

Howard Lee: Opening remarks - Asia Climate Investment Seminar

Opening remarks by Mr Howard Lee, Deputy Chief Executive of the Hong Kong Monetary Authority, at the Asia Climate Investment Seminar, Hong Kong, 11 November 2024.

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Good morning Ladies and Gentlemen:

I am delighted to announce a strategic partnership in Asia Climate Investments between the Hong Kong Monetary Authority, the Asian Infrastructure Investment Bank, the Asian Development Bank, and the International Finance Corporation. This collaboration marks another significant milestone in our collaborative efforts to address the pressing issue of climate change in Asia.

The Significance of Climate Investments in Asia

Climate change is a paramount challenge of our era, with Asia playing an important role in combating this global challenge. Accounting for half of the world's greenhouse gas emissions, Asia's dense population and geographical risks to extreme weather require immediate action to increase combat these challenges.

Regarding investments, the HKMA has set a net-zero emissions target by 2050 for the investment portfolio of the Exchange Fund. We have also been directing resources and capital towards climate investments across different asset classes globally, which is an important component of our strategy to help reduce greenhouse gas emissions while making commercial returns. Across the different regions, we believe that Asia's rapidly growing economies require significant investments in sustainable energy solutions and decarbonisation.

Strategic Partnership between HKMA, AIIB, ADB, IFC

While the HKMA has been proactively investing more in Asia climate investments, we also recognise that we cannot do this by ourselves. Addressing climate change demands sustained dedication and collective effort over an extended period. By working together, we can pool our knowledge, expertise, resources, and networks to support the development of low-carbon infrastructure projects that benefit both the environment and the economy. By collaborating with like-minded institutions and private sector partners, we can amplify our impact and create a more sustainable future for the region.

In this context, the HKMA, AIIB, ADB and IFC collectively acknowledge the importance of collaborating to seize the climate opportunities in Asia, focusing on making investments that will strive to meet our respective net-zero targets. The Strategic Partnership aims to set an example, calling on all stakeholders to join forces in addressing climate change.

For instance, the HKMA, together with AIIB, ADB and IFC, are investors in the Actis Asia Energy Transition Fund, which is one of the earliest collaborative investments made under this Strategic Partnership. We believe that a collaborative approach, involving multiple partners and institutions, is essential to achieving the scale and impact required to meet the region's sustainability challenges.

Our partnership will entail three critical components:

1. Firstly, we acknowledge the immediate urgency of Asia's climate needs and agree that the financial sector plays a critical role in driving positive progress to tackle climate change challenges. We will join forces to make climate-related investments in Asia, with a view to meeting our respective net-zero targets.
2. Secondly, we agree to collaborate to share knowledge, expertise, resources and influence in climate opportunities in Asia. This will also involve partnering closely with the private sector, including private equity General Partners.
3. Finally, we share the conviction that generating financial returns and creating positive impact can be mutually reinforcing. We wish to demonstrate that achieving both financial returns and sustainable development in Asia are feasible and imperative to the shared vision of progress and environmental stewardship.

Partnership with the Private Sector

In this regard, I must also extend special acknowledgment to private sector partners like Actis, a private equity firm specialising in energy-related infrastructure. As one of our collaborating General Partners, Actis brings invaluable experience in energy-related infrastructure across emerging markets. Their expertise and commitment to sustainability support our shared goals of sustainable growth and environmental stewardship.

I would like to emphasise that our partnership is not limited to any one institution or partner. Rather, it is a call to action for all stakeholders to join forces in addressing the climate crisis.

Conclusion

Our actions today will shape the world of tomorrow. Investing in sustainable infrastructure is not solely a financial imperative but a moral obligation to safeguard our planet and ensure a prosperous future for all. The partnership between the HKMA, AIIB, ADB, IFC, and esteemed partners like Actis exemplifies the spirit of collaboration and innovation that is essential to addressing the pressing challenges of our time. Together, let us continue to champion sustainable investments, drive progress in Asia, and pave the way for a greener, more resilient future.

Thank you.