

Resolution to implement Government Green Bond Programme to be introduced

The Chief Executive in Council has approved that a resolution be introduced into the Legislative Council (LegCo) to authorise the Government to borrow sums not exceeding HK\$100 billion or equivalent to implement the Government Green Bond Programme.

The Secretary for Financial Services and the Treasury, Mr James Lau, said today (June 6), "The Programme will help promote the development of green finance in Hong Kong by encouraging issuers to arrange financing for their green projects through our capital markets. It should also raise investor awareness and the local green investor base will grow as a result of our efforts.

"Global investments in environmental projects grew rapidly in recent years. I have every confidence that the financial services industry will seize the opportunities in green financing, and thus help consolidate Hong Kong's status as an international financial centre and develop Hong Kong into a regional green finance hub."

Sums raised under the Programme will be credited to the Capital Works Reserve Fund of the Government for funding public works projects with environmental benefits to demonstrate the Government's support for sustainable development and its determination to combat climate change and promote the development of green finance.

The Programme will align with guidelines/standards widely accepted by global investors for green bond issuance. To follow the best market practice and set a good example for other potential green issuers, the Government is inclined to engage independent reviewers to verify and/or certify the alignment of the frameworks of individual issuances under the Programme with these green bond issuance standards.

The borrowing ceiling of the Programme is proposed to be set at HK\$100 billion in order to promote the sustainable development of green finance in Hong Kong. The borrowing ceiling refers to the maximum amount of outstanding principal at any time under the Programme, i.e. the principal amount of bonds issued minus that of bonds matured.

Mr Lau added, "Subject to the LegCo's approval for the resolution, we will implement the Programme as soon as possible to facilitate the inaugural government green bond issuance within this financial year."

The Hong Kong Monetary Authority will assist in implementing green bond issuance under the Programme.

To promote the development of green finance in Hong Kong, the Chief

Executive announced in her 2017 Policy Address that the Government would take the lead in arranging the issuance of a green bond in the 2018-19 financial year. The Financial Secretary further announced in the 2018-19 Budget that the Government will launch the Programme with a borrowing ceiling of HK\$100 billion to facilitate the issuance of an inaugural government green bond.

Subject to deliberation within LegCo over the legislative process, the Government will move the resolution in the LegCo on June 27, 2018.