Maximizing Impact towards the SDGs:
Guidance and Assessment Tool for Companies to Advance Sustainable Infrastructure under the Belt and Road Initiative
PURPOSE OF THE PUBLICATION AND ACKNOWLEDGEMENTS

This Publication is an output of the UN Peace and Development Trust Fund (UNPDF) supported project (PDF-SDG-2021-8): Implementing 2030 Agenda through UNGC Action Platform on Sustainable Infrastructure for the Belt and Road Initiative to Accelerate the Sustainable Development Goals.

In his remarks at the Second Belt and Road Forum for International Cooperation in 2019, the Secretary-General of the United Nations Mr. Antonio Guterres emphasized,“ The five pillars of the Belt and Road — policy coordination, facilities connectivity, unimpeded trade, financial integration and people-to-people exchanges — are intrinsically linked to the 17 Sustainable Development Goals.” And “the world will benefit from a Belt and Road Initiative that accelerates efforts to achieve the Sustainable Development Goals (SDGs)”.

Supported by the UNPDF, the UN Global Compact has developed this SDG Guide and SDG impact assessment tool, with the objective to engage private sector players participating in infrastructure projects under the Belt and Road Initiative to align their operations with the SDGs thereby ensuring that people and planet prosper as a result of responsible business conduct that realizes the private sector’s greatest potential to accelerate the SDGs.

We would like to thank the following UN agencies, think tanks, organizations and individuals¹ for their invaluable contribution to the development of the Guide:

- The United Nations Development Programme (UNDP)
- The United Nations Children’s Fund (UNICEF)
- UN Women
- International Labour Organization (ILO)
- The United Nations Resident Coordinator’s Office in China

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¹ Xiheng Jiang, Zhou Taidong, Cheng Han and etc.
Charting a Sustainable Path: The Confluence of the BRI and the SDGs

In our rapidly globalizing world, the need for sustainable, inclusive and resilient infrastructure development has never been more crucial. Since its inception in 2013, the Belt and Road Initiative (BRI) has provided a promising avenue to this end by weaving together a tapestry of interconnected nations striving for a brighter and more sustainable future.

The United Nations, particularly through the Sustainable Development Goals (SDGs), outlines a comprehensive vision for a future where every individual, regardless of their location, can access the benefits of well-planned and sustainable infrastructure. The five pillars of the BRI resonate profoundly with the principles underlying the Global Goals.

As Secretary-General António Guterres aptly remarked during the second Belt and Road Forum: “The world will benefit from a Belt and Road Initiative that accelerates efforts to achieve the Sustainable Development Goals.”

However, the process of achieving this convergence is not automatic. It requires deliberate efforts, cross-sectoral collaborations and a deep understanding of the socio-economic and environmental landscape of the regions involved. The private sector, especially businesses participating in the BRI, plays a pivotal role in this work. Of course, the private sector also has a critical role to play in offering decent work opportunities, while respecting the environment when driving economic growth. The private sector’s ability to innovate, drive economic growth and harness resources can be the catalyst to ensure that infrastructure projects and the jobs they create not only serve immediate needs but also pave the way for long-term sustainable development.

This report serves as a beacon for businesses in this endeavor. By shedding light on the intricate relationship between the BRI and the SDGs, it offers practical tools and insights for companies to ensure that their projects align with global sustainability trends, especially the Ten Principles of the UN Global Compact.

I am pleased to see the Maximizing Impact towards the SDGs: Guidance and Assessment Tool for Companies to Advance Sustainable Infrastructure under the Belt and Road Initiative presented in this report. The emphasis on a holistic understanding of infrastructure and its implications for economic, environmental, social and governance dimensions is timely and invaluable. This tool not only helps businesses identify potential challenges but also steers them towards creating maximum positive impact while minimizing negative footprints.
As we move forward, let us remember that while the challenges of sustainable infrastructure development are significant, they are not insurmountable. The collective will, shared vision and unwavering commitment of all stakeholders can make a difference.

I would like to extend our gratitude to the United Nations Peace and Development Fund (UNPDF) for its support and commitment to this pivotal initiative. UNPDF’s contribution has provided the essential resources to complete this project, and exemplifies the essence of global collaboration for sustainable progress.

Lastly, my heartfelt appreciation goes to the many UN agencies, think tanks, organizations and dedicated individuals who have contributed to this monumental work. The path to a sustainable future is a shared journey, and I am inspired by the collective commitment shown by all.

Let us embark on this journey together, confident in our common goals, to create a world where every infrastructure project can become a cornerstone towards sustainable and inclusive development.

Sanda Ojiambo
Assistant Secretary-General & CEO
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# CONTENTS

- **Executive Summary** .............................................................. 1
- **Introduction** ........................................................................ 6
- **Chapter 1 SDGs and the BRI** .............................................. 8
  1.1 A Global Compact for Sustainable Development ............... 8
  1.2 Infrastructure Demands and Construction in Developing Countries 10
  1.3 Links between the BRI and the SDGs .................................. 13
- **Chapter 2 BRI Practices and Implementation Challenges** .... 18
  2.1 Policy Practices ............................................................... 18
  2.2 Business Practices .......................................................... 20
  2.3 Implementation Challenges ............................................. 24
- **Chapter 3 Understanding Sustainable Infrastructure from Multi-Stakeholder Perspectives** ................................. 26
  3.1 ESG Applied in Sustainable Infrastructure ....................... 26
  3.2 Business Survey and Consultation .................................. 28
  3.3 Consensus and Dilemmas ................................................ 39
- **Chapter 4 Sustainable Infrastructure for Companies Participating in the BRI: An SDG Guide** ................................. 42
  4.1 Recommendations for Companies Participating in the BRI .... 42
  4.2 SDG Guide for Sustainable Infrastructure ........................ 43
- **Chapter 5 SDG Impact Assessment for Private Sector Players in BRI Infrastructure Projects** ................................. 56
  5.1 SDG Impact Assessment Tool ........................................ 56
  5.2 Illustrative Cases ........................................................... 62
- **Chapter 6 Conclusion** .......................................................... 66
- **References** ......................................................................... 68
- **Appendix:** Appendix: Survey’s Questionnaire and Data............ 72
ABBREVIATIONS AND ACRONYMS

Belt and Road Initiative (BRI)
Belt and Road Initiative International Green Development Coalition (BRIGC)
Build-Operate-Transfer (BOT)
China Development Bank (CDB)
China International Contractors Association (CHINCA)
China–Pakistan Economic Corridor (CPEC)
China Three Gorges South Asia Investment Ltd (CSAIL)
Corporate Social Responsibility (CSR)
Economic, Environmental, Social, and Governance (EESG)
Engineering Procurement Construction (EPC)
Environmental and Social (E&S)
Environmental, Social, and Governance (ESG)
European Bank for Reconstruction and Development (EBRD)
Green Investment Principles for Belt and Road (GIP)
Greenhouse gas (GHG)
Health, Safety and Environment (HSE)
Industrial and Commercial Bank of China (ICBC)
International Finance Corporation (IFC)
International Platform on Sustainable Finance (IPSF)
Memorandum of Understanding (MoU)
Ministry of Ecology and Environment of the People’s Republic of China (MEE)
Ministry of Foreign Affairs of the People’s Republic of China (MFA)
Multilateral Development Banks (MDBs)
Network of Central Banks and Supervisors for Greening the Financial System (NGFS)
Organization for Economic Co-operation and Development (OECD)
Public-Private Partnership (PPP)
Quality Infrastructure Investment (QII)
State Council Information Office of the People’s Republic of China (SCIO)
State-Owned Enterprises (SOEs)
Sustainable Development Goals (SDGs)
United Nations Department of Economic and Social Affairs (UNDESA)
United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)
United Nations Global Compact (UNGC)
World Trade Organization (WTO)
FIGURES

Figure 1.1 SDGs and the Ten Principles ................................................................. 9
Figure 3.1 Companies participating in the survey .............................................. 28
Figure 3.2 Challenges rated by the companies .................................................. 29
Figure 3.3 Understanding of the SDGs and their relevance to infrastructure projects ..... 30
Figure 3.4 International sustainability standards and guidelines that gain
the most attention .................................................................................................. 31
Figure 3.5 Main reference of ESG frameworks for overseas infrastructure projects .... 32
Figure 3.6 Existence of dedicated departments or personnel for implementing
the ESG policy ........................................................................................................ 33
Figure 3.7 Perceived Positive impacts of adopting voluntary ESG guidelines ............ 34
Figure 3.8 Perceived Negative impacts of adopting voluntary ESG guidelines .......... 35
Figure 3.9 Perceived Capacity-building priorities for wider adoption of ESG guidelines .... 36

TABLES

Table 3.1 ESG Policies of major development banks ............................................. 27
Table 4.1 Links between SDG 1 and sustainable infrastructure ............................ 43
Table 4.2 Links between SDG 9 and sustainable infrastructure ............................ 46
The Belt and Road Initiative (BRI) refers to the initiative of jointly building the Silk Road Economic Belt and the 21st Century Maritime Silk Road, launched by the Government of China in 2013. The BRI has identified five priority areas for international cooperation: policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds. Initiated by the Chinese Government, it has been warmly received by many countries. By the end of 2022, it covered more than 150 countries and regions that signed Memorandums of Understandings (MOUs) with the Chinese Government (UNDESA, 2022). Since 2015, the Chinese government and the UN system have advocated building and strengthening synergy between the BRI and the Sustainable Development Goals (SDGs).

Sustainable infrastructure is a key concrete pillar to achieve the synergy between the BRI and the SDGs, intending to improve the connectivity of infrastructure development plans among countries along the BRI, forming regional infrastructure networks, and promoting green and low-carbon infrastructure construction by taking into full account the impact of climate change. Over the last 10 years, infrastructure development in energy, transportation, and utilities has become the largest sector of BRI investment and de facto a central pillar of the initiative. The initiative focuses on promoting development. Therefore, it is natural that infrastructure is highlighted as the foundation for industrial development and improving people’s livelihoods.

The five priority areas of the BRI are closely linked to the 17 SDGs. The BRI and its infrastructure investments contribute to achieving many of the SDGs, including SDG 9 (industry, innovation, and infrastructure), SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 13 (climate action), SDG 14 (life below water), and SDG 15 (life on land). In his remarks at the Second Belt and Road Forum for International Cooperation in 2019, UN Secretary-General António Guterres emphasized that the five pillars of BRI “are intrinsically linked to the 17 Sustainable Development Goals” and “The world will benefit from a Belt and Road Initiative that accelerates efforts to achieve the Sustainable Development Goals.” (MFA, 2019)

All stakeholders, including governments, businesses, and civil societies, must be involved to achieve the synergy between the BRI and the SDGs. One of the connections involving businesses is through the UN
Global Compact. During the Second Belt and Road Forum for International Cooperation in 2019, more than 35 Heads of State issued a joint communique to “call on all market players in the Belt and Road cooperation to fulfill their corporate social responsibility and follow the principles of the UN Global Compact.” (MFA, 2019) This statement reflects an endorsement of the Ten Principles of the UN Global Compact as an international norm to advance corporate sustainability under the BRI framework. The UN Global Compact asks companies to do business responsibly and pursue opportunities to solve societal challenges through business innovation and collaboration. It also stresses that good practices in one area do not offset harm in another.

In the past decade, many BRI infrastructure projects in the energy, transportation, and ICT sectors have been constructed and implemented to address infrastructure bottlenecks in developing countries. Global energy accessibility has improved significantly over the past decade. The penetration rate rose from 84% in 2010 to 91% in 2021. However, a total of 675 million people around the world still have no access to electricity, and energy accessibility is falling behind on SDG 7 (IEA et al., 2023). ITU data confirms that the ability to connect remains profoundly unequal worldwide. Even in 2021, an estimated 37 percent of the world’s population – or 2.9 billion people – have never used the Internet. (ITU, 2021). In the face of these challenges,

- The Chinese Government has formulated various sustainable infrastructure development policies and regulatory frameworks while strengthening technical support and capacity building.
- Efforts have been made to leverage green finance in promoting sustainable infrastructure by setting project approval and financing terms.
- The awareness and will of Chinese companies to build up the capacity to respond to government policy guidance and better manage overseas risks has been increasing rapidly.
- It is important to observe Chinese companies’ transition from contractors to investors in their business models for BRI projects.
- Some Chinese companies have taken the lead in aligning themselves with high international standards to attract international funding.

Nevertheless, the challenges inherited in infrastructure projects remain:

- The BRI projects have been mainly concentrated in the energy and transport industries, which are needed but have higher risks.
- Large-scale infrastructure construction risks negative environmental impacts such as greenhouse gas emissions and
biodiversity loss.

- Bankable projects are limited.
- Financial sustainability is facing challenges, particularly with the impacts of the COVID pandemic on developing country economies over the last three years.

In this context, it is important to understand the perspectives, puzzles, and constraints of companies participating in BRI infrastructure projects. For this purpose, a comprehensive survey has been conducted with a questionnaire covering cross-sectoral questions in eight aspects. Major Chinese companies undertaking BRI projects have been involved with the assistance of the China International Contractors Association (CHINCA). Fifty valid questionnaires have been received from 45 State-Owned enterprises and five private companies. They are mainly concentrated in five different sectors: 34 percent in the Energy sector, 32 percent in the Urban Infrastructure sector, 16 percent in the Transportation sector, 12 percent in the ICT sector, and 6 percent in the Water and Wastewater sector.

The survey reveals eight key perspectives: 1) The biggest challenges companies face are the social aspects and people-related activities in governance. 2) Most companies believe SDGs are relevant to infrastructure projects and welcome SDG guides and tools. 3) Many companies have paid attention to international standards, including the UNGC Ten Principles. 4) Most companies have an ESG framework for overseas infrastructure projects. 5) Most companies have a department or position dedicated to ESG implementation. 6) Companies perceive better local communication and access to finance, corporate decision-making, and project planning as the positive impacts of adopting an SDG-related ESG framework. 7) Possible cost increase is the biggest concern for companies adopting voluntary ESG guidelines. 8) Most companies believe that management awareness is at the top of the list of capacity-building priorities if they adopt an SDG guide in practice.

Considering the perspectives and needs of companies participating in BRI, this report develops an SDG Guide and related Impact Assessment Tool to provide practical and operational guidance for private sector players to deliver sustainable infrastructure on a voluntary and non-binding basis.

The SDG Guide Has Five Principles:

**Principle 1: Understand Infrastructure and SDGs Linkages in a Holistic and In-Depth Way**

This principle caters to the needs of companies that are raising the understanding and awareness of the management team about SDGs. The management team needs to understand how infrastructure relates to the 17 Goals and which of the 169 indicators under
these goals relate most directly to the infrastructure issue.

**Principle 2: Optimizing the Positive Impact of Infrastructure to Achieve Economic Growth and Sustainable Development**

- Financial sustainability
- Local industrial development
- Local economic development

**Principle 3: Integrating Environmental Sustainability to Infrastructure Development**

- GHG emissions reduction
- Pollution reduction
- Energy conservation and clean energy
- Biodiversity and ecosystem protection

**Principle 4: Integrating Social Sustainability with Infrastructure Development**

- Local employment and labor protection
- Community development
- Stakeholder engagement
- Women and vulnerable groups empowerment

**Principle 5: Integrating Governance Considerations with Infrastructure Development**

- Local communication and accountability
- Information disclosure
- Anti-corruption
- Grievance mechanism

The Impact Assessment Tool translates the Guide into a learning tool for companies participating in the BRI to self-assess how their infrastructure development activities affect the SDGs and Ten Principles. It aims to stimulate companies to understand better the complexity of sustainable infrastructure and the different aspects of the SDGs and Ten Principles so that companies become better equipped to prioritize actions ahead. The Tool has been developed to focus on the Economic, Environmental, Social, and Governance (EESG) issues of sustainable infrastructure. In close alignment with the SDGs, UNGC Ten Principles, and G20 Principles for Quality Infrastructure Investment (QII), the Tool is a framework that includes:

**Three Steps + EESG Indicators**

**Step 1: Understand the EESG Context**

**Step 2: Chart the SDGs and the Ten Principles**

**Step 3: Assess Your Impact**

- Direct positive impact
- Indirect positive impact
- Direct negative impact
- Indirect negative impact
- Unclear/No impact

This Report seeks to raise awareness and enhance the capacity of companies through (1) identifying and highlighting key common
guiding principles towards sustainable infrastructure that companies can tailor to their individual needs; (2) informing business decision-making on the design, building, operation, and maintenance of infrastructure projects, as well as on the monitoring and evaluation of sustainable infrastructure during the project life-cycle; and (3) equipping more companies with effective tools to measure their project’s impact on the SDGs and the sustainability of the projects in the long run.
INTRODUCTION

The BRI promotes win-win cooperation for shared development and prosperity, peace, and friendship through enhancing mutual understanding, trust, and exchanges. The initiative advocates peace and cooperation, openness and inclusiveness, mutual learning, and mutual benefit. It promotes collaboration in all fields and works to build a community of shared interests, destiny, and responsibility, featuring mutual trust, economic integration, and cultural inclusiveness.

Considering its scale and scope, the BRI has significant potential to further SDG implementation. During the Second Belt and Road Forum for International Cooperation in April 2019, more than 35 Heads of State issued a joint communique to “call on all market players in the Belt and Road cooperation to fulfill their corporate social responsibility and follow the principles of the UN Global Compact” (MFA, 2019). This statement reflects an endorsement of the Ten Principles of the UN Global Compact as an international norm to advance corporate sustainability under the BRI framework.

Sustainable infrastructure has been recognized as one of the BRI’s key priorities. In his keynote speech at the above forum, Chinese President Xi Jinping pledged to build “high-quality, sustainable, risk-resistant, reasonably priced, and inclusive infrastructure” (MFA, 2019). Global transformation and recovery need inclusive, sustainable growth that uplifts local communities, responds to the needs of all, brings women into tomorrow’s economy, and is compatible with the Paris Agreement on climate change and the SDGs. The BRI’s sustainable infrastructure is crucial for further realizing the SDGs and achieving the global vision for people, the planet, and prosperity.

The guide elaborates on the BRI as an opportunity for SDG implementation, focusing on its synergies with sustainable recovery and the UN Global Compact. It sets out an overview of the broad landscape of the BRI’s infrastructure development. It situates the SDG Guide concerning companies participating in the BRI as a way forward for building sustainable infrastructure. It first reviews major trends of SDG implementation developments, including policy guidelines, regulatory frameworks, and technical standards towards sustainable infrastructure in the BRI. The Guide then draws on extensive business surveys, multi-stakeholder engagement, and expert consultation to present a dynamic and nuanced picture of the demands, supplies, progress, challenges,
and dilemmas from the perspectives of businesses and other key stakeholders.

Companies participating in the BRI need to take comprehensive measures and make efforts in multiple aspects to promote the high-quality development of the BRI. The key stakeholders, including the Chinese Government, Chinese companies, host country actors, and international institutions, should work more cohesively to achieve sustainable infrastructure development. The Report develops an SDG guide and impact assessment tool for common, holistic, cross-sector principles towards sustainable infrastructure under the BRI framework.
1.1 A Global Compact for Sustainable Development

In September 2015, all 193 Member States of the United Nations adopted a plan for achieving a better future for all, laying out a path over the next 15 years to end extreme poverty, fight inequality and injustice, and protect our planet (UNGC, 2016). At the heart of Agenda 2030 are the 17 SDGs, which clearly define the world we want, applying to all nations and leaving no one behind.

The Global Goals result from a process that has been more inclusive than ever, with Governments involving businesses, civil societies, and citizens from the outset. We are all in agreement on where the world needs to go. Fulfilling these ambitions will take an unprecedented effort by all societal sectors, and businesses have a significant role in the process.

There is a growing understanding – especially by business leaders and investors ahead of the curve – that it is not enough for companies to concern themselves only with short-term profits because climate change, natural disasters, social unrest, or economic disparity can damage long-term prosperity. The businesses that understand this challenge and take action will be a step ahead.

Responsible business and investment – rooted in universal consensus – will be essential to achieving transformational change through the SDGs. We cannot achieve the ambition of the SDGs without business leadership. For companies, successful implementation will strengthen the enabling environment for doing business and building markets worldwide.
Figure 1.1 SDGs and the Ten Principles
No matter how large or small, and regardless of their industry, all companies can contribute to the SDGs. While the scale and scope of the global goals are unprecedented, the fundamental ways that business can contribute remain unchanged. The UN Global Compact asks companies to do business responsibly and pursue opportunities to solve societal challenges through business innovation and collaboration.

Corporate sustainability starts with a company’s value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of environment, human rights, labor, and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence and know that good practices in one area do not offset harm in another. By incorporating SDGs and the Ten Principles of the UN Global Compact into strategies, policies, and procedures and establishing a culture of integrity, companies are upholding their basic responsibilities to people and the planet and setting the stage for long-term success.

1.2 Infrastructure Demands and Construction in Developing Countries

Industry and innovation are key drivers of economic growth, and infrastructure is a necessary foundation for industry and people’s lives. Industrialization can create jobs and lift communities out of poverty, but it needs to be managed carefully to avoid additional pressures on people on the planet. Industrialization and, more broadly, economic development crucially depend on quality and reliable infrastructure. Without it, communities and businesses would be denied access to markets, high-quality goods and services, and jobs. Globally, 2.6 billion people do not have access to a reliable electricity source, and more than 4 billion do not have Internet access. In developing countries alone, this requires a $1 trillion gap in annual investment spending that needs to be addressed (UNGC, 2018). As these gaps are filled, industry and infrastructure assets must be resilient to social, economic, and environmental changes. To achieve inclusive and sustainable industrialization and deliver quality, resilient infrastructure, technological and process innovations must be developed and deployed at scale.
Meanwhile, action on Goal 9 is strongly interconnected with many other SDGs, most notably Goal 11 on sustainable cities and communities and Goal 12 on responsible consumption and production. Efforts to create new opportunities for innovation and employment in developing countries directly relate to Goal 8. Infrastructure-dependent SDGs, including those relating to food (Goal 2), water and sanitation (Goal 6), energy (Goal 7), and climate action (Goal 13) will also benefit from action on Goal 9. Leading action must be managed so that it does not risk exacerbating existing inequalities or creating new ones and does not contribute to corruption and violation of human rights that would negatively impact a range of SDGs.

In particular, the coronavirus pandemic has revealed the urgent need for resilient infrastructure. The United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP) in the Economic and Social Survey of Asia and the Pacific notes that critical infrastructure in the region remains far from adequate in many countries, despite the rapid economic growth and development the region has experienced over the past decade (UNESCAP, 2019). The Survey highlights that making infrastructure resilient to disasters and climate change will require an additional investment of $434 billion USD annually (ibid.). This sum may need to be even greater in some sub-regions, such as the Pacific Small Island Developing States.
1.3 Links between the BRI and the SDGs

The BRI includes a vision for strengthened development cooperation through five pillars: policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds between China and other countries. In his remarks at the Second Belt and Road Forum for International Cooperation in 2019, UN Secretary-General António Guterres emphasized that the five pillars of the BRI “are intrinsically linked to the 17 Sustainable Development Goals” and that “the world will benefit from a Belt and Road Initiative that accelerates efforts to achieve the Sustainable Development Goals” (MFA, 2019). It has been estimated that the initiative has the potential to connect countries accounting for more than 60 percent of the global population, 30 percent of global GDP, 40 percent of international trade, and more than 50 percent of people living under the extreme poverty line (Belt and Road Portal, 2019).

First, the BRI and the SDGs have a shared vision and principles. While the BRI and the 2030 Agenda differ in nature and scope, they share a similar vision and some basic principles in many respects. The 2030 Agenda resolves to create conditions for sustainable, inclusive, and sustained economic growth, shared prosperity, and decent work for all, considering different levels of national development and capacities. The BRI stresses the need to be harmonious and inclusive, advocates tolerance among civilizations, and respects different countries’ paths and modes of development. It supports dialogues among different civilizations on the principles of seeking common ground while shelving differences and drawing on each other’s strengths so that all countries can coexist peacefully for common prosperity.

The 2030 Agenda reaffirms that every State has, and shall freely exercise, full permanent sovereignty over all its wealth, natural resources, and economic activity. It also reiterates the commitment to international law. It emphasizes that the agenda is implemented consistently with the States’ rights and obligations under international law. In comparison, the BRI upholds the Five Principles of Peaceful Coexistence: Mutual respect for each other’s sovereignty and territorial integrity, mutual nonaggression, mutual noninterference in each other’s internal affairs, equality and mutual benefit, and peaceful coexistence.
Second, the BRI and the SDGs have similar priority areas. The BRI and the 2030 Agenda emphasize policy coordination, including building a multilevel intergovernmental macro policy exchange and communication mechanism, coordinating economic development strategies and policies, working out plans and measures for regional cooperation, and providing joint policy support for implementing practical cooperation and large-scale projects.

Meanwhile, the 2030 Agenda and the BRI share a similar vision of improving infrastructure and fighting poverty. The other priorities of the BRI include unimpeded trade, financial integration, and people-to-people bonds. Unimpeded trade includes improving investment and trade facilitation, removing investment and trade barriers, implementing the World Trade Organization (WTO) Trade Facilitation Agreement, and expanding mutual investment in agriculture, energy, information technology, biotechnology, and other emerging industries. Financial integration also includes strengthening financial regulation cooperation and coordination, improving mechanisms of addressing cross-border risks and crises, and encouraging commercial equity investment funds and private funds to participate in the construction of key projects under the BRI.

People-to-people bond includes promoting cultural and academic exchanges, personnel exchanges, media cooperation, youth and women exchanges, and volunteer services; expanding tourism; sharing epidemic information and exchanging of prevention and treatment technologies; increasing collaboration in science and technology by establishing joint labs, international technology transfer centers, and advancing cooperation on youth employment, entrepreneurship training, vocational skill development, social security management, and public administration and management.

Third, the BRI and the 2030 Agenda promote infrastructure connectivity and partnership. The 2030 Agenda attaches great importance to the coordinated development of cross-cutting issues and the connectivity development of different regions. The 2030 Agenda explicitly identifies the promotion of regional economic integration and connectivity as a key initiative that provides capacity-building support to African countries, least-developed countries, landlocked developing countries, small island developing states, and middle-income countries, emphasizing

“BRI is a highly valuable vehicle for accelerating implementation of the 2030 Agenda, and it has proven effective in bridging several gaps in implementation. It is up to all stakeholders in the BRI and the SDGs to make full use of that vehicle and generate momentum for achieving the SDGs by 2030” (UNDESA, 2022).
the need for sustainable transport systems and high-quality and resilient infrastructure.

The BRI is committed to the interconnection of the Asian, European, and African continents and nearby seas, establishes and strengthens the connectivity partnership of countries along the route, and builds an all-round, multi-level, and composite connectivity network. At the same time, with the help of a series of connectivity projects, it promotes the docking and coupling of the development strategies of countries along the route, explores the potential of the regional market, promotes investment and consumption, creates demand and employment, enhances people-to-people exchanges and mutual learning among the peoples of the countries along the route, and allows people of all nations to meet and know each other, trust and respect each other, and share harmony and a peaceful, prosperous life. Infrastructure connectivity, trade, and investment facilitation are core elements of the BRI and policy tools for achieving the SDGs. By promoting infrastructure connectivity, trade, and investment, barriers to the flow of capital, technology, and talent can be broken, and the globally unified market platform can be improved. Furthermore, a new open world economy system can be established to achieve shared development. Connectivity for development can be argued to be a fundamental value promoted by the BRI and the 2030 Agenda.

Each of the BRI’s five priority areas can find its direct or indirect link to achieving the 17 SDGs. However, for the BRI to fulfill its potential as a positive contributor to achieving the 2030 Agenda, it is important for its efforts to be managed well. The BRI infrastructure investments must produce economic growth and generate inclusive and sustainable social and economic development, thereby acting as a driving force for achieving the SDGs, with the Ten Principles of the UN Global Compact as an important norm for business operation. Partner nations should thoroughly evaluate the BRI’s possible effects to exploit its opportunities. It is important to understand the current policy with business practices and implementation challenges to explore and develop integrated policies to optimize the BRI’s impacts while managing potential risks, to which we now turn.
2.1 Policy Practices

From the beginning, the Chinese Government has emphasized the importance of green development in the BRI and the need to improve the ecological and environmental protection capacity of countries and regions along the route. Over the years, a greener BRI has been emerging. For example, at the Asia and Pacific High-level Conference on Belt and Road Cooperation on June 23, 2021, China and 28 other countries jointly launched the Initiative for Belt and Road Partnership on Green Development (MFA, 2021). Among other objectives, the Initiative calls for internationally collaborative efforts to achieve green and sustainable recovery and foster low-carbon, resilient, and inclusive post-pandemic growth. It takes note of the progress made by relevant Belt and Road cooperation partners, voluntarily, in building a Green Silk Road, including the development of the Belt and Road Initiative International Green Development Coalition (BRIGC) since 2019 and the formulation of the Green Investment Principles for Belt and Road (GIP) (Zhou, 2021).

BRI countries have established various sustainable infrastructure development policies and regulatory frameworks while strengthening technical support and capacity building. First, green and environmental protection elements were initially incorporated into the overall BRI policy framework, as reflected in the Vision and Action on Jointly Building Silk Road Economic Belt and 21st Century Maritime Silk Road issued by the Chinese Government in March 2015 (Jiang, 2019). Second, specific policy frameworks for cooperation were formulated, such as the Belt and Road Ecological and Environmental Cooperation Plan and the Guidance on Promoting Green Belt and Road, by the Ministry of Ecology and Environment of the People’s Republic of China (MEE), both of which emphasize the green development philosophy, support for low-carbon development, biodiversity protection, climate change, and active participation in global environmental governance (MEE, 2017a, 2017b). Third, normative documents, such as the Code of Conduct for Overseas Investment and
Operation of Private Enterprises, were published to guide and supervise Chinese outbound investments. The Guidelines for Outbound Investment and Cooperation in Green Development call for compliance with host countries’ laws and regulations, underline the need to conduct environmental impact assessments and guard against ecological and environmental risks (China Daily, 2021). In anti-corruption the Chinese Government has taken anti-corruption cooperation in the BRI as an important part of its international anti-corruption cooperation, issuing the Beijing Anti-Corruption Declaration and emphasizing the importance of building clean, modern Silk Roads (China Daily, 2019).

Meanwhile, according to the State Council Information Office of the People’s Republic of China (SCIO), the Green Silk Road Envoy Program, designed to enhance the environmental governance capacity of partner countries, has provided training opportunities to more than 2,000 environmental officials, scholars and technicians from over 120 countries (SCIO, 2021a). The Belt and Road South-South Cooperation Initiative on Climate Change aims to help partner countries with climate mitigation, adaptation, and energy transition (SCIO, 2021b). It has implemented low-carbon demonstration zones and capacity-building programs in Seychelles, Cambodia, and Laos based on the status quo and needs of partner countries in green development. The BRI Environmental Big Data Platform was built to facilitate environmental information sharing, improve environmental services, and improve decision-making. So far, the platform has pooled country-specific basic data, regulations and standards, environmental policies, technologies and industries, and case studies from more than 30 countries. Its data center provides access
to more than 200 indicators and statistics from 30 authoritative public platforms from more than 190 countries and regions (Zhou, 2021).

**Efforts have been made to leverage green finance in promoting sustainable infrastructure by setting project approval and financing terms.** The financial sector can be key in delivering sustainable infrastructure by requiring best practices in infrastructure planning, design, construction, and operation. Over the past decade, Chinese financial regulators have adopted various standards regarding green finance. The growing regulatory frameworks refer to international standards. To improve regulatory mechanisms for enhanced implementation, in August 2016, the People’s Bank of China and six other ministries jointly issued the Guidelines on Building a Green Finance System to enhance institutional innovation in the administration of environmental and social factors in implementing the BRI and other overseas investment projects (Jiang, 2019). More environmental information disclosure is also required. For example, the financial credit information database should include environmental information on businesses, including environmental infractions.

Furthermore, several international cooperation frameworks for green finance are also highly relevant to sustainable infrastructure and the BRI. Beijing jointly launched the Network of Central Banks and Supervisors for Greening the Financial System (NGFS) to promote green finance cooperation between central banks and supervisors, as well as the International Platform on Sustainable Finance (IPSF) to promote the convergence of international green finance standards and mobilize private funding for environmentally sustainable investment.

### 2.2 Business Practices

According to a study undertaken by Jiang (2019), the awareness and will of Chinese companies to build up the capacity to respond to government policy guidance and better manage overseas risks has been increasing rapidly. Contractors are a group of important players in the BRI infrastructure projects. From 2013 to 2018, the turnover of contracted projects conducted by Chinese firms reached $400 billion USD (Belt and Road Portal, 2019). The China International Contractors Association (CHINCA) is a national organization formed in 1988 by Chinese international project investors, contractors, labor service companies, and related service providers, with over 1,500 members operating in 190 countries (CHINCA, 2019a, 2019b).

Over the last few years, CHINCA has actively strengthened industry self-discipline and capacity building, issued industry reports and compliance guidance, and held training courses. For instance, to enhance companies’ awareness and capacity to engage and communicate with
local communities, CHINCA released the Handbook on Community Engagement for Chinese Contractors in May 2018 and has been holding training programs on this topic (CHINCA, 2019). CHINCA has also been actively collaborating with multilateral development banks (MDBs) to host seminars since early 2018 and promoting joint funding between its members and the MDBs.

It is also important to observe the transition of Chinese contractors in their business models for BRI projects. CHINCA has also been promoting the transition of contractors to investors and developers, changing from the EPC (Engineering Procurement Construction) model to the BOT (Build–Operate–Transfer) model (CHINCA, 2019). Generally, for the BOT model, the host-country government will specify the quality and quantity of utility services such as electricity and ensure the company’s return with an agreed pricing mechanism. For the EPC model, the contractor will deliver the project’s design, procurement, and construction within a fixed budget on the standards agreed with the owner. The key difference between the two is that companies could pursue higher standards and internalize the increased costs with the BOT model, but with the EPC model, standards are limited within the fixed budget. This difference plays a key role in the efforts of Chinese companies to pursue higher standards.

Some Chinese companies have taken the lead in aligning themselves with high international standards to attract international funding and promote the image of international business operations. The China Three Gorges South Asia Investment Ltd (CSAIL) is a company incorporated by a major Chinese State-Owned enterprise, the Three Gorges Corporation, the International Finance Corporation of the World Bank Group (IFC), and the Silk Road Fund. With leading technical and engineering capacity in hydro and wind power projects, the company is committed to high international environmental and social standards for power projects under the China–Pakistan Economic Corridor (CPEC) umbrella. In 2017, CSAIL issued its Health Safety Social
and Environmental Management System (an internal document), which combined the IFC, China’s environmental and social (E&S) systems, and the host country, Pakistan. With 20 frameworks and eight standard operating procedures, the system covers many safeguards for safety, environment, society, and health. These standards have been implemented in all CSAIL power projects using the BOT model until now. With the continued efforts of CSAIL to secure compliance by all contractors, the projects received hefty consideration from the IFC and local communities, as learned in a field study (Jiang, 2019).

Smaller Chinese companies could also be encouraged to adopt higher standards with funding incentives from international financial institutions. According to Jiang (2019), in 2017, the European Bank for Reconstruction and Development (EBRD) gave a loan to a Chinese private company for the first time, sending positive signals to Chinese companies willing to pursue higher standards. The EBRD gave a $52 million USD loan to Angel Yeast Egypt, which is fully owned by the Chinese firm Angel Yeast, to finance the construction of new production facilities and a modern wastewater treatment plant in an area of Istanbul that has a high level of poverty and unemployment. More than 200 jobs will be created, while 300 new and current workers will receive in-depth technical training (Zgherib, 2018). Angel Yeast met EBRD’s E&S policy and performance requirements,
and EBRD is willing to give loans to other Chinese investors who can meet these high standards.

### 2.3 Implementation Challenges

Companies participating in the BRI are central in designing, implementing, and operating sustainable infrastructure projects, ensuring job creation, responding to climate change, ending the poverty cycle, and building more inclusive societies. Sustainable infrastructure activities include incorporating sustainable practices into BRI infrastructure projects’ funding and development stages and promoting the well-being and long-term benefits of those directly associated with these projects and the broader local communities.

Different stakeholders have tried to promote a high-quality BRI featuring openness, greenness, and cleanness at both the policy and practice levels. However, will companies follow the higher Environmental, Social, and Governance (ESG) standards in a greening BRI? How can all stakeholders, including the Chinese Government, host country actors, and international institutions, make green investment happen faster? Answers to these questions are needed to achieve the SDGs while advancing the BRI as a contribution to global development.

While sound infrastructure is inevitable for development, large-scale infrastructure construction faces challenges of negative environmental impacts such as greenhouse gas emissions and biodiversity loss. Energy, industry, transportation, and construction are high-emitting sectors. Infrastructure construction, such as road building, can also cause problems such as loss or fragmentation of species habitats and deforestation. Fragile ecosystems could also undermine the sustainability of infrastructure projects and limit financial returns.

Companies are key actors in direct infrastructure investment and construction activities towards higher or lower ESG standards. These include large State-Owned enterprises (SOEs) and private companies that invest in or construct infrastructure projects abroad. The right pressure and incentives must be implemented to encourage companies to adopt and build capacity for higher ESG standards.

Companies participating in the BRI vary significantly concerning their capacity for higher ESG standards. Major companies are the most competitive contractors in the global infrastructure market, while minor ones are short of capacity. It is, therefore, critical to understand whether sustainable infrastructure policies and practices will be translated into action in the BRI, especially by companies that fund and construct BRI projects. Below, we examine the pressures and incentives companies face alongside their capacity to develop sustainable infrastructure in the BRI from multi-stakeholder perspectives.
CHAPTER 3
UNDERSTANDING SUSTAINABLE INFRASTRUCTURE FROM MULTI-STAKEHOLDER PERSPECTIVES

3.1 ESG Standards for Sustainable Infrastructure

Formulating ESG standards will help align the BRI infrastructure projects with the SDGs and the Ten Principles of the UN Global Compact and ensure stakeholders benefit from them. ESG standards can help Chinese enterprises expand markets, improve project effects, prevent default risks, defuse and mitigate environmental and social risks, and enhance leadership. Existing international financial institutions have already spent considerable time and resources on their ESG standards and best practices.

Taking biodiversity standards as an example, major international financial institutions are highly consistent in their biodiversity policy goals and guiding principles. They all prioritize biodiversity conservation goals in their work. Furthermore, they aim to reduce biodiversity hazards while balancing conservation and development priorities to achieve zero biodiversity loss or net gain.

To systematically move forward with sustainable infrastructure in the BRI, it is necessary to formulate corresponding standards and safeguards, develop guidelines for projects of different classes and at different levels, swiftly establish an operable ESG investment policy and regulatory system, ranging from project approval and risk assessment to investment supervision, establish independent environmental impact assessment (EIA) and E&S systems, and introduce effective incentives such as guarantees, subsidies, and discounts.
Table 3.1 ESG Policies of Major Development Banks

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Environmental and Social Framework</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Consistent with the Environment, Society, and Laws of the Host Country</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Information Disclosure</td>
<td>Annual reports and Sustainable Development Reports</td>
<td>Annual reports and Sustainable Development Reports</td>
<td>Information access policy</td>
<td>Public commutation policy</td>
<td>Information disclosure and open policy</td>
<td>Policy on public information</td>
</tr>
<tr>
<td>Appeals System</td>
<td>Not available</td>
<td>Not available</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Audit, Supervision and Management in Project Construction and Operation</td>
<td>Require self-reporting</td>
<td>Require self-reporting</td>
<td>Included in ESF</td>
<td>Included in ESF</td>
<td>Included in ESF</td>
<td>Included in ESF</td>
</tr>
<tr>
<td>Negative or Exclusion List</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Author, based on open sources of information
3.2 Business Survey and Consultation

In December 2022, a survey on enterprises participating in the Belt and Road Initiative was conducted with the assistance of CHINCA (see Appendix for details). In total, 50 valid questionnaires were received from forty-five State-Owned enterprises and five private enterprises, involving five different sectors: 34 percent in the Energy sector, 32 percent in the Urban Infrastructure sector, 16% in the Transportation sector, 12 percent in the ICT sector, and 6 percent in the Water and Wastewater sector.

Figure 3.1 Companies participated in the survey
Finding 1: The biggest challenges companies face are the social aspects and people-related activities in governance. Companies were asked to rate nine issues in ESG according to their experience in overseas infrastructure development, with five being the most challenging and one being the least challenging. Labor rights issues and relocation of residents were the two most challenging issues, with 72 percent of companies considering labor rights issues to be very or relatively challenging and 54 percent considering relocation of residents to be very or relatively challenging; 46 percent of companies considered environmental pollution issues to be very or relatively challenging, while only 28 percent considered carbon emissions to be very or relatively challenging; in addition, 56 percent of companies considered communication with local Governments to be very or relatively challenging and 50 percent considered communication with local governments to be very or relatively challenging. Communication with local government was either a big or large challenge. Fifty percent of companies thought communication with local management was a big or large challenge. In comparison, only 38 percent of companies thought project information disclosure was a big challenge.

Figure 3.2 Challenges Rated by the Companies
Finding 2: Most companies believe SDGs are relevant to infrastructure projects and welcome SDG guides and tools. We can observe that 66 percent of companies believe SDGs are relevant to infrastructure projects, and 50 percent say they would like guidelines to help companies integrate them into practice.

Figure 3.3 Understanding of the SDGs and their relevance to infrastructure projects.
Finding 3: Many companies have paid attention to international standards, including the UN Global Compact Ten Principles. To determine which ESG-related international standards have gained the most attention from companies, we listed nine sustainability-related international standards and guidelines, including the UN Global Compact Ten Principles. It was found that 64 percent of companies had paid attention to the World Bank’s Environment, Health and Safety Guidelines, 60 percent had paid attention to the ISO 26000 guidelines on social responsibility, and 50 percent had paid attention to the UN Global Compact Ten Principles.

Figure 3.4 International sustainability standards and guidelines that gain the most attention
Finding 4: Most companies have an ESG framework for overseas infrastructure projects. When asked whether companies set up an ESG framework for infrastructure projects overseas and what they refer to, the multiple-choice results show that 80 percent of companies have developed a specific ESG framework for overseas infrastructure projects. In the development process, 60 percent of companies refer to host government policy documents, 54 percent to Chinese government policies, 52 percent to industry association standards, and 12 percent to international agency standards.

Figure 3.5 Main reference of ESG frameworks for overseas infrastructure projects
Finding 5: Most companies have a department or position dedicated to ESG implementation. Companies were also asked whether they have a special department or person responsible for implementing the relevant specifications in constructing overseas infrastructure projects. It is encouraging to note that a significant number of companies attach importance to the implementation of the ESG, with 30 percent having a dedicated department, 34 percent having a dedicated position and dedicated personnel, 28 percent having part-time personnel, and only 8 percent not having relevant personnel to implement the ESG policies.

Figure 3.6 Existence of dedicated departments or personnel for implementing the ESG policy

- A. Dedicated department: 30%
- B. Dedicated position or staff: 34%
- C. Part-time staff: 28%
- D. Not yet: 8%
Finding 6: Companies perceive better local communication and access to finance, corporate decision-making, and project planning as the positive impacts of adopting an SDG-related ESG framework. When asked about the perceptions of companies on the possible positive impact of adopting a set of voluntary guidelines on ESG concerning the SDGs, 68 percent of companies felt that it would facilitate communication with NGOs and local communities, 64 percent thought that it would facilitate access to finance from financial institutions, especially international ones, 56 percent felt that it would facilitate corporate decision making and 56 percent thought that it would promote better project planning in the host country.

Figure 3.7 Perceived positive impacts of adopting voluntary ESG guidelines
**Finding 7:** Possible cost increase is the biggest concern for companies adopting voluntary ESG guidelines. When asked what negative impacts might occur if a set of voluntary ESG guidelines related to the SDGs were adopted, 54 percent of companies felt that it would increase the cost of investment and building a business, 46 percent were concerned about the potential manipulation of discourse by evaluation agencies, and 44 percent were concerned that it would result in fewer commercially viable projects. As can be seen, increased costs are the impact that concerns companies the most.

**Figure 3.8** Perceived negative impacts of adopting voluntary ESG guidelines.
Finding 8: Most companies believe that management awareness is at the top of the list of capacity-building priorities if they adopt an SDG guide in practice. When asked which areas of capacity Chinese companies would most need to increase if they were to adopt a set of voluntary ESG guidelines related to the SDGs, 88 percent said they would most need management awareness, 70 percent said they would need to strengthen awareness among all employees, 66 percent said they would need to improve internal management mechanisms and increase transparency, 60 percent said they would need to develop corporate management practices regarding the guidelines, and 60 percent said they would need to improve their upfront communication skills, especially with local communities. One company commented that Chinese companies need to develop supply chain management capacity.

Figure 3.9 Perceived Capacity-building priorities for wider adoption of ESG guidelines.
3.3 Consensus and Dilemmas

The above survey and consultation demonstrate the consensus between China and BRI partner countries in the policies and practices related to sustainable investment and continuously refining the overseas investment supervision system so that overseas investment supervision and guidance can enter a systematized and institutionalized stage. However, while policy frameworks are in place, gaps remain in operationalizing them. Companies participating in the BRI still face several challenges and dilemmas.

Many BRI partner countries are still in the preliminary development stage and have huge capital needs for infrastructure construction. Many partner countries have kept low environmental thresholds for various reasons, such as low labor productivity and weak capacity. Some countries emphasize rapid poverty reduction over the quality of economic growth, focusing more on rapid industrialization driven by traditional development models rather than sustainability. All of this has placed many BRI partner countries in a difficult position of promoting energy access, job creation, and poverty reduction through industrialization and urbanization in the context of a fragile ecological environment, inefficient energy use, and high carbon emission intensity.

Besides, countries along the Belt and Road are mainly developing countries, where local laws on environmental protection, labor protection, and other ESG issues are often to be improved. Sometimes, the host country has no laws to abide by when, for example, settling a dispute, which is beyond the grasp of the laws and regulations of the company’s home country. When host-country regulations and standards are very low or unestablished, companies tend to use home-country standards, which may be higher but not as high as international ones. Actually, most of the so-called ‘international standards’ are mainly manipulated by developed countries. China and developing countries have had limited participation, and some standards might be too demanding financially for developing countries and may not apply to the local context. Although current policies ask investors to follow local laws and regulations, it could be more practical and workable to encourage the adoption of higher international standards. Therefore, host-country development strategies and regulations play a key
role in determining the project standards and its employed business model, thus fundamentally influencing the ESG impacts throughout its life cycle. For instance, the host country builds coal-fired or clean energy plants as part of its energy strategy. Therefore, their awareness and capacity to develop an energy development strategy aligning with their emission commitments under the Paris Agreement are significant.

A major dilemma is that very limited projects in BRI countries are considered bankable for multilateral development banks and private investors, as the low private participation rate shows. In many BRI countries, connecting capital available for ESG investment with investment opportunities is hampered by investment barriers, market failures, and policy misalignments. To overcome them, governments have a key role in strengthening domestic frameworks for economic, investment, and climate policies to ensure that they are mutually supportive and ultimately to improve the risk-return profile of ESG investment projects (OECD, 2017).

Finally, it should be recognized that as major actors, Chinese enterprises and financial institutions are developing environmental risk assessment and management capacity and have yet to establish comprehensive systems, processes, and standards in this regard. For example, several major Chinese financial institutions, including the China Development Bank (CDB) and the Industrial and Commercial Bank of China (ICBC), have signed up to the Green Investment Principles, pledging to closely watch the climate, environmental, and social impact of their investment and operations in partner countries. However, specific mechanisms are to be put in place to fulfill this promise. In addition, many Chinese companies are still inadequate in disclosing their environmental information and communicating with civil societies, communities, and other stakeholders in host countries.

All in all, the building of rules and standards and their enforcement will be key to promoting the high-quality development of the Belt and Road, and it will also be a long-term dynamic process that requires the joint efforts and mutual learning of all parties. At the same time, businesses’ voluntary actions could make a difference. To raise awareness and enhance the capacity of companies participating in the BRI’s infrastructure projects leading to better business alignment with the SDGs and the Ten Principles of the UN Global Compact, this Guide identifies and highlights key common guiding principles towards sustainable infrastructure that companies can tailor to their individual needs. The Guide aims to inform business decision-making on the design, building, operation, and maintenance of infrastructure projects and the monitoring and evaluation of sustainable infrastructure during the project life-cycle.
4.1 Recommendations for Companies Participating in the BRI

First, to raise awareness and unify thinking on ESG. Many companies participating in the BRI are unclear about the strategic objectives of overseas investment, the particularities of participating in the Belt and Road construction business, and the role of overseas business in the overall business structure of the company. Companies should develop corresponding ESG-based strategic planning and implementation plans based on careful consideration and analysis of overseas business and make dynamic adjustments.

Second, to improve ESG compliance awareness, ability, and system building in environmental protection, labor rights protection, compensation for demolition, community participation, anti-corruption, and other ESG issues. Companies participating in the BRI can attain international ESG standards at a controllable cost, but complying with high standards requires dedicated efforts and is not a linear process. Establishing a compliance system and fostering a compliance culture is key. Compliance should be improved at system, mechanism, organization, and corporate culture levels, especially concerning bidding and contract management, E&S impact assessment, implementation, and integrity.

Third, to improve the ESG quality and effectiveness of various projects, enhancing the sense of gain for the general public in the country where the project is located, enhancing the interests of the people of the participating countries, and obtaining the support of relevant parties to the greatest extent. The ESG effects of the projects on local communities should be greatly considered. Efforts should also be made to communicate with different stakeholders, especially the local communities, incorporate their concerns and opinions in decision-making, encourage localization in employment and procurement, and innovate corporate social responsibility practices based on local needs.

Fourth, do a good job of commercial
feasibility assessment and strive to find reliable and trusted partners to share risks. Companies must optimize internal ESG management, including decision-making, monitoring, and performance evaluation, while employing more professionals in compliance and ESG management. More effective measures should be adopted to promote effective communication with local communities. The market for consulting services on international ESG standards should be further developed. Business associations and NGOs should be promoted and encouraged to operate overseas and play supporting and monitoring roles.

4.2 SDG Guide for Sustainable Infrastructure

*Principle 1: Understanding Infrastructure and SDGs Linkages in a Holistic and In-Depth Way*

This principle caters to the needs of companies that are raising the understanding and awareness of the management team about SDGs. The management team needs to understand how infrastructure relates to the 17 Goals and which of the 169 indicators under these goals relate most directly to the infrastructure issue. Here are two examples:

<table>
<thead>
<tr>
<th>SDG 1. End all forms of poverty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to drinking water in impoverished areas</td>
</tr>
<tr>
<td>Access to energy in impoverished areas</td>
</tr>
<tr>
<td>Transportation convenience in impoverished areas</td>
</tr>
<tr>
<td>Access to information and communication technology in impoverished areas</td>
</tr>
</tbody>
</table>
Table 4.2 Links between SDG 9 and sustainable infrastructure

| SDG 9. Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation |  
|---|---|
| 9.1 Develop quality, reliable, sustainable, and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all |  
| 9.1.1 Proportion of the rural population who live within 2 km of an all-season road |  
| 9.1.2 Passenger and freight volumes by mode of transport |  
| 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities |  
| 9.4.1 CO2 emission per unit of value added |  
| 9.a Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological, and technical support to African countries, least developed countries, landlocked developing countries, and small island developing States |  
| 9.a.1 Total official international support (official development assistance plus other official flows) to infrastructure |  
| 9. c Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least-developed countries by 2020 |  
| 9. c.1 Proportion of the population covered by a mobile network by technology |
Principle 2: Optimizing the Positive Impact of Infrastructure to Achieve Economic Growth and Sustainable Development

Infrastructure is an important propeller to achieve inclusive and sustainable growth. Infrastructure boosts productivity as a precondition and stimulant for economic growth. Infrastructure investment can be leveraged as a tool to simulate economies in recession and as an effective approach to promoting supply-side reform, which raises the potential growth rate and enhances long- and medium-term sustainable development. In addition, infrastructure improves market efficiency and promotes social equality. Infrastructure networks between regions act as an engine to address regional development imbalances essential to regional growth initiatives.

- Financial Sustainability
  - Companies should pursue high-quality infrastructures that are viable, affordable, accessible, inclusive, and broadly beneficial over their entire lifecycle, contributing to sustainable development and industrialization of host countries.
  - Plan infrastructure projects strategically and align them with host countries’ regional and national development plans. Leave enough time and resources for adequate project preparation.
  - Conduct commercial feasibility assessments and make emergency plans as soon as possible, especially to formulate exit strategies for any potential problems that have not been resolved during the contract negotiation process, and strive to find reliable and trusted partners to share risk.
Make efforts to diversify financing options, including promoting the public-private partnership (PPP) model and cooperation with international financing institutions. In principle, infrastructure projects deemed commercially viable and bankable should be pursued through PPP and other innovative financing models.

- Local Industrial Development
  - Companies should promote increased transparency, open procurement with competitive bidding, and better risk assessment in project selection.
  - Make a demonstrable contribution to local economic development and include a degree of local procurement to unleash the local economic potential.
  - Give preferential treatment to suppliers owned by local communities and vulnerable groups or that directly or indirectly support them.
  - Encourage the development of local small and medium enterprises and cooperatives, enabling and enhancing their participation in the productive economy.

- Local Economic Empowerment
  - Companies should contribute economic benefits, including tax revenues, investment dividends, training funds, etc.
  - Create greater access to local employment, including direct jobs supported and generated by infrastructure projects and employee skills development.
  - Facilitate local business opportunities and innovative business practices, including products, services, processes, technologies, and financing mechanisms.
  - Promote technology transfer, knowledge sharing, and local linkage development of products.

**Principle 3: Integrating Environmental Sustainability into Infrastructure Development**

The green BRI should aim to align with international standards and rules in the context of global carbon neutrality and the associated green development consensus. Green investment, green trade, green finance, and green technologies development should be promoted. At the same time, the green cooperation between enterprises and financial institutions should be intensified. In addition, BRI countries’ green development knowledge sharing and environmental governance should be enhanced.

- GHG emissions reduction
  - Companies should strive for ambitious GHG emissions reduction targets to support the transition from fossil fuels to clean energy.
  - Accelerate the deployment of low-carbon infrastructure investment to
generate proper economic benefits and catalyze the transition to sustainable development paths.

- Pioneer technological innovation and energy and industrial revolution, mitigate the climate impact of development and avoid carbon lock-in.

- **Pollution Reduction**
  - Companies should develop pollution control to avoid direct or indirect threats from pollutants to humans and other creatures.
  - Use Project Environmental and Social Impact Assessment or Environmental and Social Action Plan as the basis for planning, reporting, monitoring, and evaluation.
  - Pay close attention to different kinds of pollution, including air, soil, underground water, noise, and solid waste in the locality, and abide by local laws and regulations.

- **Energy, Water Use and Conservation**
  - Companies should increase their energy efficiency, develop innovative product designs, and introduce effective environmental management systems.
  - Increase the use of renewable or low-carbon energy, including hydropower, wind power, solar power, and other alternatives, as pathways to secure greater energy security.
  - Optimize the management of water resources, which not only reduces running costs for businesses but also mitigates water-related conflicts with local communities.

- **Biodiversity and Ecosystem Protection**
  - Companies should prevent damage to the local ecosystem and conserve biodiversity and habitats where rare and endangered wildlife species grow.
  - Minimize land-use change and deforestation, which could affect forest cover and ecosystem health and impact the global climate.
  - Consider establishing ecological corridors, buffer zones, and isolation belts, avoiding eco-sensitive zones, and implementing land restoration and conservation projects.
**Principle 4: Integrating Social Sustainability into Infrastructure Development**

Sustainable infrastructure provides essential services to meet social needs and expectations. The social aspect is crucial if companies seek to reduce business risks, promote good governance, and increase contributions towards a more socially inclusive economy, community development, and common prosperity. Failure to adopt a more socially inclusive approach to business reduces their opportunities for business success and may well influence their business survival in the long term. As also echoed in the survey, local employment and labor protection is critical.

- **Local Employment and Labor Protection**
  
  Local employment and labor protection would build trust and capacity among local communities and host country stakeholders and improve the overall quality of each project by using local and indigenous workers’ local knowledge, expertise, and practices.

- **Abide by Chinese and host countries’ laws and policies on labor, employment, immigration management, and health and safety.**

- **Conduct social impact assessments covering human rights, labor, employment, gender, health, safety, and conflict.**

- **Establish local recruitment mechanisms, promote local employment (including affected people), and sign and respect contracts.**

- **Cultivate local workers and offer training and programs in local languages, laws, and cultures to Chinese workers to promote mutual respect, understanding, and exchange.**

- **Provide training programs in project quality, health and safety, environmental protection, and intellectual property to workers.**

- **Maintain safe and healthy living and working for project workers.**

- **Respect legally established workers’ organizations and legitimate workers’ representatives.**

- **Community Development**

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**3 GOOD HEALTH AND WELL-BEING**

**5 GENDER EQUALITY**

**10 REDUCED INEQUALITIES**
Pursue business interests in a manner that generates social and environmental capital for local communities without excluding financial returns for businesses.

Promote local, inclusive employment and harmonious community relations, contributing to the sustainable development and inclusive prosperity of low-income communities.

Offer skills training, small business development assistance, and targeted community investments, and consider giving local communities an equity share in projects.

Improve infrastructure, resources, and service provision in local communities as identified through stakeholder engagement and public participation processes.

Stakeholder Engagement

Companies should adopt a multi-stakeholder approach that seeks to engage host-country governments, regulators, and local NGOs, communities, and businesses early.

Work in a way that shows due regard for the opinions of external stakeholder groups, invest in building public trust, and establish good relations with their stakeholders.

Stakeholder engagement and civic dialogue are undertaken strategically and articulate a stakeholder-centric view when discussing businesses’ role in society.

Engage relevant stakeholders comprehensively and continuously while engaging vulnerable stakeholder groups such as women and youth.

Women and Vulnerable Groups Empowerment

Increase the number of female jobs created or supported directly and indirectly by projects, including full-time equivalent and part-time workers.

Provide targeted skills training and employment opportunities to local women and support female entrepreneurs, empowering them.

Ensure that infrastructure services are fully accessible to women, youth, children, disabled, disadvantaged, and other vulnerable groups with special needs.

Design and implement projects following accessibility standards and collect feedback from vulnerable groups, ensuring their input and needs are considered throughout the project life cycle.
Principle 5: Integrating Governance Considerations with Infrastructure Development

Infrastructure governance refers to the sustainable development of the entire life cycle of projects, including the stages of funding, planning, design, building, operation, maintenance, and closure. It encompasses many measures that impact the procurement process’s design and implementation, including transparency, value for money, equal treatment, open competition, and sound procedural management. The objective is to achieve efficient, transparent, and responsive decision-making processes in infrastructure investment. Civic demands for greater public accountability and transparency are also on the rise, which compels businesses and other public actors to be more open in their activities.

Local Communication and Accountability

- Companies should adopt or enforce principles of transparency and accountability in pursuit of high-standard and transparent infrastructure partnerships.
- Adhere to the concept of openness, co-construction, and commercial operation for strategic projects, and follow the generally accepted international rules in project construction, procurement, and operation.
- Strengthen the compliance review mechanism for overseas investment and establish and improve the system of overseas investment decision-making, financial management, and accountability for violations.

Fully implement the principle of extensive consultation, joint contribution, and shared benefits. In addition, pursue open, green, and clean cooperation while following a high-standard, people-oriented, and sustainable approach.

Information Disclosure

Information disclosure helps increase transparency and accountability of overall operations and builds trust among local communities, host country stakeholders, and other Third-Party stakeholders.

- Companies should establish a sound CSR disclosure mechanism to disclose social responsibility information and performance and regularly release social responsibility or sustainability reports.
- Ensure that information such as the purpose, scope, costs, and implementation of infrastructure projects is made open and promptly accessible to the public.
- Adopt a policy of disclosing the details of payments, including taxes, royalties, and other payments, to host-country governments.
- Support key stakeholders such as
civil society, the media, and citizens in monitoring this information and ultimately increasing levels of accountability around decision-making.

- Anti-corruption
  - Businesses ought to create and execute a system for managing bribery and corruption throughout the project’s entire life cycle.
  - Adopt measures that promote ethics, accountability, integrity, and transparency, uphold standards of conduct, and arrange appropriate channels to report wrongdoing.
  - Provide anti-corruption training to senior management to build internal and external awareness and the necessary capacity to combat corruption.

- Grievance Mechanism
  - Create a grievance mechanism that is mindful of community members’ education levels and allows for open and anonymous submissions.
  - Develop predictable and clear procedures to categorize queries, concerns, and complaints.
  - Provide training to management and relevant staff to ensure proper compliance and integrity.
  - Designate personnel or departments to record and address queries, concerns, and complaints.
5.1 SDG Impact Assessment Tool

The SDG Impact Assessment Tool translates the Guide into a learning tool for companies participating in the BRI to self-assess their Economic, Environmental, Social, and Governance (EESG) impacts on the 17 SDGs and Ten Principles of the UN Global Compact. It aims to stimulate companies to understand better the complexity of sustainable infrastructure and the different aspects of the SDGs and Ten Principles so that companies become better equipped to prioritize actions ahead. The tool provides step-by-step guidance and additional information to support the application of this tool. It helps companies to identify relevant sustainability perspectives of their infrastructure projects in the BRI in a simple and structured approach. The tool encourages reflections on the EESG and its links with the SDGs and Ten Principles. Below, we present the tool and the steps of an SDG impact assessment, followed by illustrative cases for inspiration and collaborative learning.
Step 1: Understand the EESG Context

Companies participating in BRI infrastructure projects should first set out to develop a broad scope of the specific local EESG context and consider how this might drive businesses to implement sustainability practices. Developing countries present a unique pattern of EESG challenges to divergent regulatory frameworks, complex socioeconomic contexts, and business engagement histories and structures. Companies participating in BRI infrastructure projects have much to gain from enhancing their understanding of the local EESG context. Sensitivity to local contexts requires a thorough knowledge of the business operating environment and careful handling of social demands concerning sustainable infrastructure development. In your scoping, try to consider the following:

- Broad social and economic conditions
- Stability and overall investment environment
- Economic growth rate, debt level, and currency
- Market size and composition
- Population structure and consumer habits
- Labor market and skilled labor
- Resource endowment and utilization
- Infrastructure connectivity and ICT
- Geographical conditions and natural disasters
- Religion and cultural customs
- Levels of inequality and unemployment
- Levels of education and public service delivery
- Governance system and institutional infrastructure
- Regulatory frameworks and legal obligations
- Sustainability-related needs and priorities
- Risk of social conflict and labor strikes
- Carbon policy, energy security, and water scarcity.

The responsibilities and social roles now expected of business are increasing constantly. As such, engaging with the sustainability agenda and showing leadership in this space will be a defining characteristic of successful infrastructure projects in the BRI. Companies should be ready to adapt their business systems, operational practices, and even commercial models to fit the local context where necessary.

**Step 2: Chart the SDGs and the Ten Principles**

In the second step, you will work through the Ten Principles and the SDGs on how you perceive their relevance to your project in the specific EESG context. This step aims to facilitate the sorting and charting the most relevant Ten Principles in line with the SDG framework to support meaningful, consistent, credible, and structured assessment of project impacts in the next step. The tool presents the SDGs and the Ten Principles and their interconnections, serving as a basis for companies to identify which they consider the most or least relevant or that they do not know much about. It must be emphasized that the tool does not capture all connections and relationships. Indeed, many principles are profoundly cross-cutting in nature.

**Step 3: Assess Your Impact**

In the third step, the SDG impact assessment is conducted. The normative principles to guide the assessment of the notion of “Do No Harm” and “Do Maximal Good” by following a principles-based approach to business and the realization of the SDGs, anchored in the essential starting point of reducing negative impacts on people and places associated with business activities and value chains. In this
step, you are encouraged to begin with the SDGs and the Ten Principles that, in the specific EESG context, you believe are most pertinent to your project. The tool takes a qualitative approach and lays out a standard categorization below to identify the relevant impacts of project activities and the implications for project design monitoring, reporting, and verification.

- No impact
- (In) direct positive impact
- (In) direct negative impact
- Unclear

You should assess your impact by selecting a category for each Principle and SDG while considering their interconnections. A project is considered to have no effect if it does not correlate with the SDGs and the Ten Principles or if its influence is minimal. A positive impact is defined as supporting the implementation of the SDGs and the Ten Principles, whereas a negative impact impedes the implementation. A direct impact immediately affects the implementation of the SDGs and the Ten Principles; an indirect impact has secondary effects. An unclear impact occurs when the information is insufficient to decide, or you need more knowledge and capacity to assess the impact.

You may identify multiple, and sometimes conflicting, impacts of your project, such as a positive impact on one Principle and SDG and a negative impact on another. It is recommended that you record all impacts and select what is considered the most significant impact while continuing to evaluate the selection as the project moves forward. In assessing your project, try to consider the following:

- Project time frame
- Project geographical scope
- Project implementation scale
- Project lifespan and life-cycle portfolio management

While the SDG impact tool focuses on positive SDG impact reporting, the corresponding claims made by project developers concerning positive impacts are credible only if they are determined and communicated in conjunction with robust stakeholder engagement, strong safeguards, and credible verification.

Following the preceding steps, companies can better understand how to identify and promote positive impacts while addressing negative impacts on the SDGs and the Ten Principles. If there are clear gaps in knowledge and capacity, these steps also provide the opportunity to develop capacity-building initiatives and learning programs to fill such gaps.

Meanwhile, these steps can also be regarded as continuing efforts to develop a more systematic and comprehensive corporate sustainability strategy in line with the SDGs and the Ten Principles. At
a strategic level, a sustainability mindset provides a vital lens to determine emerging and future social trends. As such, companies that focus on sustainability are generating important collective insights that foster a more predictable business environment. This is of particular value to companies that hold a long-term perspective.

Sustainability is not just about CSR but requires a lens through which to evaluate a company’s core business interests. CSR is widely perceived as non-strategic, under-resourced, and unrelated to core business interests. Strategic sustainability, in contrast, is increasingly viewed as generating “shared value” for society at large and the business in particular. However, such an outcome requires integrated action across a company’s operations, from procurement and manufacturing to employment and consumer relations. While responsibility for developing and implementing sustainability policies may fall to a dedicated management team, any commitment to sustainability must be owned by the business as a whole to be effective. Limited outcomes will emerge if it forms an isolated silo within a company. Not many companies involved in BRI infrastructure projects have achieved such a holistic, business-focused approach to sustainability. Even those who have established a clear strategic vision for their company lack the combination of long-term internal incentives, forward-looking leadership, and engaged employees that characterize leading-edge sustainable businesses. Below, we use illustrative cases for inspiration and collaborative learning to encourage further dialogue and partnerships.
5.2 Illustrative Cases

Case 1: Karot Hydropower Station in Pakistan

A fine example of how sustainable infrastructure is being implemented locally is the Karot Hydropower Station in Pakistan. The 720-megawatt hydropower station, located on the Jhelum River, has been developed by China’s Three Gorges Corp through its subsidiary company CTG South Asia Investment Ltd (CSAIL) under the China-Pakistan Economic Corridor. After six years of construction, it commenced commercial operations in June 2022.

The Chinese company has adhered to high standards in project construction. For example, regarding openness, the project is financed not only by Chinese financiers such as the Export-Import Bank of China, the CDB, and the Silk Road Fund but also by the IFC. In the construction process, it has not only followed its own compliance management system but has striven to meet the requirements of the IFC and align itself with international rules and standards. In the beginning, CSAIL had insufficient knowledge and understanding of the IFC’s rules and standards, and minor problems in safety, hygiene, and vocational health kept emerging. Nevertheless, CSAIL actively cooperated with the IFC and accepted regular monitoring by Third-Party consultants on the social and environmental impact of the project, including labor, pollution prevention, community health and safety, land acquisition, and biodiversity issues, among other things. With continuous efforts, the project has won confidence from all sides, and almost no social and environmental issues were detected in the later stage.

Regarding ecological protection, CSAIL developed a comprehensive Biodiversity
Management Plan at the construction and operation stages of the project. The plan addresses regional biodiversity concerns and focuses on achieving “No Net Loss” of aquatic fauna. The company also engaged the International Union of Conservation of Nature (IUCN), a leading environmental organization at the policy and community levels, to implement the plan. Moreover, the plan strives to protect two nearby national parks, which are included in the reservoir’s catchment area and extend 27 kilometers upstream (Zhou, 2022).

CSAIL has also actively carried out community engagement and addressed the concerns of local people. All activities, such as resettlement, land acquisition, vegetation protection, and restoration, went through consultations and hearings. In 2014, CSAIL organized a series of consultations in different project sites as part of the Environmental and Social Impact Assessment process. In January 2015, about 165 local representatives attended public hearings, focusing on land and relocation, job opportunities, compensation, and improvements in social services (Zhou, 2022). The project company also hired a Third-Party agency to communicate with all households in the project location to evaluate the land and fixed assets. It established a community liaison and a complaint mechanism to record, deal with, and publicize the complaints and solutions.

Regarding integrity, CSAIL has strictly implemented Pakistan’s anti-corruption laws and regulations and international anti-corruption conventions. During the six-year construction process, no corruption case was reported or filed.

The project is designed to generate 3.2 billion kilowatt-hours of electricity once implemented to meet the power demand of about 5 million people in Pakistan and help reduce electricity prices. It will reduce 3.5 million metric tons of carbon emissions annually and save around 1.4 million tons of standard coal equivalent yearly. During the project’s construction, CSAIL donated more than 20 public welfare projects, such as schools, hospitals, and roads for local communities, to promote the development of surrounding communities. In addition, the project created more than 4,500 direct and indirect local jobs (Zhou, 2022).

Meeting high environmental, social, and governance standards requires different stakeholders’ joint and continuous efforts for such projects. Efforts at both policy and practical levels should be encouraged rather than being overlooked or defamed.
Taking the China-Myanmar oil and gas pipeline project as another example, this project has successfully overcome the challenges of complex terrain, ecological diversity, weak social support, local material procurement, human resource constraints, and Myanmar government transformation to pipe the gas and oil. Moreover, the overall goal of zero accidents, zero pollution, zero occupational injuries, and zero social safety incidents has been achieved consistently, which has accumulated rich experience and can provide a reference for other major BRI projects.

In addition to the high degree of attention from both governments, the core experience of project success also includes the following aspects: First, adhere to the concept of openness and co-construction and commercial operation for strategic projects, and follow the generally accepted international rules in project construction, procurement, and operation. For example, the China-Myanmar natural gas pipeline project adopted the equity structure involving six investment entities from four countries: China, Myanmar, Korea, and India. During the construction process, the project selected outstanding enterprises through public bidding, ensuring the high quality of contractors, suppliers, and partners such as legal, auditing, and tax consulting agencies, and attached great importance to the participation of enterprises in the host country.

Second, adhere to high quality and high standards and introduce standards that all parties generally support. For example, the project strictly complied with standards related to international pipeline projects developed by organizations such as the American Petroleum Institute and the American Society of Mechanical Engineers. It also employed a Third-Party engineering supervision company to implement full-process monitoring of the contractor’s construction quality to control construction quality strictly. Taking the system of the “trinity” of health, safety, and environment (HSE) as the carrier, the project strictly implemented a responsibility system for safety and environmental protection. It employed international Third-Party evaluation agencies twice to evaluate the environmental and social impacts of the project. Additionally, it introduced independent Third-Party environmental supervision to monitor and check the environmental protection and land restoration during the construction process. It formulated plans for soil and water conservation and ecological restoration along the pipeline according to local conditions to restore the landform along the pipeline to the greatest extent and at full speed.
Third, the company shares development benefits and focuses on localized operations and CSR. The project has substantially contributed to Myanmar’s fiscal revenue by paying road rights fees, transit fees, taxes, and investment dividends. It has provided clean and low-cost energy for Myanmar’s local industrial development and residents’ lives through measures such as oil and gas unloading.

Fourth, the project paid attention to the management of public relations and transformed from “do something but say nothing” and “do more and talk less” to “do more and talk more.” During the construction and operation of the project, some Myanmar media and non-governmental organizations produced false reports and provocative attacks on the project, which harmed the project and even the national image of China. The China-Myanmar oil and gas pipeline project company responded positively, strengthened communication with the parties, generated publicity through several media conferences, media days, project videos, and publication of CSR reports in Chinese, English, and Burmese, and opened a Facebook account in a Burmese version, leading to the achievement of positive results.
In April 2019, the Second Belt and Road Forum for International Cooperation was held in Beijing, launching a new journey of the joint construction of the Belt and Road with high quality. In the keynote speech, President Xi Jinping pointed out that partner countries should work together for high-quality development of the Belt and Road cooperation, fully implement the principle of extensive consultation, joint contribution and shared benefits, pursue open, green and clean collaboration, and follow a high-standard, people-oriented and sustainable approach (Belt and Road Portal, 2019). Therefore, the connotation of high-quality Belt and Road cooperation development has been clarified.

The BRI is a great development opportunity for those countries lacking infrastructure and funding. However, BRI investment could bring about mixed ESG impacts. Investor guidance, regulation, and support will be critical in meeting the high ESG standards necessary for achieving the sustainable development of BRI countries and the world. The Chinese government, host country actors, international organizations, and financial institutions all have important roles to play.

Amid a growing consensus on transitioning toward a sustainable world, leading economies have articulated their sustainable development goals and incorporated them into national policymaking. China has put forward many laudable goals concerning its sustainable development, followed by concrete action plans for various sectors of the economy. Regarding the implementation of the BRI, China has been making sustainable development adjustments to the grand scheme to make it more ecological and financial by harmonizing national ESG standards, sharing green technologies, and improving sustainable development governance.

This report has been developed for awareness raising, management frameworks, and capacity building to inspire more companies to take firm actions in alignment with the SDGs and the Ten Principles of the UN Global Compact. It seeks to encourage more companies
to develop sector- and context-specific practices and take action aligned with the SDGs. The Report suggests that companies participating in the BRI should consider these issues through a widened lens and adopt a more holistic and strategic approach to sustainability infrastructure.

Sustainability is and should be much more than a "cost" to businesses. ESG challenges also allow companies to develop business opportunities in short- and long-term business leadership. Some businesses continue to view sustainability negatively, viewing it as a regulatory burden and a distraction from their core business. This view, however, neglects the new market opportunities, leadership status, and financial returns that innovatively addressing critical sustainability issues can bring.

A strategic sustainability vision and concomitant practices improve business performance by empowering employees, attracting talent, and anticipating emerging trends, among other benefits. Immediate business opportunities and longer-term leadership building combine to offer companies participating in the BRI a strong impulse to develop a more strategic and holistic approach to sustainability. This Guide and Assessment Tool is expected to be a valuable help to the momentum.
REFERENCES


China Daily (2021) Resolve to Green the Belt and Road, 9 August, https://www.chinadaily.com.cn/a/202108/09/WS611066b4a310ef4a1bd667753.html


CHINCA (2019b) The Contractor Will Cooperate with the AIIB to Hold a Seminar on ‘High-Quality, Sustainable Infrastructure Interconnection Cooperation Opportunities,’ China International Contractors Association, 23 April, www.chinca.org/CICA/info/19042316123811


Q1: We listed nine problems regarding environmental, social, and governance. Please assess the difficulty of building infrastructure overseas based on your experience, with five being the most difficult and one being the least challenging.

<table>
<thead>
<tr>
<th>Options</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Environmental Pollution</td>
<td>6(12%)</td>
<td>7(14%)</td>
<td>14(28%)</td>
<td>14(28%)</td>
<td>9(18%)</td>
<td>3.26</td>
</tr>
<tr>
<td>B. Biodiversity</td>
<td>8(16%)</td>
<td>8(16%)</td>
<td>15(30%)</td>
<td>13(26%)</td>
<td>6(12%)</td>
<td>3.02</td>
</tr>
<tr>
<td>C. Carbon Emissions</td>
<td>5(10%)</td>
<td>12(24%)</td>
<td>19(38%)</td>
<td>12(24%)</td>
<td>2(4%)</td>
<td>2.88</td>
</tr>
<tr>
<td>D. Labor Rights</td>
<td>1(2%)</td>
<td>7(14%)</td>
<td>6(12%)</td>
<td>18(36%)</td>
<td>18(36%)</td>
<td>3.9</td>
</tr>
<tr>
<td>E. Residents’ Relocation</td>
<td>6(12%)</td>
<td>3(6%)</td>
<td>14(28%)</td>
<td>16(32%)</td>
<td>11(22%)</td>
<td>3.46</td>
</tr>
<tr>
<td>F. Communication with Local Management</td>
<td>2(4%)</td>
<td>5(10%)</td>
<td>18(36%)</td>
<td>17(34%)</td>
<td>8(16%)</td>
<td>3.48</td>
</tr>
<tr>
<td>G. Different Religions and Culture</td>
<td>5(10%)</td>
<td>12(24%)</td>
<td>21(42%)</td>
<td>5(10%)</td>
<td>7(14%)</td>
<td>2.94</td>
</tr>
<tr>
<td>H. Communication with the Local Government</td>
<td>3(6%)</td>
<td>7(14%)</td>
<td>12(24%)</td>
<td>20(40%)</td>
<td>8(16%)</td>
<td>3.46</td>
</tr>
<tr>
<td>I. Project Information Disclosure (Transparency)</td>
<td>5(10%)</td>
<td>13(26%)</td>
<td>13(26%)</td>
<td>15(30%)</td>
<td>4(8%)</td>
<td>3</td>
</tr>
<tr>
<td>Subtotals</td>
<td>41(9.11%)</td>
<td>74(16.44%)</td>
<td>132(29.33%)</td>
<td>130(28.89%)</td>
<td>73(16.22%)</td>
<td>3.27</td>
</tr>
</tbody>
</table>
Q2: Do you know how the 17 UN 2030 Sustainable Development Goals relate to infrastructure projects? (Multiple choice)

<table>
<thead>
<tr>
<th>Options</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Don’t Understand the SDGs</td>
<td>4</td>
<td>8%</td>
</tr>
<tr>
<td>B. Generally Understand and Related to Infrastructure Projects</td>
<td>33</td>
<td>66%</td>
</tr>
<tr>
<td>C. Generally Understand, but not Related to Infrastructure Projects</td>
<td>3</td>
<td>6%</td>
</tr>
<tr>
<td>D. Willing to Have a Set of Specific Guidelines and Put Them into Practice</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td><strong>50</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Q3: We listed nine sustainability-related international standards and guidelines, including the UN Global Compact Ten Principles, to determine which standards have gained the most attention.

<table>
<thead>
<tr>
<th>Options</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. The Ten Principles of the UN Global Compact (UNGC)</td>
<td>25</td>
<td>50%</td>
</tr>
<tr>
<td>B. Equator Principles</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>C. World Bank Environmental, Health and Safety General Guidelines (EHS)</td>
<td>32</td>
<td>64%</td>
</tr>
<tr>
<td>D. Global Reporting Initiative (GRI)</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>E. ISO 26000: Guidance on Social Responsibility</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>F. OECD Guidelines for Multinational Enterprises</td>
<td>20</td>
<td>40%</td>
</tr>
<tr>
<td>G. Task Force on Climate-Related Financial Disclosures (TCFD)</td>
<td>10</td>
<td>20%</td>
</tr>
<tr>
<td>H. Impact Reporting and Investment Standards (IRIS)</td>
<td>19</td>
<td>38%</td>
</tr>
</tbody>
</table>
Q4: Do you set up an ESG framework for infrastructure projects overseas? If so, what documents or standards have been referred to?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Chinese Government</td>
<td>27</td>
<td>54%</td>
</tr>
<tr>
<td>B. Industry Association</td>
<td>26</td>
<td>52%</td>
</tr>
<tr>
<td>C. Host Government</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>D. International Organization (Please Specify)</td>
<td>6</td>
<td>12%</td>
</tr>
<tr>
<td>E. Not Yet</td>
<td>10</td>
<td>20%</td>
</tr>
</tbody>
</table>

Q5: Is there a special department or personnel responsible for implementing the ESG policy?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Dedicated Department</td>
<td>15</td>
<td>30%</td>
</tr>
<tr>
<td>b. dedicated Position or Staff</td>
<td>17</td>
<td>34%</td>
</tr>
<tr>
<td>c. Part-Time Staff</td>
<td>14</td>
<td>28%</td>
</tr>
<tr>
<td>d. Not Yet</td>
<td>4</td>
<td>8%</td>
</tr>
</tbody>
</table>

Subtotals 50 100%
Q6: What are the possible positive impacts of adopting voluntary ESG guidelines?

<table>
<thead>
<tr>
<th>Options</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Favorable to make a Better Plan for the Host Country</td>
<td>0(0%)</td>
<td>9(18%)</td>
<td>13(26%)</td>
<td>17(34%)</td>
<td>11(22%)</td>
<td>3.6</td>
</tr>
<tr>
<td>B. Favorable to Financing, Especially from International Financial Institutions</td>
<td>0(0%)</td>
<td>3(6%)</td>
<td>15(30%)</td>
<td>15(30%)</td>
<td>17(34%)</td>
<td>3.92</td>
</tr>
<tr>
<td>C. Favorable to Decision Making</td>
<td>0(0%)</td>
<td>4(8%)</td>
<td>18(36%)</td>
<td>19(38%)</td>
<td>9(18%)</td>
<td>3.66</td>
</tr>
<tr>
<td>D. Favorable Communication with NGOs and Local Communities</td>
<td>0(0%)</td>
<td>5(10%)</td>
<td>11(22%)</td>
<td>20(40%)</td>
<td>14(28%)</td>
<td>3.86</td>
</tr>
<tr>
<td>E. Favorable to Hedge Against Us and European Standards</td>
<td>1(2%)</td>
<td>9(18%)</td>
<td>21(42%)</td>
<td>13(26%)</td>
<td>6(12%)</td>
<td>3.28</td>
</tr>
<tr>
<td><strong>Subtotals</strong></td>
<td>1(0.4%)</td>
<td>30(12%)</td>
<td>78(31.2%)</td>
<td>84(33.6%)</td>
<td>57(22.8%)</td>
<td><strong>3.66</strong></td>
</tr>
</tbody>
</table>

Q7: What are the possible negative impacts of adopting voluntary ESG guidelines?

<table>
<thead>
<tr>
<th>Options</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Peer Pressure from Other Countries</td>
<td>2(4%)</td>
<td>9(18%)</td>
<td>17(34%)</td>
<td>20(40%)</td>
<td>2(4%)</td>
<td>3.22</td>
</tr>
<tr>
<td>B. Lessen Commercially Feasible Projects</td>
<td>1(2%)</td>
<td>8(16%)</td>
<td>19(38%)</td>
<td>17(34%)</td>
<td>5(10%)</td>
<td>3.34</td>
</tr>
<tr>
<td>C. Increase Investment and Construction Costs</td>
<td>2(4%)</td>
<td>5(10%)</td>
<td>16(32%)</td>
<td>20(40%)</td>
<td>7(14%)</td>
<td>3.5</td>
</tr>
<tr>
<td>D. Transparency Requirements and Commercial Secrets</td>
<td>2(4%)</td>
<td>12(24%)</td>
<td>19(38%)</td>
<td>15(30%)</td>
<td>2(4%)</td>
<td>3.06</td>
</tr>
<tr>
<td>E. Discourse Manipulation by Evaluation Agencies</td>
<td>1(2%)</td>
<td>8(16%)</td>
<td>18(36%)</td>
<td>20(40%)</td>
<td>3(6%)</td>
<td>3.32</td>
</tr>
</tbody>
</table>
Q8: What capacity should Chinese companies increase if ESG guidelines are widely adopted?

<table>
<thead>
<tr>
<th>Options</th>
<th>Number of Respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Management Awareness</td>
<td>44</td>
<td>88%</td>
</tr>
<tr>
<td>B. Corporate Governance System</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>C. Communicate Upfront, Especially with Local Communities</td>
<td>30</td>
<td>60%</td>
</tr>
<tr>
<td>D. Internal Management Mechanism and Transparency</td>
<td>33</td>
<td>66%</td>
</tr>
<tr>
<td>E. Full-Time Human Resource</td>
<td>34</td>
<td>68%</td>
</tr>
<tr>
<td>F. Employees’ Awareness</td>
<td>35</td>
<td>70%</td>
</tr>
<tr>
<td>G. Else (Please Specify)</td>
<td>1</td>
<td>2%</td>
</tr>
<tr>
<td>Subtotals</td>
<td>50</td>
<td>100%</td>
</tr>
</tbody>
</table>
**About the UN Global Compact**

As a special initiative of the UN Secretary-General, the United Nations Global Compact works with companies everywhere to align their operations and strategies with ten universal principles in the areas of human rights, labour, environment and anti-corruption. Launched in 2000, the UN Global Compact guides and supports the global business community in advancing UN goals and values through responsible corporate practices. With more than 24,000 companies signatories based in over 170 countries, and 70 Local Networks, it is the largest corporate sustainability initiative in the world.

The UN Global Compact is unparalleled in its ability to unite companies with every stakeholder group working to advance sustainable development, including the United Nations, Government, civil society, investors and academia. Together, through bold actions and collaboration between all sectors of society, we can end extreme poverty and hunger, fight inequalities and address climate change, ensuring no one is left behind.

Visit [unglobalcompact.org](http://unglobalcompact.org) to learn more.

**About UN Global Compact “Sustainable Infrastructure for the Belt and Road Initiative to Accelerate the SDGs” Action Platform**

Launched on June 16, 2020 during the UN Global Compact Leaders Summit, the Action Platform is designed to be the main mechanism for engaging companies operating in alignment of the SDGs under the framework of the Belt and Road Initiative. The Action Platform takes a sectoral approach to engage private sector players across major infrastructure sectors to ensure adoption of Global Compact ten principles in corporate strategy and actions to truly accelerate the SDGs.

For more information about the action platform and potential participation, please visit [BRI Action Platform](http://www.bri-platform.org), or contact: bri@unglobalcompact.org
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THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

**HUMAN RIGHTS**

1. Businesses should support and respect the protection of internationally proclaimed human rights; and
2. make sure that they are not complicit in human rights abuses.

**LABOUR**

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
4. the elimination of all forms of forced and compulsory labour;
5. the effective abolition of child labour; and
6. the elimination of discrimination in respect of employment and occupation.

**ENVIRONMENT**

7. Businesses should support a precautionary approach to environmental challenges;
8. undertake initiatives to promote greater environmental responsibility; and
9. encourage the development and diffusion of environmentally friendly technologies.

**ANTI-CORRUPTION**

10. Businesses should work against corruption in all its forms, including extortion and bribery.

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For more information, follow @globalcompact on social media and visit our website at unglobalcompact.org.

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.