

Business Plan for GIP WG1 (2019-2020)

Background and Significance

The GIP was developed to catalyze green investment along the Belt and Road. A prerequisite to this reallocation of capital are improvements in the management of environmental and social risks for the investments in the B&R region. The GIP Secretariat has proposed to set up working groups to exchange knowledge, engage stakeholders and promote the implementation of GIP. Working Group 1 chaired by ICBC and supported by PwC and other members will focus on work around “Environmental and Climate Risk Assessment”.

The investment in energy, infrastructure and manufacturing may ‘lock-in’ high carbon pathway for the future and potentially harmful to the ecological system. The B&R Initiative (BRI) has drawn attention in this matter. Investors are very likely to be exposed to transition and physical risks due to shifting global and regional environmental and climatic policies and technological changes. Therefore, it is their own interests to identify, evaluate and manage environment and climate related risks. Despite acknowledging these risks, the financial sector still faces a lot of challenges of assessing these risks in practice including data availability, lack of consistent and robust methodologies.

Objectives

The objectives of WG1’s work is:

1. To identify, share, promote, and where necessary, develop a toolbox of risk assessment for financial institutions to identify and measure environmental and climate risks at project, portfolio, and strategic levels.
2. To enhance the capacity of financial institutions on risk management especially related to the B&R region.
3. To develop material for the implementation of GIP 1 and 2.
4. To model responsible investment behavior and promote sustainable economic and social development in the B&R region.

Approach

The Working Group sees the value of collective knowledge and experience. We hope each GIP member to participate and engage in WG 1 activities and contribute knowledge and ideas. We will

bring in experts where necessary to accelerate the process. We will be transparent and update the progress on key milestone.

Task

We propose WG 1 to curate a toolbox of risk assessment tools for use by signatories, including an online tool to assess environmental and climate risks at project level to help early stage investment/business decisions. The tool will be an example to show the methodology and factors associated with environmental and climate risks. This task will have two phases and last for 10 months. More information can be found in Detail Work Plan.

Annex: Detail Work Plan

Phase 1: Toolbox Construction (Oct 2019 to Mar 2020)

Toolbox Mapping (by 15 Nov 2019)

- *Conference Call* to agree on the work plan and communicate with other GIP members
- Desktop review of existing environmental risk assessment tools.
- Visit and interview experts in the field of environment and climate risk assessment. Organisations include but not limit to CDP, Carbon Trust, Sino-Carbon, BNP, WRI, Paulson institute, GIB, Trucost, etc.)
- Desk research and collect information and experience
- *WG Meeting* to discuss and agree on tool/assessment design

Develop Scope of Work and Request for proposal

Tool and System Development (By Feb 2020)

- Select and work with experts to:
 - Identify key indicators for environment and climate assessment (e.g. carbon emissions)
 - Select major sectors and define benchmark
 - Develop methodology of measuring and reporting the selected key indicators
 - Develop other factors which might affect the assessment such as policy, market situation of hosting countries
- Collect suggestions and ideas on focus areas of future work from other WG members
- *Organize Expert Panel* to evaluate the tool and system design
- *WG Meeting* to review toolbox and seek signatory feedback

Phase 2: Adoption and Promotion (Apr 2020 to Aug 2020)

Awareness Raising (Apr 2020-Jun 2020)

- *Conference Call* and workshops to explain toolbox to signatories
- Signatory consultation period on toolbox and associated guidance.

Workshop and Webinar Series (Jun 2020-Aug 2020)

- Tool-specific workshops with signatories to build capacity.

Phase 3: New Tools (transition and physical risk assessment for financial institutions) Construction (if need identified)

Tool and System Development - (3 months)

- Select and work with experts to:
 - Refine use case
 - Develop methodology of measuring and reporting the selected key indicators
 - Develop other factors which might affect the assessment such as policy, market situation of hosting countries
- Collect suggestions and ideas on focus areas of future work from other WG members
- *Organize Expert Panel* to evaluate the tool and system design
- *WG Meeting* to disseminate results

Online testing – (2 months)

- Invite GIP members to use and test the tool
- *WG Meeting* to collect feedback and make improvement
- *Launch Event* of the online tool

Promotion

- Develop briefing document for the tool
- *Capacity Building Workshop* to introduce the tool