



Initiatives to Enhance Hong Kong's Green and Sustainable Finance Ecosystem

Market Development Division
HKMA

13 Jan 2023

Background



- ❖ **Paris Agreement (2015):** Limit temperature rise, preferably to 1.5°C
- ❖ **COP27 (2022):** Reaffirmed commitment to the 1.5°C goal; delivered a package of decisions to cut greenhouse gas emissions and adapt to climate change, boosting the support of finance, technology and capacity building needed by developing countries
- ❖ **Global and regional investment needs:** estimated US\$100–150 trillion globally in climate finance in the next three decades, US\$66 trillion of which is in Asia
- ❖ **Green financing:** Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development



China (2030/2060)

- Emissions to peak around 2030 and be carbon neutral by 2060

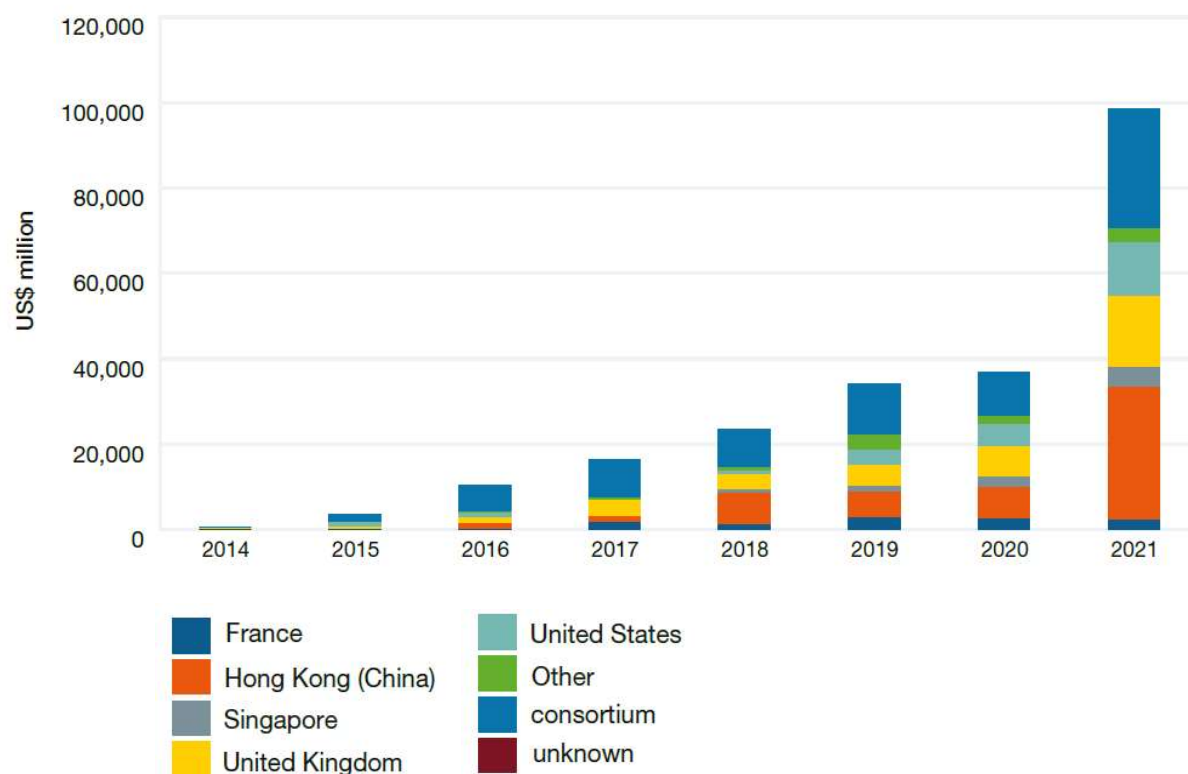
Hong Kong (2014/2050)

- Emissions peaked in 2014, and to be carbon neutral before 2050

Market landscape: a regional perspective



International sustainable bond issuance in Asia (deal nationality) –
by main location of arrangement



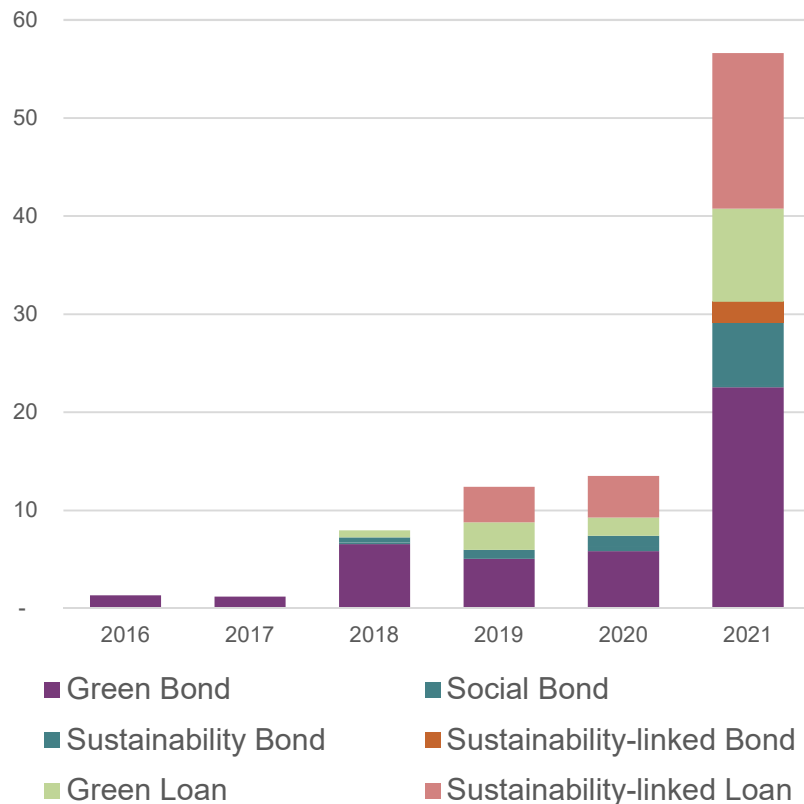
- ❖ Sustainable bond issuance in Asia totalled **US\$99bn in 2021**
- ❖ **More than double** in volume than in 2020
- ❖ Around **one-third of issuances** arranged by **Hong Kong banks** in 2021

Source: ICMA

Market landscape: local market growth and increasing product diversity



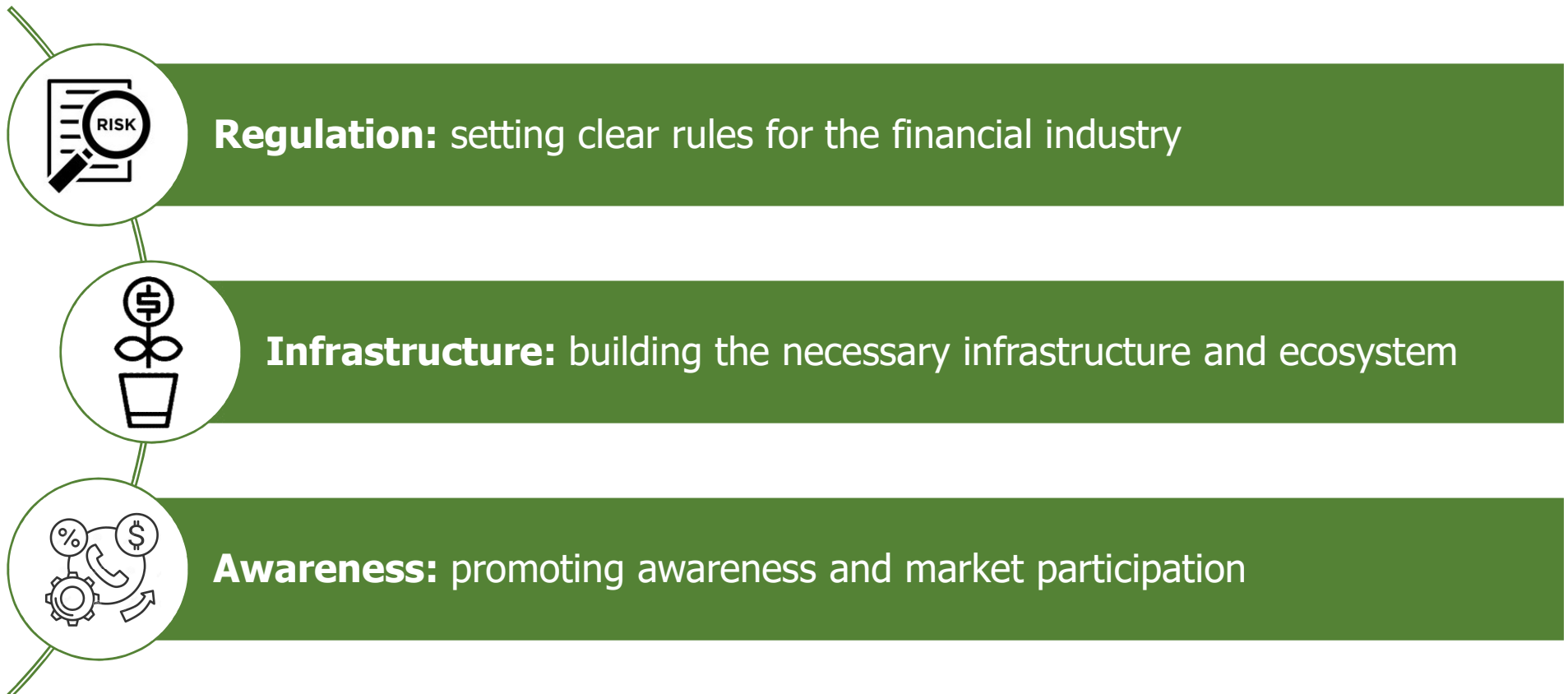
Green and sustainable debt issued in Hong Kong
(By product type, US\$ bn)



Sources: Dealogic, LoanConnector and HKMA staff estimates

- ❖ Total green and sustainable debt (bonds and loans) issued in Hong Kong reached **US\$57bn in 2021**
- ❖ **Product type** – from bonds to loans, from use-of-proceeds instruments to sustainability-linked instruments, more diversified derivative products
- ❖ **Issuer type** – more diversified across business sectors

HKMA's Focused Areas



Infrastructure: building the necessary infrastructure and ecosystem



Capacity building and data - Centre for Green and Sustainable Finance (GSF Centre) under Cross Agency Steering Group

- ❖ A cross-sector platform to coordinate the efforts of financial regulators, Government agencies, industry stakeholders and academia in capacity building and policy development
- ❖ Serves as a repository for relevant data and resources
- ❖ Recommendations and initiatives on capacity building and data

Infrastructure: building the necessary infrastructure and ecosystem



Recent work on capacity building and data

❖ Capacity building

- ❖ **H1 2022:** launched two repositories on training information and internship opportunities
- ❖ **Oct 2022:** launched **Sustainable Finance Internship Initiative** to provide young people with practical industry experience
- ❖ **Dec 2022:** launched the three-year **Pilot Green and Sustainable Finance Capacity Building Support Scheme** to subsidise practitioners and students in related training
- ❖ **Ongoing:** developing a common GSF qualification framework

❖ GSF data

- ❖ **H1 2022:** launched the **Data Source Repository**
- ❖ **Dec 2022:** announced **collaboration with CDP** to enhance data availability and sustainability reporting in HK

Pilot Green and Sustainable Finance Capacity Building Support Scheme

A three-year pilot scheme to support local talent development in green and sustainable finance ("GSF") by providing subsidies for the training and acquisition of relevant professional qualifications.

1 Completion of Eligible Programmes
• List of Eligible Programmes available on Scheme website
• To complete programme by 12 December 2023

2 Account Creation
Create a personal account on the Scheme website for submission of applications, tracking of application status and reviewing unused balance of reimbursement

3 Application Submission
Submit a reimbursement application within 3 months from the date of completion of the Eligible Programme, together with supporting documents

4 Application Processing
• Processing time for an application will normally take around 3 months
• Applicants will receive a notification of results afterwards

5 Reimbursement Amount
Up to **80%** General Applicants
Up to **100%** Full-time Students
HK\$ **10,000** Individual Ceiling

Eligible Applicants:
Hong Kong residents; and
1. Practitioners in finance, or whose roles involve GSF considerations
2. Students or graduates in relevant disciplines

Eligible Programmes: www.greentalent.org.hk/Individuals/EligibleProgrammes
enquiry@greentalent.org.hk +852 2258 6000 www.greentalent.org.hk

Scheme website:
www.greentalent.org.hk



Awareness: promoting awareness and market participation



Create demonstrative effect - Government Green Bond Programme (GGBP)

- ❖ Close to US\$16 billion green bonds have been issued so far to fund government green projects
- ❖ Doubled the borrowing ceiling of the Programme to HK\$200 billion for more green bond issuances
- ❖ Retail green bonds for public participation

Examples of eligible categories of green projects



Retail Green Bond 2022 (under the GGBP)

Awareness: promoting awareness and market participation



Mainland opportunities

- ❖ Hong Kong as the unique gateway between Mainland China and the rest of the world
- ❖ Mainland entities using Hong Kong to seek sustainable financing
e.g. issuance of offshore RMB bonds by the Shenzhen Municipal Government and Government of Hainan Province in Hong Kong, including blue bonds, green bonds and sustainability bonds
- ❖ Opportunities as a sustainable finance centre in the Greater Bay Area (GBA) region

Collaboration with Government and regulators: Cross-Agency Steering Group



Dec 2020:

- ❖ Released Hong Kong's Green and Sustainable Finance Strategy and 5 immediate action points to enhance transparency on the way forward for Hong Kong

Jun 2022:

- ❖ Announced the progress made and the way forward to advance Hong Kong's position as a leader in green and sustainable finance:
 - ❖ GSF Centre;
 - ❖ Taxonomies and sustainability reporting; and
 - ❖ Carbon market opportunities.





Thank you