Progress in 2021/2022

- Developed and published a casebook of sustainable and green deals along the B&R, which really demonstrates innovation, landmark deals and the importance of sustainable ad green finance in order to meet the UN SDGs
- Conducted a seminar / training on transition, focusing on decarbonization trajectories for industries, taxonomies / standards and technologies
- Will be conducting a seminar / training on mandatory carbon markets (China and international such as EU ETS) in November

Workplan for 2023/2024

- Discussion on innovative financial instruments linked to carbon credits
 - Given the growing demand for voluntary carbon credits, which are needed to help companies meet decarbonization goals (offsetting), the working group will host a seminar/training regarding the various voluntary carbon markets that exist in Asia, standards (e.g. Verra), types of projects and financial products linked to carbon credits
- Deep dive into sustainability-linked loans, which are essential in helping companies to transition as part of their sustainability journey

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- Given China is predominantly focused on green bonds, WG3 would like to host a seminar/training on sustainability-linked structures, especially focusing on an industry deep dive (KPIs by sector), methodologies for target setting (best practices), and case study sharing
- Use the green projects database established by GIP to evaluate potential green financing opportunities