

 Early Warning System

ADB-50096-002

Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region--
China National Investment



Quick Facts

Countries	China
Specific Location	Greater Beijing, Tianjin, Hebei Region
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	FI
Voting Date	2016-12-12
Borrower	China National Investment and Guaranty Corporation, State Development & Investment Corporation
Sectors	Energy, Finance, Transport
Investment Type(s)	Loan
Investment Amount (USD)	\$ 499.60 million
Project Cost (USD)	\$ 2,137.10 million



Project Description

The proposed project will establish a dedicated green financing platform for this purpose which will overcome the three barriers mentioned above (limited commercial bank financing, lack of incentive structures, and the lack of strategy for pollution control). The proposed Green Financing Platform (GFP) will introduce innovative financial instruments, recommended in the recently issued Green Financing Guidelines by China Banking Regulatory Commission and NDRC, to mobilize private and social capital for green investments. The proposed financing facility will offer a variety of financial products, which may include: (i) debt financing with limited recourse to fixed asset collateral; (ii) loss guarantee support to low-carbon development, energy saving, and environmental improvement projects for easier access to commercial bank financing; and (iii) mezzanine financing in the form of subordinate debt or preference share investments in promising SMEs, etc. This proposed project will also introduce international experience and bring advance technologies to the greater BTH region to help industries become low-carbon, low-emission and efficient green industries, thereby improving the air quality.

The proposed project builds on the policy actions initiated in Hebei Province under the Policy Based Loan (PBL) for Beijing-Tianjin-Hebei (BTH) Air Quality Improvement Hebei Policy Reforms Program, approved by Asian Development Bank (ADB) in 2015. The PBL included policy actions supporting (i) adjustment of the energy structure, (ii) promotion of public transportation, (iii) reduction of seasonal biomass burning and promotion of clean energy in rural area, (iv) capacity development in environmental monitoring, administration and supervision, and (v) employment promotion for inclusive industrial transformation. The proposed project will further (i) strengthen and complement implementation of these policy actions throughout the greater Beijing-Tianjin-Hebei region (hereinafter referred to as BTH region), and (ii) accelerate air quality improvements in a sustainable manner. In particular, it will address the critical need to provide more efficient and effective credit access to enterprises and project developers to stimulate actions on these policy actions. The intervention will be in the core areas for air quality improvement with significant co-benefits of carbon dioxide (CO₂) emission reductions to help the region simultaneously achieve both objectives of better air quality and low-carbon development.

The BTH region is one of the most important economic regions in the PRC, with more than a third of the country's gross domestic product (GDP). But this region also consistently experiences poor air quality. In 2013, the Government of the PRC promulgated its first Comprehensive Action Plan for Air Pollution Prevention and Control (CAAP) 2013-2017 to help improve air quality in the core BTH region. But the BTH air quality is still far below national and World Health Organization standards. Since BTH's air pollution problem is transboundary, an integrated approach is required to tackle the air pollution issues in the BTH region. The approach includes advanced and effective pollution control measures with efficient coordination among BTH, stricter environmental policy and regulation, innovative financing mechanisms, and a robust results monitoring and verification system.

In parallel with the efforts to control air pollution and respond to environmental degradation, the PRC government is committed to peak its CO₂ emission by 2030. Maintaining sustainable economic development while also undertaking low-carbon transformation and fixing environmental degradation is challenging. In order to succeed, a set of complementary policies is needed to improve air quality (by reducing coal and other fossil fuel consumption), abate CO₂ emissions, and foster green growth. The Government's policy framework for climate change, National Plan for Addressing Climate Change (2014-2020) was issued in 2014, and stresses the importance of mitigating climate change through a holistic and integrated approach, including improving energy efficiency, optimizing the energy consumption structure, restructuring the industrial sector, and restoring the ecological system and protecting the environment.

According to the People's Bank of China, an annual investment of \$330 billion in each of the next five years would be needed for green growth in order to meet the environmental targets announced by the Ministry of Environment. Based on a report prepared



Investment Description

Counterpart: US\$ 1327.5 Million

- Asian Development Bank (ADB)



Contact Information

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Bank Documents

- [Jia Kuai Da Jing Jin Ji Di Qu Kong Qi Zhi Liang Gai Shan De Lu Se Rong Zi Ping Tai : Xiang Mu Shu J](#) [Original Source]
- [Project Administration Manual](#) [Original Source]
- [Project Disclosure PDF](#)
- [Report and Recommendation of the President](#) [Original Source]



Other Related Projects

- ADB-50096-001 Green Financing Platform for Accelerated Air Quality Improvement in Greater Beijing-Tianjin-Hebei