BUSINESS ENVIRONMENT COUNCIL
商界環保協會

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Submission on the Public Consultation for the 2026-2027 Budget
Views from Business Environment Council Limited
商界環保協會有限公司

Over the last 34 years, Business Environment Council Limited 商界環保協會有限公司 ("BEC") has played a leading role in advocating the business case for environmental excellence, given the importance of sustainable development to Hong Kong. Our members are committed to actively engage with the HKSAR Government ("the Government") to help develop a supporting policy framework as well as impactful implementation in respect of environmental protection and sustainability.

Views expressed in this response are those of BEC, in line with BEC's Mission and Vision as well as policy position on relevant issues but may not necessarily be the same as the views of each individual member. BEC is an independent non-profit membership organisation comprising over 300 member organisations including multinational corporations, listed companies, small and medium-sized enterprises, startups and NGOs.

Views are structured based on BEC's work with the environmental focus areas on climate change, circular economy and nature and biodiversity, and several emerging topics.

Addressing Climate Change

1. The 2026-27 Budget is a pivotal opportunity to fund the implementation of the ambitious climate related targets set out in upcoming CAP2050 update. By directing financial resources towards transition infrastructure, practical financial tools, climate resilience technologies, and SME enablement, the Government can ensure Hong Kong not only meets its climate targets but also thrives as a resilient, green economy.

2. The outcome of the 30th Conference of the Parties to the U.N. Framework Convention on Climate Change ("COP30") in Belém, with its landmark focus on integrating climate resilience with nature conservation and the operationalisation of the new Nationally Determined Contributions ("NDCs 3.0"), highlights the urgent need for accelerated and holistic climate action. This necessitates mobilising public and private investment towards nature-positive transitions and promoting wider adoption of robust green taxonomies to ensure alignment between business and investment strategies and global climate goals.

Supporting Climate Transition Finance

3. Hong Kong has established itself as a green finance leader. The next step is to channel capital into transition activities. The government must expand financial subsidies to cover the high verification costs associated with transition finance to accelerate its adoption among high-emitting industries. Transition finance requires rigorous targets, and decarbonisation trajectories, and auditing, which are significantly more complex and costly to verify. The 2026-27 Budget should expand the Green and Sustainable Finance Grant Scheme to specifically subsidise these verification costs for issuers utilising the Taxonomy

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Phase 2. A successful example is Japan's "GX" (Green Transformation) strategy, where the government actively provides financial backing and credit enhancement for transition bonds in heavy industries (like steel and chemicals), de-risking the sector for private investors.

4. To leverage HKEX's Core Climate and the inclusion of Gold Standard Verified Emission Reductions ("GS-VERs"), the Budget should fund a pilot programme for cross-border carbon credit mutual recognition within the Greater Bay Area ("GBA"). This includes funding for developing common verification standards and a digital registry to prevent double counting, facilitating capital flow into high-quality Mainland carbon projects.
5. The Budget should propose a regulatory recognition framework that allows Hong Kong Taxonomy-aligned products to receive fast-track approval across GBA. To fully utilise Hong Kong's role as a super-connector, financial products certified under the Hong Kong Taxonomy should be automatically eligible for green incentives in Shenzhen and Guangzhou without undergoing duplicative certification. This concept draws from the European Union's "Passporting" system, which allows financial products approved in one member state to be sold in others. A "GBA Green Connect" would streamline cross-border capital flows, encouraging Mainland enterprises to use Hong Kong as their primary fundraising platform for green transition projects.
6. The Government can consider a revolving fund by utilising proceeds from e.g. future climate transition bonds. Instead of one-off cash subsidies, this revolving facility could offer low-interest loans for climate transition and resilience activities, including building health diagnostics and upgrades for existing building retrofits. Repayments would replenish the fund, creating a durable, self-sustaining financing mechanism.

Strengthening Adaptation and Digital Resilience

7. Climate resilience is an economic necessity. The Budget should leverage Hong Kong's digital capabilities to enhance physical resilience. BEC urges the Government to allocate funding to build a public-facing, centralised digital platform. This platform should integrate data from e.g. the Hong Kong Observatory, Environment Protection Department, and works departments within the Climate Change Working Group on Infrastructure ("CCWGI"), providing businesses with granular, forward-looking climate risk data (e.g., flood maps, heat stress projections) essential for conducting the stress tests required by HKMA and HKFRS S2.
8. With the Hong Kong Taxonomy now defining what constitutes a valid adaptation activity and the publication of "The Climate Transition Bond Guideline" by International Capital Market Association ("ICMA") in November 2025, the Government can issue "Adaptation Bonds" aligned with related requirements to fund drainage upgrades, coastal defence reinforcement, and slope safety measures with clear transparency for investors. This would follow the precedent set by the Netherlands, which utilises dedicated funding streams ("the Delta Fund") for water management, and Fiji, which pioneered sovereign Green Bonds with heavy adaptation components. By doing so, Hong Kong can attract institutional capital specifically looking for long-term resilience assets rather than just mitigation assets.
9. Aligning with the 2025 Policy Address's push for AI application, specific grants should be made available for technology start-ups, property management, and infrastructure companies to adopt AI-driven predictive maintenance and climate risk modelling tools, enhancing the resilience of the Northern Metropolis and existing urban areas.

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Reducing Emission along the Value Chain

10. With the implementation of HKFRS S1 and S2 approaching, Small and Medium Enterprises ("SMEs") in the supply chains of large corporations face immense pressure. Moving beyond capacity building, SMEs need funds to act. We propose considering an "SME Decarbonisation Voucher" scheme. This would provide direct subsidies for SMEs to: (1) Conduct professional carbon audits (Scope 1, 2, and 3), (2) Install energy efficiency retrofits (e.g., smart sensors, LED upgrades), and (3) Purchase subscriptions for digital carbon management SaaS platforms. Both incentives and regulations from Government should be adopted to ensure the decarbonisation of existing buildings are in line with 2050 carbon neutrality or net zero emissions. Resources should also be allocated to the Green and Sustainable Finance Cross-Agency Steering Group to develop free, localised calculation tools and emission factor databases specifically for Hong Kong SMEs, reducing the compliance cost of Scope 3 reporting.

11. A government-backed digital data repository is essential to lower the compliance barrier for attempting to align with the Taxonomy. Banks often struggle to extend green financing to SMEs due to a lack of verifiable data; a centralised portal that maps local SME activities (e.g., energy usage, waste data) directly to Taxonomy criteria would unlock significant lending capital. Hong Kong should look to Singapore's "Project Greenprint" (now Gprnt), a digital platform initiated by the Monetary Authority of Singapore that aggregates ESG data to simplify reporting for businesses. BEC's Net-zero Carbon Charter is an established programme that has been collaborating with nearly 100 Hong Kong companies on climate target setting and disclosure (e.g. through a previous 3-year Carbon Disclosure Programme). Allocating budget to the Charter and similar initiatives to build a similar "HK Green Data Utility" would allow SMEs to prove their alignment automatically, reducing the administrative burden and preventing greenwashing.

12. BEC supports setting up the Product Carbon Footprint and Environmental Product Declarations ("EPDs") framework in Hong Kong to further strengthen Hong Kong's position as a green finance hub by providing transparent and quantifiable data on environmental impacts. These tools can help businesses manage risks and attract eco-conscious investments. For example, managed by EPD China, companies in Shanghai can issue EPDs in compliance with international standards (ISO 14025) and, in some cases, with mutual recognition from international bodies.

Energy Transition

Decarbonising Electricity Generation

13. According to latest figures from the Environmental Protection Department ("EPD"), Hong Kong's 2024 GHG emissions declined by 20% (8.1 million tonnes) compared with 2019 levels. Notably, the electricity generation sector accounted for approximately 73% of the reduction. Given the proven effectiveness and efficiency, the Government should continue allocating resources to decarbonisation efforts in electricity sector, which has demonstrated the most emission reduction to date, while it is also the major emission source for most businesses.

Electrifying the Road Transport Sector

14. While the Government has supported heavily in electric buses and taxis through direct funding, the electric vehicle ("EV") penetration in public transport remains critically low. As of December 2025, only 4.75% of taxis, 1.04% of public buses, and 0.32% of public light

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buses have been electrified. To close this gap cost-effectively, the Government should reduce reliance on direct purchase subsidies and instead foster Public-Private Partnerships ("PPP"). For example, Shenzhen successfully deployed the Truck-as-a-Service ("TaaS") model, a form of PPP, to facilitate the procurement of 4,930 electric buses between 2015 and 2019. Whilst consideration needs to be given to understand how returns would be financed, this approach alleviates the Government's subsidy burden and reduces upfront costs for operators while stimulating private investment in infrastructure. To succeed, the Government is suggested to prioritise enabling policies, tax incentives for TaaS providers, and pilot schemes over direct capital investment.

15. The Government is strongly recommended to extend the First Registration Tax ("FRT") concession for electric vehicles beyond the current deadline of 31 March 2026 as the adoption of electric commercial vehicles remains critically low: 1.04% for private buses, 0.33% for light buses, 1.65% for light goods vehicles, and less than 0.1% for medium/heavy goods vehicles. With the New Energy Transport Fund ceasing trial applications for electric commercial vehicles in April 2025, the FRT concession becomes the sole economic lever available to offset the high upfront costs of these vehicles. To further accelerate adoption, the Government should target key sectors, such as logistics, delivery services, and municipal fleets, offer grants/incentives for wide scale adoption of electric heavy commercial vehicle, similar to the scheme for the 600 units e-bus and 3,000 units e-taxi, and gradually increase adoption rate. Additionally, reducing operational expenses of EVs relative to conventional vehicle is crucial for market uptake. The Government can achieve this by offering electric commercial vehicles incentives, including lower toll and parking fees or tightening fuel emission standards.

16. It is commendable that the Government has put tremendous effort into ramping up the infrastructure for EV charging in recent years to facilitate the electrification of land transport. While we continue to focus on building our EV charging capabilities, the Government should also ensure that conventional energy supply remains reliable, stable and affordable.

17. BEC is pleased to see the introduction of the Fast Charger Incentive Scheme ("FCIS") in July 2025, which commits HKD 300 million to installing 3,000 fast chargers (100 kW and above). We recommend that the Government could allocate a portion of the FCIS or establish a designated fund for ultra-fast charging infrastructure (480 kW and above) to minimise the charging time. It was noted that, as of June 2025, Shenzhen has deployed over 420,000 charging points, including units with a capacity of 480 kW or above, offering valuable reference for future development.

Developing Sustainable Fuel Ecosystem for Hard-to-abate Sectors

18. BEC welcomes the Government's commitment announced in the CE's Policy Address 2025 to developing sustainable aviation fuel ("SAF") production value chain in the Greater Bay Area and setting SAF consumption targets. To integrate with the national development plan, the Government should prioritise their resources to driving New Productive Forces for the green industry. Being an international aviation hub, Hong Kong has great potential in developing SAF ecosystem as a successful demonstration of green industry development, with the co-benefits of environmental sustainability, economic and new workforce development, as well as serving the national needs. BEC acknowledges that the price premium between SAF and conventional jet fuel remains the key barrier to adoption. Introducing financial mechanisms such as levies or subsidies to stimulate local demand and bridge the price gap to incentivise SAF uptake could be a viable step that the Government can consider during the review of budget plan.

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19. The Government is recommended to work with the industry stakeholders to develop the mechanisms for the blending infrastructure, so to achieve the aims in providing cheaper SAF-blended jet fuel in Hong Kong in the long term, thereby boosting the competitiveness of Hong Kong's SAF industry and bolstering the bargaining power of airlines. Through the Hong Kong Sustainable Aviation Fuel Coalition ("HKSAFC") Programme, BEC is coordinating the industry to provide detailed recommendations on the viable financing mechanism for this blending infrastructure via our work group. Factors of market competition and current open access system would need to be carefully considered to ensure airlines can access most competitively priced blended SAF.
20. While truck electrification is moving at a fast pace, especially in China, and there is market development in Hong Kong in this direction, hard-to-abate sectors such as heavy-duty marine transport and construction still require transitional solutions before full electrification can be taken place. BEC recommends introducing incentives or blend targets for transitional fuel, such as renewable diesel, to overcome cost barriers and ensure sustainability certification compliance. Renewable diesel, as a transitional solution with proven business cases in Hong Kong, is a drop-in fuel offering substantial life-cycle greenhouse gas ("GHG") reductions. It can be used without modification of the fleet. Policy and financial supports are vital for wider adoption of these transitional fuels. On the other hand, allocating resources to establish standards for low-carbon and green hydrogen would be the vital step to accelerate production and use for heavy duty equipment without practical electrification option.
21. With the announcement of the Action Plan on Green Maritime Fuel Bunkering in late 2024, which provides a direction for promoting green marine fuel bunkering in Hong Kong, the Government should develop a comprehensive multi-fuel maritime decarbonisation strategy for both international and local shipping. With a clear strategic direction, the Government should incentivise local ferries to transition to lower emission fuels through subsidies, as this transport segment is harder-to-abate while financial support is less diverse compared with road transport.

Green and Healthy Buildings

22. BEC commends the Government in the efforts for the passage of Buildings Energy Efficiency (Amendment) Bill 2025, which is a milestone for the scaling up of green buildings, but further action is needed to unlock retrofitting markets and improve building performance. In particular, to align with 2050 carbon neutrality targets, regulating and incentivising implementation of Energy Management Opportunities ("EMOs") identified in audits can further reduce the operating carbon in buildings. Resources should be prioritised to establish an anonymised centralised energy usage intensity database to enable benchmarking and drive performance improvements, and for establishing partnerships for retrofitting existing buildings, leveraging green finance and government enabling works. The Government should consider setting a clear target for Government-owned existing buildings to undergo certification/assessment and implement priority upgrades. This creates market momentum, normalises disclosure, and anchors demand, which is especially valuable during fiscal constraint. Incentivising development of digital enablement for resilience and reporting readiness can support a pathway to digitise building performance data and operations (metering, maintenance, IAQ/ventilation performance), enabling asset owners to meet emerging disclosure expectations and improve resilience through data-driven management. Introducing accelerated tax

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depreciation (or equivalent) would help qualifying assessment/upgrade costs conditional on strong outcomes.

23. Clear evidence shows healthy building design, focusing on better indoor air quality ("IAQ") and occupant well-being, reduces respiratory issues, stress, and absenteeism, leading to decreased healthcare costs and increased productivity. To enhance residents' health and productivity and reduce burden to healthcare system, the Government should consider offering GFA concessions and financial incentives for buildings incorporating wellness features such as natural daylighting, biophilic design, and improved indoor air quality. Tiered incentives can encourage higher performance levels, while clawback clauses ensure long-term compliance.

24. The Government should lead by example in piloting the use of low-carbon materials in public projects, developing technical guidelines, carbon datasets and adopting circular economy criteria (design, source materials, recycled content, etc) to reduce embodied carbon. These measures will drive innovations, stimulate supply chains and create new markets for sustainable construction materials. For instance, the Government should lead by mandating such criteria in its developments and providing better building data for supporting supply-chain decarbonisation and Scope 3 reporting. The Government can consider introducing requirements on the recycling rate of building demolition and A&A works, as well as the reuse of materials and the use of recycled materials in buildings. This can include a required analysis of embodied emissions over the entire life cycle of a building and establishing embodied carbon targets for municipal buildings to drive the use of low embodied carbon or recycled steel and concrete, electrification of construction sites, and to achieve lightweight design with structural optimisation.

Circular Economy

<u>Facilitating Producer Responsibility Schemes ("PRS") Implementation</u>

25. BEC welcomes the passage of the "Promotion of Recycling and Proper Disposal of Products (Miscellaneous Amendments) Bill" by the Legislative Council in July 2025, which establishes a common legislative framework for different PRS-regulated products. To improve administrative efficiency, the Government might consider allocating budget to establish a centralised online stakeholder engagement platform. This digital tool would serve to gather stakeholders from diverse industries, disseminate real-time updates on regulatory developments, and facilitate the exchange of best practices. By streamlining the consultation process for different regulated products through a consolidated channel, it is believed that the Government can ensure more comprehensive engagement and operational efficiency.

26. The Government should expedite the legislative and implementation timelines for the five PRS-related products to maintain waste reduction momentum during the suspension of Municipal Solid Waste ("MSW") charging. With MSW charging paused until at least mid-2027, the primary financial incentive for the public to recycle has been temporarily removed. Therefore, a timely rollout of the PRS is critical to fill this policy gap. Swift action is required to sustain public recycling habits and ensure that the community's progress in waste reduction is not lost or reversed during this interim period.

27. The Government is suggested to expand the PRS framework to cover a wider range of product categories, such as all types of packaging materials and textiles, similar to most of the European countries. Incorporating these items will align with the "polluter pays" principle, shifting the responsibility and cost of end-of-life management from the public

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purse to producers. This strategic expansion is essential for alleviating the Government's financial burden associated with the collection and recycling of these high-volume waste streams. Related sectors are also driven to explore cost-effective mechanisms of waste handling and potentially create new recycling businesses.

Optimising Facilities Investment for Cost-Efficiency

28. Before committing to the high capital costs of I-Park 3, it is essential for the Government to first evaluate the operational effectiveness and capacity of I-Park 1 and 2. If these facilities, combined with multiple waste reduction measures, prove sufficient, the need for costly infrastructure of a third incinerator should be reconsidered. We suggest the Government prioritise funding for cost-efficient alternatives that sit higher on the waste hierarchy. This includes but not limited to introducing advanced Material Recovery Facilities ("MRFs") to maximise resource capture and providing subsidies to the local recycling industry.

29. BEC is pleased to see the positive response to the Waste Reduction and Recycling Charter, with 955 private residential premises participating as of January 2026. To build on this momentum, we hope the Government will conduct a timely review of the legislative timeline for mandating recyclables collection points in residential buildings, as outlined in the Chief Executive's 2024 Policy Address. Formalising these requirements through legislation would provide a long-term, cost-efficient framework for the city, as well as help to alleviate the heavy reliance on GREEN@COMMUNITY facilities, which entail significant rental and labour costs from government resources.

Building Business Capacity to Meet International Circularity Standards

30. To foster economic resilience and growth, the Government is recommended to allocate resources to support businesses in need for circularity reporting in Hong Kong. This is essential as major trading partners include circularity in their sustainability disclosure framework, such as the ESRS E5 in Europe and new guidelines in Chinese Mainland. The landscape has further evolved with the ISO's new circular economy standards published in May 2024 and the Global Circularity Protocol for Business debuted at UNFCCC COP30. Equipping businesses with knowledge of these emerging standards and introducing voluntary incentive schemes for circularity reporting would guide companies past a narrow focus on recycling toward a comprehensive lifecycle strategy that prioritises sustainable procurement, reuse, and refurbishment. This proactive support is vital for Hong Kong companies to maintain their competitive edge, satisfy international requirements, and unlock global capital.

31. Given that circularity is a nascent topic for businesses, there is a pressing need for the Government to launch capacity-building programmes to cultivate local talent. Specifically, we recommend that the Government incorporates more courses related to circularity into the list of eligible programmes under the Pilot Green and Sustainable Finance Capacity Building Support Scheme and supports the Small and Medium-sized Enterprises ("SMEs") in mastering circular business models, which is vital to bridging the current skills gap, preparing the workforce for evolving market standards, fostering innovative circular business models and helping large corporations to manage their Scope 3 emission within their supply chain.

Driving Circular Economy Growth through Incentives, Digital Tools and Land Support

32. It is recommended that the Government maintains its current programmes and funding streams to assist both the Commercial & Industrial (C&I) and domestic sectors in recycling food waste and other recyclables, but it should also go further to fully align with the waste management hierarchy. It is crucial that the Government introduces a dedicated funding stream under the Green Tech Fund or expands the remit of existing programmes, such as the Recycling Fund, to motivate businesses to prioritise waste avoidance, reduction, and reuse and adopt innovative circular business models, such as Product as a Service ("PaaS"). This funding could incentivise producers to reduce waste at the source by implementing environmentally friendly designs, such as lightweighting, increasing recyclability (e.g., label-less, colourless), or incorporating higher amounts of recycled content. While current initiatives encourage recycling, the scope of financial support should broaden to capture the full spectrum of the circular economy. International examples demonstrate the value of this approach; the Government of Ireland launched the Circular Economy Innovation Grant Scheme ("CEIGS") to support projects ranging from product design to waste recovery. Similarly, Victoria, Australia, has rebranded its funding stream to the Circular Economy Councils Fund, thereby extending support to essential circularity projects, including verification guidelines and communication platforms for circular products.

33. Beyond financial subsidy, the Government is recommended to introduce digital solutions, similar to EU's Digital Product Passports. This kind of digital infrastructure is critical as it empowers consumers and repairers with maintenance data to extend product life, ensure supply chains transparency for high-quality recycling, validates green claims, and fosters sustainable consumption habits.

34. As a land-constrained city, Hong Kong has made efforts to allocate space for the circular economy development; however, this support has largely been limited to the recycling industry. The Government is expected to extend physical space support to repair and reuse businesses as well. As highlighted in BEC's 2023 study on the feasibility of repair and reuse models in Hong Kong, sectors such as office furniture and electrical appliances offer significant opportunities to create jobs and boost the repair and reuse economy.

Continuing Public Education on Waste Reduction and Recycling

35. We commend the Government's efforts in public education regarding waste reduction and recycling in preparation for potential re-introduction of MSW charging as longstanding financial mechanism, and acknowledge that raising public awareness is an essential precursor to the charging scheme's success. To enhance cost-effectiveness while maintaining high impact, the Government could deepen its collaboration academic institutions and trained community volunteer networks. Leveraging these existing grassroots resources can deliver widespread educational outcomes more efficiently than standalone campaigns organised by the Government.

Nature and Biodiversity

36. The Government recently released Hong Kong's updated Biodiversity Strategy and Action Plan (2025-2035) ("BSAP") and takes reference to global and national developments on biodiversity. Strengthening local financing for nature will be critical to delivering Hong Kong's BSAP successfully, supporting nature conservation and sustainable development, and strengthening the city's resilience and adaptation to climate risks through investing in nature. Delivering on the BSAP's commitments will require measurable KPIs, forward-

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looking and scaled investment and a holistic integration of biodiversity into Hong Kong's economic fabric.

Corporate Biodiversity Disclosure

37. BEC commends the updated BSAP's inclusion of Priority Action 2.3 to encourage businesses to disclose biodiversity-related risks, dependencies and opportunities. To further support realistic implementation, sufficient resources must be allocated to support training and capacity building efforts to upskill industry and enable more businesses to assess and disclose their nature-related dependencies, impacts, risks, and opportunities. Supporting the strengthening of nature-related disclosure in Hong Kong will align local businesses with emerging international frameworks such as the Taskforce on Nature-related Financial Disclosures ("TNFD"), particularly given the recent announcement by the International Sustainability Standards Board ("ISSB") to introduce, in October 2026, an Exposure Draft of nature-related disclosure requirements, building on the TNFD framework, as well as enhance market transparency.

Financing Biodiversity

38. The Kunming-Montreal Global Biodiversity Framework's Target 19 states that globally, $200bn USD must be mobilised per year from all sources, including $30bn through international finance, to support its goal of halting global biodiversity loss by the end of the decade and achieving nature-society harmony by mid-century. To align with international targets, the Government should ensure that more capital is allocated towards conservation programmes and initiatives. This could be complemented by setting aside a specific amount of green bond proceeds for biodiversity projects, and by providing more support and capital allocation in the Government Sustainable Bond Programme, as well as piloting innovative financial mechanisms to mobilise more capital to safeguard Hong Kong's biodiversity, such as blended finance mechanisms.

Eco-tourism

39. Eco-tourism is recognised in the BSAP under Priority Action 2.10 to promote sustainable ecotourism. To utilise its rich marine and terrestrial biodiversity and diverse landscapes, the Government is recommended to allocate more resources towards eco-tourism infrastructure to attract visitors and position itself as a leading city for sustainable tourism development, while maintaining responsible practices and within its carrying capacity remit. To that end, resources should also be directed towards strengthening visitor management and education at ecologically sensitive site locations to ensure that the unique biodiversity which attracts tourists is effectively safeguarded and protected. Investing in Hong Kong's sustainable eco-tourism will not only bring holistic socio-environmental benefits, such as improving awareness of Hong Kong's biodiversity and offering diverse income streams for local communities, but also provide a source of revenue. In 2024, around 11 million visitors were recorded across Hong Kong's country parks comprising of woodlands, hills, coastline and reservoirs.

Nature-based solutions

40. Nature-based solutions are critically important to Hong Kong's climate resilience and adaptation efforts. To ensure adequate resources are available to scale up nature-based solutions projects across Hong Kong, we recommend allocating a specific public fund towards such initiatives, which would allow large-scale development projects such as the Northern Metropolis development to incorporate broad-based adoption. The fund should

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also extend to covering urban blue-green spaces and practices to extend to promoting urban biodiversity and habitat connectivity. Engaging other key stakeholders including the private sector, financial institutions, insurers and conservation experts will also be required to not only mobilise capital but ensure projects are effectively implemented. Moreover, given Hong Kong's space limitations reduce the capacity to introduce nature-based solutions at scale, the Government's support in collaboration to identify off-site nature restoration projects will improve the general awareness of nature-based solutions and scalability of impact in Hong Kong.

Research and Funding

41. To further Hong Kong's knowledge and understanding of its local biodiversity and ecosystems, total funding to public funds including the Environment and Conservation Fund ("ECF") and Lantau Conservation Fund ("LCF") should be expanded to allow for increased scope and volume of supported projects and initiatives. The Government should also explore or pilot new fund structures to engage other stakeholders in combining resources for biodiversity-related research and funding, including financial institutions, investors, philanthropists and the business community.

The Blue Economy

42. The update BSAP includes positive commitments for enhancing the management of protected areas and habitat connectivity. To implement this effectively, adequate resources must be designated to patrolling, protecting and monitoring Hong Kong's marine protected areas. The Government could consider leverage Hong Kong's existing Green and Sustainable Finance Grant Scheme to pilot blue finance instruments, including bonds or credits linked to measurable marine conservation outcomes.

Ecosystem Service Valuation and Habitat Monitoring

43. Hong Kong's ecosystems provide a substantial amount of capital, if quantified, in ecosystem service value including flood and heat stress protection, natural carbon sequestration and air filtration. Given this, resources should be given to establish a robust ecosystem service valuation and monitoring framework, with KPIs and quantified values to understand the services and economic dependencies that our healthy functioning ecosystems offer. These same resources could also be utilised to establish a website aimed at facilitating wider recognition and knowledge sharing of good practices, as per BSAP priority action 2.7.

Enquiries

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Yours sincerely,

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