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Voices
The Belt and Road Initiative and the Sustainable Development Goals

The Belt and Road Initiative is perhaps the largest infrastructure development project in history and has aspirations to contribute to the Sustainable Development Goals. In this Voices, we ask experts from various disciplinary backgrounds for their perspectives on the opportunities and challenges for the Belt and Road Initiative in achieving this vision.

Institutional Distance Matters

China’s Belt and Road Initiative (BRI) provides a strong impetus for the wave of globalization by boosting bilateral and multilateral trade and foreign direct investment projects. It also raises concerns about the sustainable development of society and the environment now that evidence has revealed that foreign affiliates are unlikely to engage in host-country social and environmental responsibility, prompting these places to become so-called “pollution havens.”

In this context, institutional distance is an important factor that cannot be ignored. Institutional distance is defined as the differences in government policies and regulations between the home and host countries, and it could increase the burden of foreign affiliates to adapt to host-country institutional environment and release the institutional pressure on social and environmental regulations. This will become a major challenge for the implementation of the BRI because participating countries might prioritize economic development or adhering to sustainable development, which then gives foreign affiliates an opportunity to avoid social and environmental responsibility and pursue financial performance.

To achieve the Sustainable Development Goals (SDGs), BRI policymakers need to consider the balance between institutional structure, especially in social and environmental regulations, and investors’ home countries. One possible effective measure is to establish an information-sharing network, thereby reducing the institutional distance by introducing the institutional pressure from investors’ home countries.

BRI’s Environmental Choices

The BRI has the potential to redefine modes of sustainable development. The digital belt and road and the Belt and Road Science Plan have millions of dollars in funding to facilitate sustainable development. As a result, there are more remotely sensed data for many BRI routes than for almost any other planned development, and these are aggregated by centralized agencies. Furthermore, China is determined to fulfill the vision of “ecological civilization” and has demonstrated this domestically, for example, by even moving economically valuable assets to realize an “ecological redline” across the country and protect biodiversity and ecological resources.

Yet, while the vision of sustainability is being met within China, the enforcement of such actions and the use of such data to ensure sustainability across international parts of the BRI are much more limited. For example, although the Nairobi-Mombasa railway has inbuilt channels to enable animal migration, the choice of route is far from the best from an environmental standpoint. Likewise, Pakistan’s “Billion Tree Tsunami” was implemented in concert with the BRI but has not learned the dangers of monocultural tree plantations from the Great Green Wall of China. Implementation of environmental standards is often superficial and does not make the best use of available data to minimize environmental damage. Thus, although the data and information exist to enable sustainable choices, in practice normally only country-level restrictions are applied, favoring the best economic rather than environmental outcome.
Mixed Results So Far

Through a network of various corridors, not only is the BRI reshaping the geo-economics and geopolitics of the participating regions and countries, but it could also affect the SDGs significantly. It has also prompted other major powers to sharpen their own connectivity strategies. If implemented projects are aligned with local development priorities along with skills and technology transfers in a transparent and environmentally balanced manner, they will certainly help to achieve the SDGs. They might also boost global trade and investment and establish regional networks of value chains. However, there are risks associated with many large projects and not just the BRI. For example, if they have the potential to create unsustainable debt burden, increase corruption, or result in societal tensions, such large projects could harm sustainable development. Thorough consultations are also essential; otherwise, there is a risk of increasing regional tensions. For instance, the increasing BRI project profile in South Asia has contributed to increasing India-China tensions. Purely from a developmental perspective, some projects have helped develop transport infrastructure and energy security, whereas others have raised concerns over “debt trap diplomacy.” The economic downturn associated with coronavirus disease 2019 (COVID-19) could add further complications to sustainability of BRI projects. In the coming years, many of these projects might need redesigning and renegotiation.

BRI’s Biodiversity Opportunity

With its scale unprecedented in terms of geographical expanse as well as quantum of investment, the BRI is said to be a defining force of the 21st century. The growth-inducing infrastructure being built under the BRI will influence host countries’ development trajectories for decades to come. No doubt, the initiative will help countries meet those SDGs that depend on economic growth. However, if implemented without adequate safeguards, the BRI could jeopardize the achievement of SDGs 14 and 15, which focus on biodiversity conservation.

The sheer scale of infrastructure development envisaged under the BRI could lead to species and ecosystem impacts of planetary proportions. Additionally, the BRI presents some unique challenges to SDGs 14 and 15—first, the cumulative nature of impacts arising from projects being spatially concentrated along corridors, and second, the complexity in impact mitigation resulting from the trans-boundary, multi-jurisdictional nature of projects.

But behind these challenges hides an opportunity that arises from the very transnational nature of BRI—the opportunity for China to evolve an overarching initiative-level biodiversity safeguard policy requiring strict adherence to the Mitigation Hierarchy by all projects irrespective of the jurisdiction, something that would automatically put critical habitats (such as World Heritage Sites) off limits for project siting. If implemented, such a policy would allow even host countries with poor environmental governance to protect their natural heritage and make their development pathways truly sustainable.

The Development Paradigm Is the Key

The BRI presents opportunities to address global economic imbalances, chronic shortage of funds, and weak partnerships, and it could be an accelerator to the SDGs. Nevertheless, the BRI epitomizes China’s approaches and practices in both domestic development and international development cooperation. This could result in tensions with the SDGs underlying universality, balance, and sustainability. China has followed a gradual, state-led, and learning-by-doing approach and has prioritized economic growth and infrastructure in its development process. Meanwhile, unlike Western donors, China respects different modes of development chosen by different countries and does not attach conditions such as “good governance” in BRI international cooperation. As such, the BRI has centered on large transportation projects, which could promote growth but often have negative environmental impacts. The insistence on sticking to the non-interference principle often results in projects that are decided by political leaders in partner countries and might not necessarily reflect the
will and needs of local populations. China has also pledged to follow host-country laws and norms for all BRI projects. Yet, such policies and the willingness and capacity to enforce restrictions vary greatly and are often inadequate to address the risks. The BRI and SDGs definitely need one another for their mutual success, but both require a new development paradigm that not only balances the economic growth, social inclusion, and environmental protections but also fits the development context of the developing world.

A Key Role for Green Finance in a Sustainable BRI
As a result of a fragile ecology and poor infrastructure conditions, many BRI countries are exposed to systematic risks from climate change. As such, “green” must be placed at the heart of the BRI’s development. Otherwise, we can never achieve the SDGs. According to the Decarbonizing the Belt and Road report, US$12 trillion in green investment is needed by 2030 for BRI countries to be aligned with the Paris Agreement. Traditional governmental and philanthropic funds simply can’t meet such a huge demand. Green finance can play a key role in achieving this. By incentivizing “green” while restraining “brown” (polluting industries), green finance can reform the current financial markets and mobilize private capital to greener industries. With great cooperation between international organizations and local stakeholders, we’ve already seen success in green finance innovation in BRI countries. Indonesia’s sovereign green Sukuk bond is an excellent demonstration. Under technical support from nongovernmental organizations and think tanks, the Indonesian government has raised US$1.25 billion and reached 29% more investors, including banks, asset managers, pension funds, and central banks across the world. This success needs to be duplicated quickly and inspire BRI countries to establish green financial systems. Meanwhile, BRI investors have to ensure that all investments are aligned with the SDGs. Although we’ve seen progress such as the BRI Green Investment Principles, committed by 37 big financial players, more actions have to be sped up, right now.

BRI’s Success a Function of Maximizing Benefits and Minimizing Risks
The BRI has the highest potential to make the world economy more integrated while addressing glaring infrastructure gaps, social inequity, and climate change. The World Bank estimates that the BRI could increase growth by 3.4% in BRI countries and by 2.9% in the rest of the world. Ex post analyses have already shown that Chinese overseas investment is associated with economic growth. However, there is also a great deal of evidence that BRI projects are associated with relatively more debt distress, social inequity, and carbon dioxide emissions than some of their counterparts, such as the World Bank. In the past few years, China, in crossing the river by touching each stone, has seen the mixed impacts of the BRI and has made steps to devise a new debt sustainability framework and a set of principles to establish social and environmental standards in its BRI lending projects. What is more, as a member of the International Development Finance Club, the China Development Bank (which in many ways is a flagship of the BRI) pledged to align its efforts with the Paris Agreement on climate change. The global COVID-19 pandemic and the associated economic crisis expose the need for a resilient, green, and inclusive BRI more than ever. Both China and the host countries engaged in the BRI will need to work hard to maximize the benefits of the BRI and minimize risks in the COVID-19 era.
Unify Environmental Safeguards

The environmental consequences of large-scale infrastructure development are almost always negative. But they needn’t be. Although it’s difficult to envision how a project the magnitude of the BRI can contribute to climate action, life below water, and life on land (i.e., SDGs 13–15), there exist opportunities.

A major challenge will be to address and mitigate the cumulative impacts of BRI infrastructure development on critical and threatened marine habitats such as coral reefs, mangrove forests, and seagrass meadows. Land clearing and dredging for port construction can physically destroy and stress habitats. These habitats contribute disproportionately in their services to humanity. They protect coasts from storms, mitigate climate change, and provide essential habitat that supports fisheries. Under a business-as-usual scenario lacking environmentally minded practices, coastal development threatens these habitats and the animals that use them.

Thankfully, there are opportunities to improve environmental practices and outcomes within BRI developments. We need to unify and incorporate best-practice conservation actions into BRI development to minimize environmental consequences. For instance, we can mitigate port construction and dredging impacts by timing activities to avoid sensitive breeding seasons for key wildlife. The centrally coordinated nature of the BRI represents a unique opportunity for conservation policies because individual projects around the world could use consistent and high-standard safeguards for the environment.

Toward Green Infrastructure via Trade

Many of the BRI partner countries have to import materials for infrastructure construction. Trading for greener materials is necessary if we are to minimize the environmental and resource impact. Selecting trade commodities with low environmental and resource footprints is critical. Policymakers might prefer green goods, but are they really green? I’ve seen low carbon reported for specific projects, but this can be at the expense of critical mineral and metal resource depletion. As such, a holistic perspective is needed for BRI infrastructure construction. In choosing green goods, many factors must be considered. Commodity trade routes and transport modes differ in their greenness, so they must be thoughtfully selected. Additionally, commodity supplier selection requires systemic life-cycle thinking; consider not only the lowest cost but also the spectrum of a commodity’s ecological impacts. Green supply practices, collaboration, development, and monitoring are also needed. Policymakers need a green vision and must act on it; greenwashing at this scale can cause tidal waves of environmental degradation and resource depletion. Raising awareness and changing behavior should be a goal. Green BRI infrastructure through appropriate commodity trade can support the SDGs if it is done right. Inclusive input and effort from different global stakeholders, including those representing the environment, are needed.

Before we take action, we need to remember—we have only one earth, and our reliance on it is undeniable.
Joint Efforts for a Green Silk Road

The area along the Silk Road occupies a vast expanse of the globe and comprises regions with different levels of socio-economic development. Countries along the Silk Road are subject to immense carbon emission pressures, and the carbon leakages in this area are greater than in developed and less-developed countries. On the basis of the submitted intended nationally determined contributions, most countries along the Silk Road also face difficulties in achieving developed-country provision of financial resources, technology transfers, and capacity building for climate-change mitigation and adaptation. In the face of these difficulties, the BRI affords opportunities to promote the development of renewable energy and green industries. Green funds, including the Green Silk Road Fund and the Belt and Road Green Investment Fund, have been gradually established, and increasingly more renewable projects have been completed within this area to promote green development. The proposal and implementation of the Green Silk Road can also play a crucial role in enhancing global climate governance and achieving the UN SDGs. Joint efforts made in the context of the BRI could deepen consultations between the North and South, strengthen South-South cooperation, and promote multilateral joint efforts, which could help build comprehensive climate governance mechanisms and provide effective solutions for long-standing global climate issues.