

NBS Good Practices from Chinese government

May 2019

ADB Loan “Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region—China National Investment & Guaranty Corporation’s Green Financing Platform Project”

1. Project Basic Information

The “Green Financing Platform Project” (referred to as “the Project”) is a loan project executed and implemented by China National Investment and Guaranty Corporation (referred to as “I&G”). I&G is a holding subsidiary of State Development & Investment Corp., Ltd. The Project was approved by the ADB board on 12 December 2016 with a €458 million loan and a term of 15 years. With sovereign loan from ADB and by way of financial intermediation loan, the Project establishes a green financing platform, aiming to promote the launch and implementation of air quality improvement subprojects in the Greater Beijing-Tianjin-Hebei Region through comprehensive utilization of credit enhancement, investment and financing and other means for special operation and management of funds.

The Project covers fields of energy conservation and emission reduction, clean energy utilization, green transportation and waste to energy. By the end of 2018, thirty subprojects have been implemented, with a total loan of 1.77 billion RMB and a total social investment of 6.302 billion RMB. It is estimated that there would be an annual energy conservation of 1,070,800 tce, annual emissions reduction of CO₂ by 2,138,900 tons, SO₂ by 27,600 tons, NO_x by 6,217.6 tons and PM by 68,100 tons after these subprojects are completed and put into operation.

2. Main Features

1) Facilitating the “Blue Sky Project” and supplying global public goods.

Since 2016, the Ministry of Finance has been guiding ADB to implement the Beijing-Tianjin-Hebei air-pollution-control project in China for three consecutive years, with a total loan of around \$1.4 billion. It has made a significant contribution to the implementation of Beijing-Tianjin-Hebei Integration strategy, especially in smog control. The project is the first ADB loan project that copes with air pollution control in Beijing, Tianjin and Hebei.

2) By using ADB's new lending tools to support project investment and financing, a platform has been set up for the engagement of more social capital, financial institutions and enterprises.

Through the financial intermediation loan, I&G has leveraged more social capital to invest in green and environmental protection industries, as well as facilitated the state and government, the investor, the technology owner and the renovated companies to achieve their strategic objectives.

3) Taking various means to support SMEs to participate in the prevention and control of air pollution.

I&G has increased its support to SMEs through technology and accounting management, mainly by cooperating with local governments and guarantee institutions through financing and guarantee. I&G and ADB have organized five professional training courses to enhance the ability of relevant parties in screening and controlling the target projects, and improvement in emission reduction effect.