

Information note: UN Environment's on-going and potential engagement on Greening the Belt and Road Initiative

Background and Context

In 2013, Chinese President Xi Jinping announced China's intention to develop *The Silk Road Economic Belt* and the 21st Century *Maritime Silk Road* to expand the ancient trade route in geographic and thematic scope. Known as the Belt and Road Initiative, China will enhance economic development and inter-regional connectivity focusing on - *policy, infrastructure, trade, finance and people* – across six economic corridors: a China-Mongolia-Russia corridor, a New Eurasian Land Bridge linking China's coastal cities to Rotterdam in the Netherlands, a China-Central Asia-West Asia corridor, a China-Indochina Peninsula corridor, a China-Pakistan corridor, and a Bangladesh-China-India-Myanmar corridor.

The Initiative will involve trillions of dollars of investments, largely in transportation, energy, and telecommunications infrastructure, industrial capacity, and technical capacity building. Some of this investment will come from two new financing mechanisms, the Silk Road Fund and the Asian Infrastructure Investment Bank (AIIB).

The US\$40 billion **Silk Road Fund** will **invest in infrastructure, resource extraction and industrial and financial cooperation**. The Fund's shareholders include China's State Administration of Foreign Exchange, the China Investment Corp, the Export-Import Bank of China and the China Development Bank. The Fund welcomes participation from domestic and overseas investors, such as the China-Africa Development Fund and the Asian Infrastructure Investment Bank.

The Belt and Road Initiative covers a vast area stretching across three continents and involving some 65 countries. Together, these countries represent approximately 40% of the earth's total land area, 30% of global Gross Domestic Product, 55% of total CO₂ emissions, and 60% of the world's population. The outcomes of this Initiative will, therefore, have a profound impact on the planet and on human development.

With any such large-scale development come significant environmental challenges. In addition to immediate biophysical impacts, if Belt and Road investments lock countries into unsustainable infrastructure, technology, and resource extraction, they will have long-lasting negative impacts that could seriously undermine countries' ability to meet the 2030 Agenda for Sustainable Development. With all Belt and Road investments, care must be taken to ensure that decisions are based on sound knowledge and science and that social and environmental safeguards are in place so that projects include effective stakeholder engagement and that benefits are equitably shared.

With the right policies and safeguards in place, the Belt and Road Initiative has significant potential to help countries work towards achieving the Sustainable Development Goals and the 2030 Agenda. An annual investment of \$3 trillion to \$5 trillion is likely to be required to achieve the Sustainable Development Goals. The Belt and Road Initiative can play an important part in meeting that requirement. The Belt and Road Initiative presents a window in which UN Environment and its partners can help countries use Belt and Road investments to achieve the Sustainable Development Goals.

UN Environment – On-going and Potential Areas of Engagement for Greening the Belt and Road

1. Public-Private Institutional Engagement - UN Environment and China's Ministry of Environmental Protection will lead the establishment of an international coalition of investors and stakeholders who are committed to promoting green and sustainable investments that will help Belt and Road countries to achieve goals and targets associated with the SDGs and the Paris Agreement. The *International Coalition for Green Development on the Belt and Road* will bring together a diverse range of International Organizations, NGOs, and other stakeholder groups to engage with the government, investors, and private sector stakeholders from China Belt and Road partner countries. The Coalition will represent the best international expertise on sustainable development and frame it in the context of the Belt and Road Initiative. Using “green” as a cross-cutting theme with which to link the five areas of Belt and Road connectivity, the Coalition will provide a platform for policymakers, businesses, investors and other stakeholders to engage in a dialogue around sustainable development and the Belt and Road Initiative, including on social and environmental safeguards for Belt and Road investments. It will further serve as a framework for engaging with Chinese and other stakeholders in the areas listed below.

2. Climate Resilient Infrastructure - Under a potential GEF-funded project, UN Environment will look at environmental impacts of planned major infrastructure investments and assess how infrastructure development projects can support sustainable development and the transition to a green economy. The project will use the Integrated Green Economy Modelling tool (IGEM) developed under PAGE to assess the impacts and outcomes of different sustainable infrastructure policy scenarios. Building on the results of these project activities, UN Environment could support countries in Central Asia in the planning of infrastructure development (i.e. transport, building, urban) to help ensure increased climate resilience, adaptation, disaster preparedness and risk management.

3. Scientific Assessment and Data – UN Environment has 30 years of experience in integrated environmental assessment (Global Environment Outlook - GEO). The GEO methodologies can be applied to the Belt and Road regions to provide a large-scale, integrated, scientifically credible and policy neutral environmental assessment. It can include the current state of the environment in Belt and Road countries, the environmental and social dimensions of the Belt and Road Initiative, and information for decision-makers on infrastructure planning, investment, conservation, and stakeholder engagement. UN Environment is also doing preliminary work to integrate its UNEP Live database with the China-ASEAN Environmental Cooperation Centre's Belt and Road Big Data Platform, in order to provide Belt and Road stakeholders with centralized access to relevant data that can underpin decision-making.

4. Biodiversity Conservation – In the context of Belt and Road, it will be important to take biodiversity into account at the strategic planning and design phases of project development. For example, the development of large-scale linear infrastructure projects can have significant impacts on populations of large migratory animals in the Belt and Road regions, particularly in Central Asia. Route planning and environmental design features can help to mitigate these impacts.

5. Legal Frameworks and regulatory drivers will be needed to help support the sustainable development of the Belt and Road Initiative. Important legal environmental aspects of the Belt and Road initiative include appropriate environmental provisions in investment laws, relevant and workable environmental safeguards enshrined in laws, issues around uneven regulatory approaches between countries, and issues on environmental provisions in bilateral and multilateral trade instruments, among others. UN Environment is already working with a Chinese partner institution to look at these aspects in the Southeast Asian sub-region, and this work could be expanded to all Belt and Road regions/sub-regions.

6. Strategic Greener Economy Development Planning at national and regional (local) levels to fully capture opportunities for a long term green economic development through new infrastructure investments (e.g. transport). The development of sectoral and cross sectoral assessments, national and regional strategies, a series of training, and pre-feasibility studies can be supported to maximise the long term benefits for the local population and new business development.

7. Innovation, Technology and Trade – it will be important that BRI countries have access to the best available technology to help them meet their sustainable development needs. UN Environment is working with the governments of China and Kenya to establish a regional collaborating centre for promoting South-South Cooperation on green innovations and technology. While the focus of the centre will be South-South exchange between China and African Belt and Road countries, there is a potential for scaling up these efforts to support exchanges amongst all Belt and Road countries. In the context of Central Asia, support may be provided through various key centres, e.g. Green Technology Centre in Kazakhstan, to facilitate technology transfer and promote innovative technology options for a green economy.

8. Sustainable Cities – UN Environment has proposed the creation of a Belt & Road International Sustainable Cities Alliance (BRISCA) to support selected cities from Belt and Road Regions to achieve a low-emission transition and sustainable urban development through capacity building, integrated planning, Low Emissions Development Strategies (LEDS) roadmap development and city-to-city peer learning among BRI cities and with European cities. Local actions taken by BRISCA cities will directly contribute to the implementation of NDC goals set by the target BRI countries.