Early Warning System

ADB-48452-004

Shaanxi Accelerated Energy Efficiency and Environment Improvement Financing Project

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Quick Facts

Countries	China
Specific Location	Shaanxi Province
Financial Institutions	Asian Development Bank (ADB)
Status	Completed
Bank Risk Rating	U
Voting Date	2016-11-28
Borrower	Government of People's Republic of China
Sectors	Energy, Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 150.00 million
Loan Amount (USD)	$ 150.00 million
Project Cost (USD)	$ 459.00 million

Project Description

The proposed project will establish a clean energy financing platform (CEFP) to channel finance to clean energy investments in Shaanxi Province. In addition, to support the high-impact energy efficiency and emission reduction initiatives in large enterprises, the platform will also focus on directing investments to small and medium-sized enterprises (SME).

The proposed project to establish a dedicated Green Financing Platform (GFP) to mobilize domestic financing by leveraging ADB loan proceeds for energy efficiency, distributed renewable energy and environment improvement investments in Shaanxi Province.The proposed GFP will offer three complementary financial products: (i) a Debt Financing Facility to provide entrusted loans, (ii) Credit Guarantee Facility to support the mobilization of cofinancing, and (iii) Lease Financing Facility to provide lease financing for purchase of energy efficient industrial equipment. The GFP will partner with two commercial banks active in Shaanxi province to offer entrusted loans and the partner banks are encouraged to provide cofinancing to match at least the ADB loan proceeds. The guarantee facility will provide credit guarantees to technically sound subprojects with high energy saving potential but lacking in collateral to meet the requirement of the commercial banks for providing cofinancing. This facility is likely to be particularly useful for ESCO projects and SME borrowers. SFHG will provide credit enhancement to the guarantees provided by SMEGC by making a cash deposit of not more than 20% of the guaranteed cofinancing loan amount in the beneficiary bank of the guarantee. This will ensure that the guarantee facility will have a minimum leveraging ratio of 5.

Early Warning System Project Analysis

As stated by the ADB, the project is classified as financial intermediary. The subproject selection criteria exclude subprojects that (i) require new land acquisition, (ii) result in labor retrenchment or labor redundancies, or (iii) have adverse impacts on ethnic minority communities.

Investment Description

- Asian Development Bank (ADB)

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Shaanxi Financial Holding Group Co. Ltd. (Financial Intermediary)

Private Actors Description

As stated by Bloomberg, Shaanxi Finance Holding Group Co. Ltd. operates as an investment holding company. The Company provides financial investment, asset management, equity investment, and other services. Shaanxi Finance Holding Group provides its services throughout China.

Contact Information

Shaanxi Financial Holding Group
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ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: http://www.adb.org/site/accountability-mechanism/main

Bank Documents

- Project Agreement for Loan 3475-PRC
- Project Disclosure PDF
- Report and Recommendation of the President

Other Related Projects

- ADB-48452-003 Shaanxi Accelerated Energy Efficiency and Environment Improvement Financing Program
- ADB-48452-001 Shaanxi Accelerated Energy Efficiency and Environment Improvement Financing Program