



Tailored Financial Services to Support Green and Sustainable Development

—— **I&G's Green Financing Platform Project**

Mingbai Liu

**Executive Director of ADB Program Center
China National Investment and Guaranty Corporation**

June 2020, Manila



Content

1

About I&G

4

Project Highlights

2

Project Profile

5

Sample Subprojects

3

Project Progress

6

Knowledge Sharing



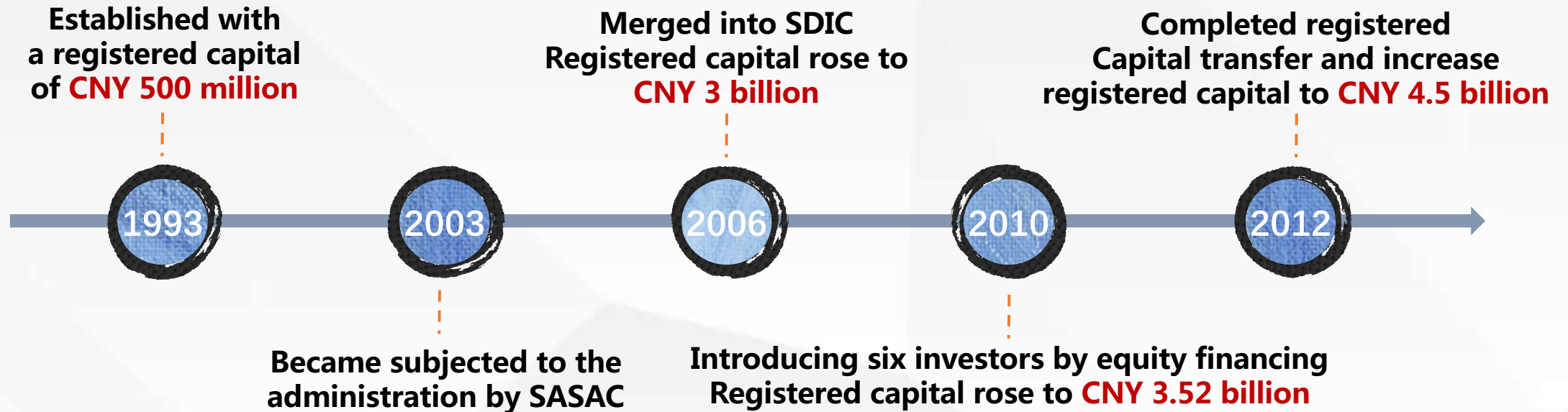
PART ONE

01

About I&G

➤ Background and History

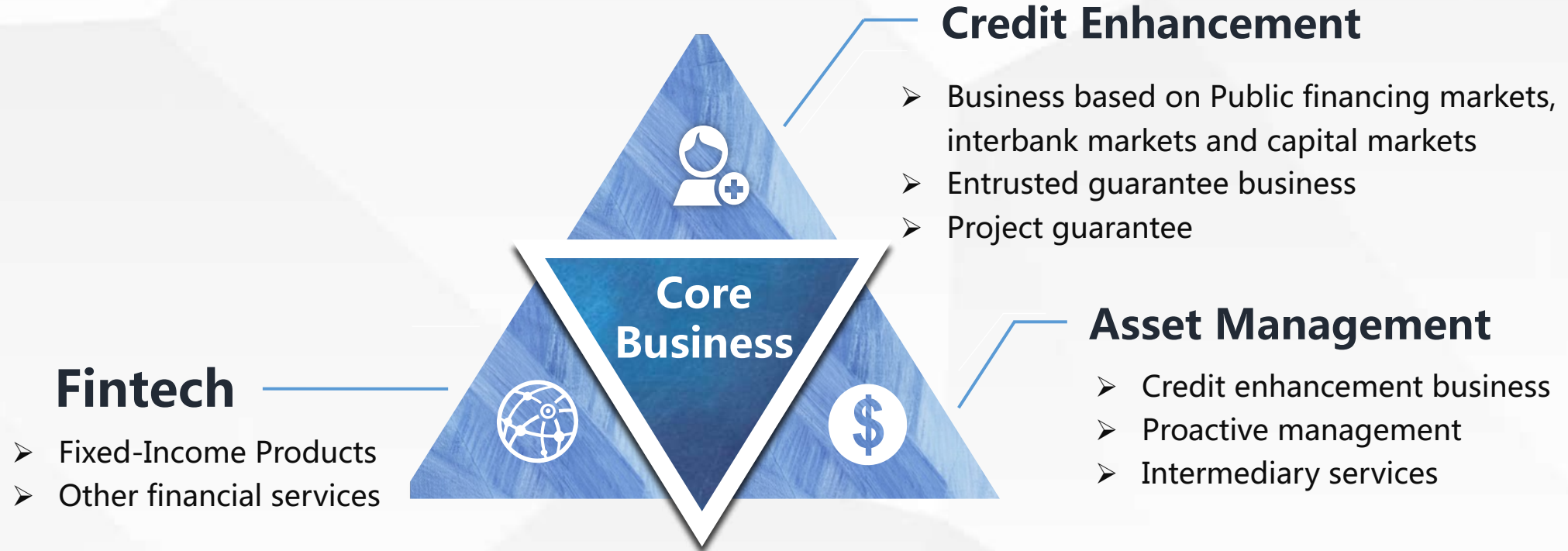
Founded in 1993 by the MOF and SETC of PRC, I&G is currently a member enterprise of SDIC.



➤ Industry Positioning

- ◆ The first and largest guarantee institution in China with a long-term credit rating of AAA.
- ◆ President institution of China Financing Guarantee Association, and member of the world's top three guarantee and credit insurance associations.

➤ Business Structure



At the end of 2019, I&G had a balance

CNY **50.2** billion

accumulated guarantee amount

CNY **513.8** billion

total assets

CNY **26.51** billion

2019, I&G realized income of

CNY **22.97** billion

total profit

CNY **970.42** million

➤ Green Financing Practice

I&G adheres to the concept of green development and is experienced in low carbon financial sector.

- ◆ 2003-2009 **WB/GEF China Energy Conservation Promotion Project Phase II**
——ESCO Loan Guarantee Program

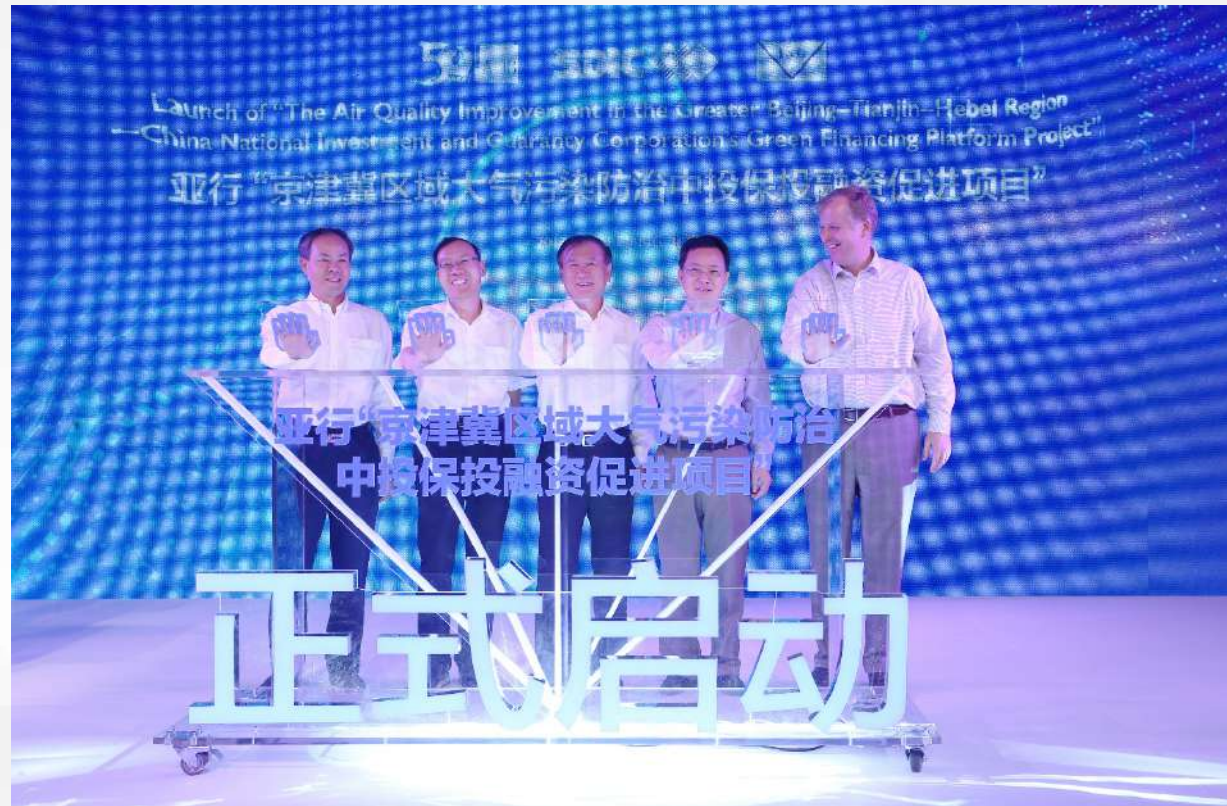
I&G has implemented **148** EMC guarantee projects with a total guarantee value of CNY **516.55** million, saving **590,000** tons of standard coal per year and reducing carbon emission by **380,000** tons per year.

- ◆ 2017-present **Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region**
——I&G's Green Financing Platform Project (GFP Project)



➤ Green Financing Practice

2017-present **Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region**
——I&G's Green Financing Platform Project (GFP Project)



Launch Ceremony of the GFP Project

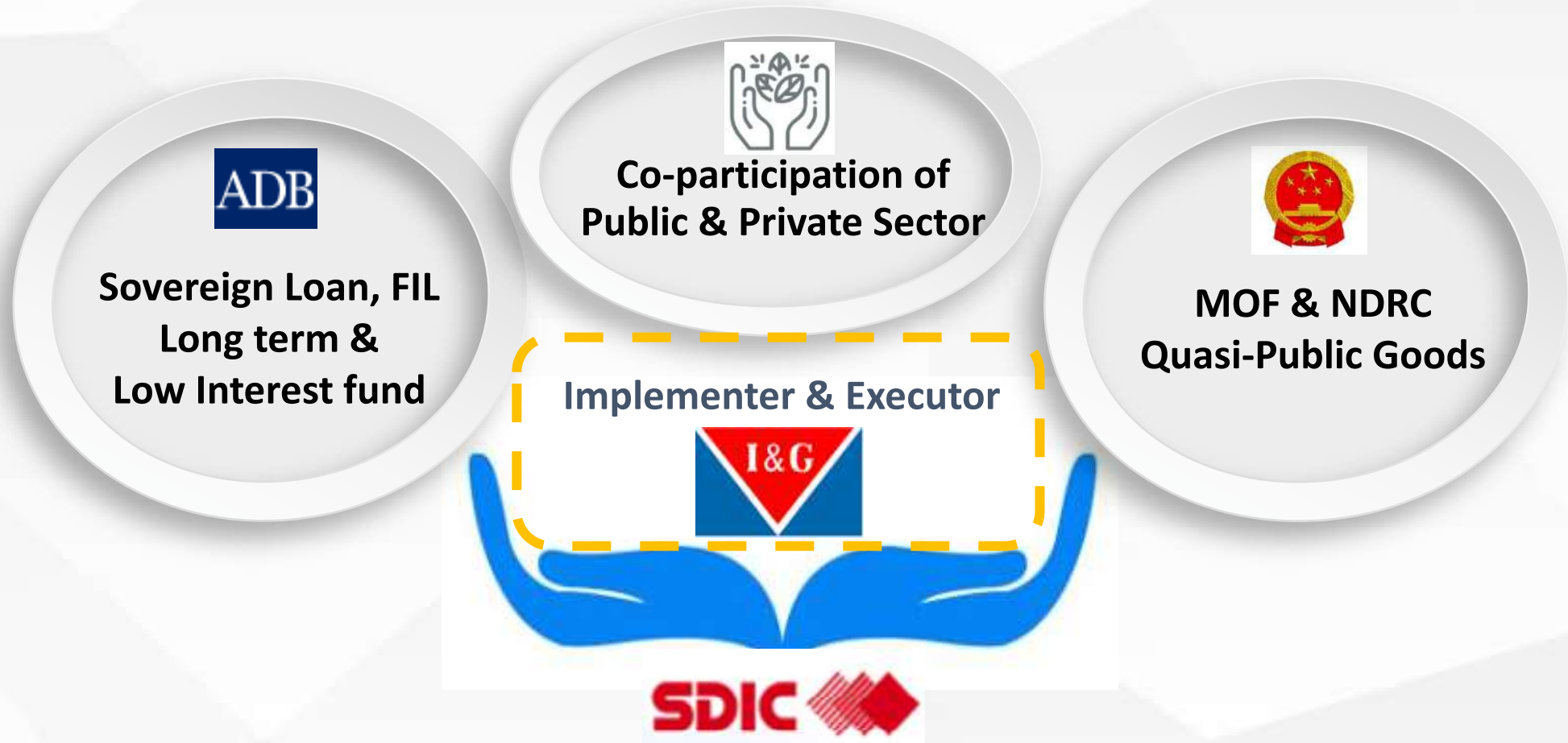


PART TWO

02

Project Profile

➤ Project Structure



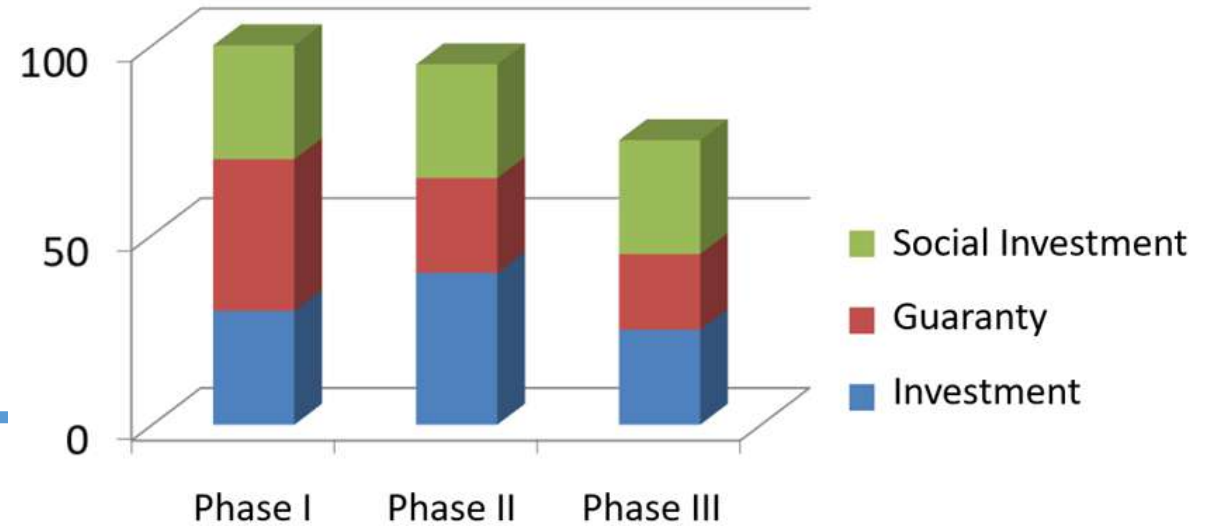
Amount of the Loan: EUR 458 million

Term of the loan: 15 years, with 10 years of grace period.

Project Vision

Contributing to Air Quality Improvements

Energy Conserved	40.2 million tce
Carbon Reduction	27.33 million tons
Smoke	380 billion m ³
Dust	0.78 million tons
SO ₂	0.51 million tons
NO _x	0.36 million tons



Giving full play to the Leverage Effect of ADB Loans

Estimated to leverage EUR 3.6 billion (CNY 27 billion)



Targeted Sectors

1

Clean Energy



2

Energy Saving & Emission Reduction



3

Green Transportation

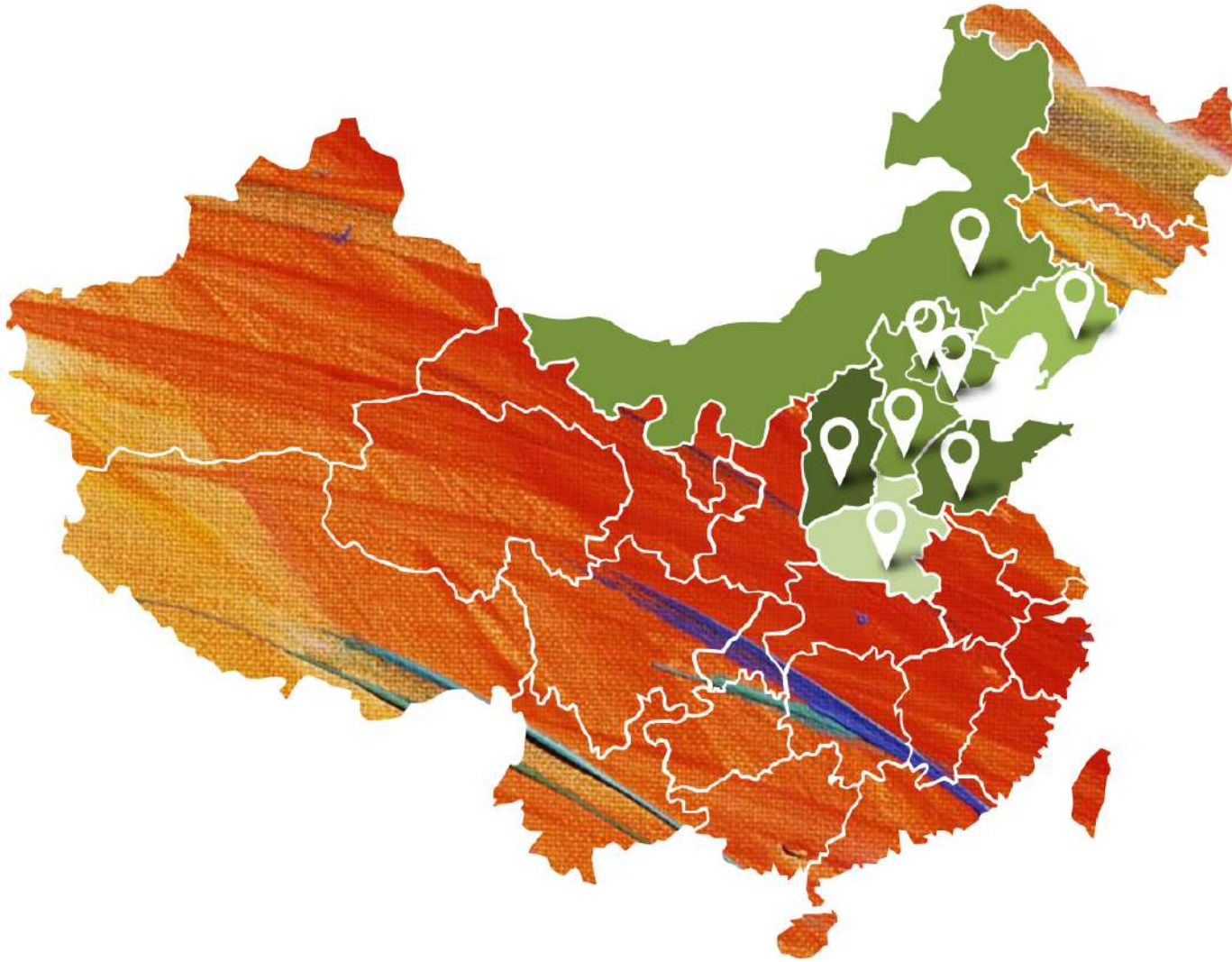


4

Waste to Energy



Targeted Geographical Locations



- 📍 Beijing
- 📍 Tianjin
- 📍 Hebei
- 📍 Henan
- 📍 Shandong
- 📍 Shanxi
- 📍 Liaoning
- 📍 Inner Mongolia

Categories of Loan Utilization

1

Guarantee



2

Entrusted Loan



3

Equity Investment

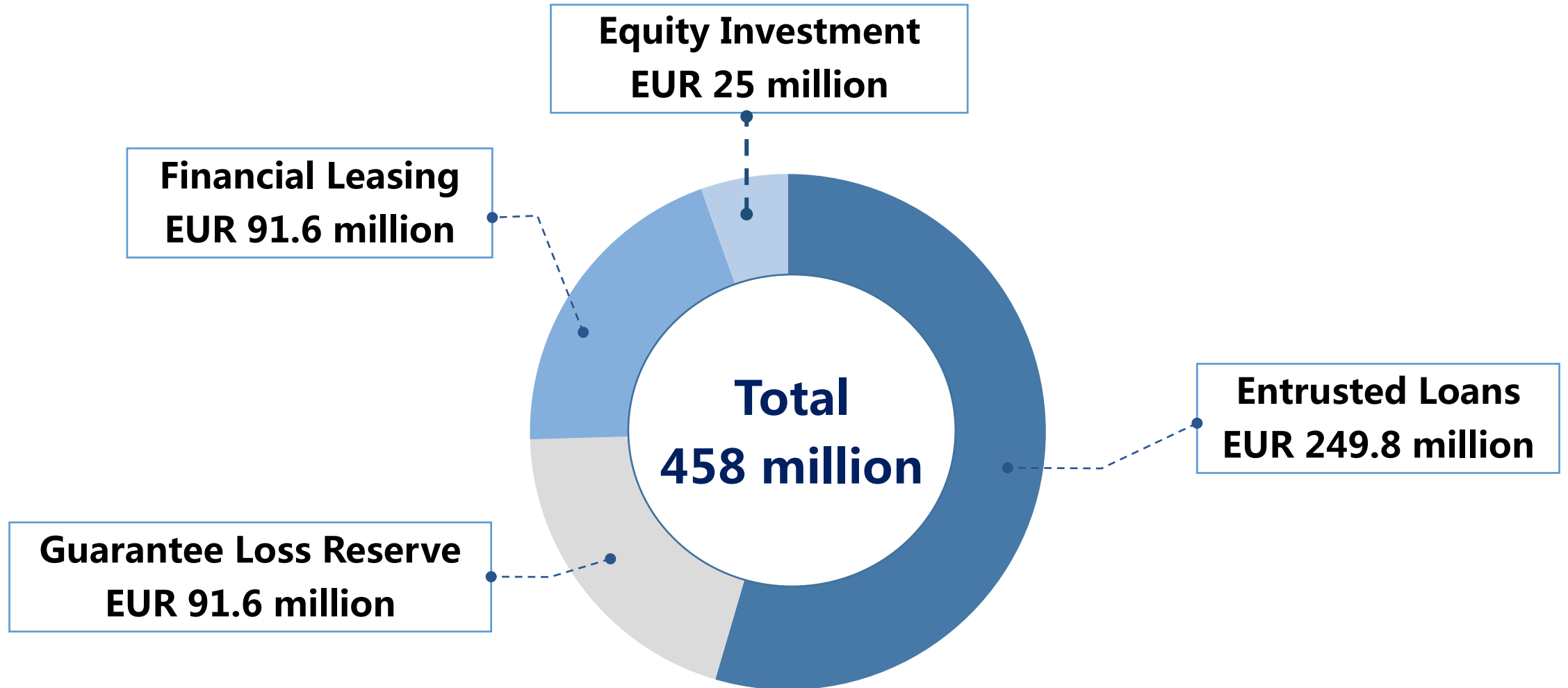


4

Other Credit Enhancement



Allocations of Loan Proceeds





PART THREE

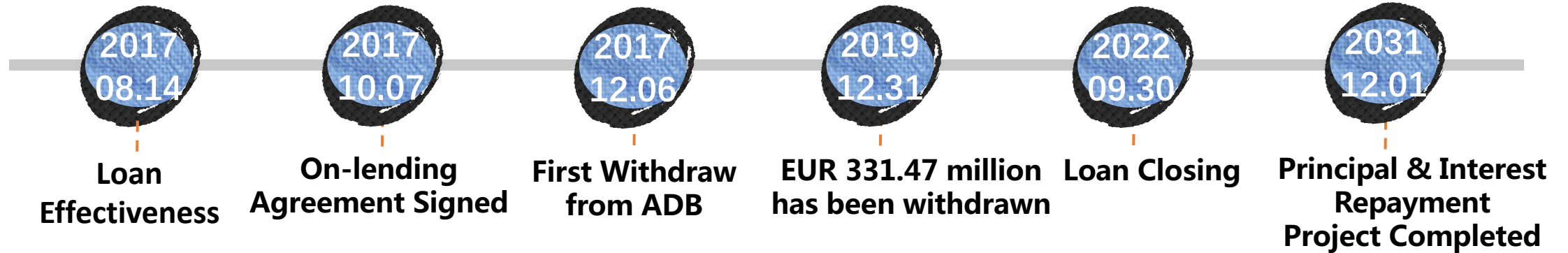
03

Project Progress



Project Progress

➤ Project Timeline



➤ Operation Overview

By the end of 2019, I&G has withdrawn

EUR **331.47** million, accounting for **72.37%** of the total.

provision of entrusted loans

CNY **2.18** billion to **36** subprojects

accumulated guarantee amount

CNY **584** million to **2** subprojects

44 subprojects approved, **38** subprojects conducted, leveraging more than CNY **5.51** billion of co-financing.

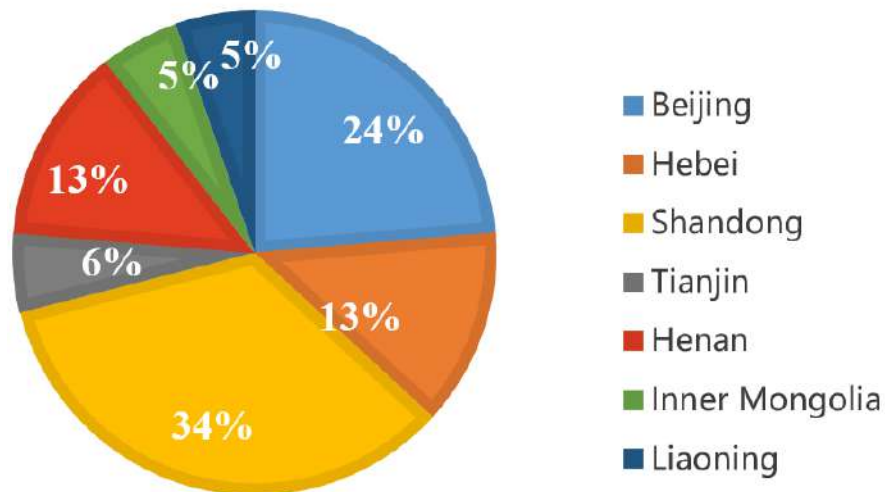
Project Progress



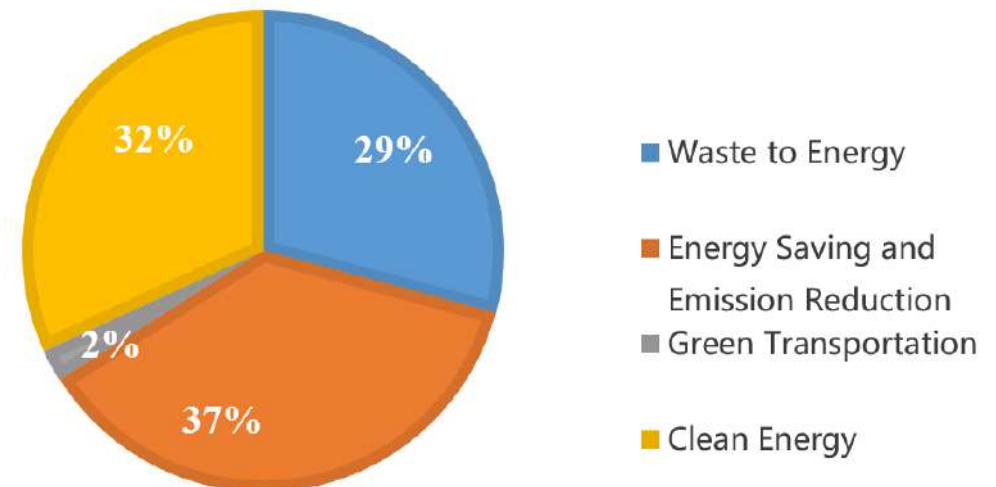
➤ Subprojects Overview

In regional distribution, **9** subprojects are implemented in Beijing, **5** subprojects are implemented in Hebei and Henan respectively, **2** in Tianjin, Henan, Inner Mongolia respectively, and **13** in Shandong.

The above subprojects covered comprehensively all the **4** targeted sectors.



Subproject's Regional Distribution



Subprojects' Sector Distribution

➤ Pollutant Reduction

Upon completion, the aforementioned subprojects are expected to reduce

coal consumption

by **725,200.2** tons per year

gasoline consumption

by **314,619** tons per year

contributing to the annual emission reduction of

CO₂

by **2,199,781.19** tons

SO₂

by **28,050.96** tons

Nox

by **6,635.91** tons

PM

by **71,466.51** tons.

➤ Awards & Achievements



◆ The GFP Project has won ADB's Award of the Best Performing Project in 2018.

◆ The GFP Project has been selected as the Best Practice of Nature-Based Solutions in 2019 UN Climate Action Summit.

Project Progress



➤ Project Achievements



Awarding Ceremony of the ADB Best Performing Project in 2018.

应对气候变化，中国在行动！
原创：联合国 联合国

欢迎关注联合国 您的世界

2019年联合国气候行动峰会日前在纽约联合国总部举行。联合国秘书长古特雷斯表示，这场会议的入场券不是精彩演讲，而是大胆行动。在峰会期间，中国气候变化事务特别代表解振华接受了联合国新闻专访，介绍了中国在全球气候行动上的立场，以及采取的切实措施。

CLIMATE ACTION SUMMIT 2019
A RACE WE CAN WIN

Compendium of Contributions Nature-Based Solutions

Contents

3. Summary of Nature-Based Solutions Best Practices.....	142
Conserving Biodiversity for a Beautiful China.....	143
Delineating for Ecological Protection.....	144
Social Participation in Nature Reserve Management.....	145
China Renewable Energy Scale-up Program phase II.....	146
China: Air Quality Improvement in the Greater Beijing-Tianjin-Hebei Region—China National Investment and Guaranty Corporation's Green Financing Platform Project.....	147
Pilot Case of Carbon-neutral Tea Production in China.....	148
China - Climate Smart Staple Crop Production Project.....	149
The Eastern and Middle Routes of the South-to-North Water Diversion Project - Phase I.....	150
Comprehensive Management Project of Mulanxi River.....	151
The River & Lake Chief System.....	152

中国气候变化事务特别代表解振华接受联合国新闻专访

Compendium of Contributions Nature-Based Solutions



PART FOUR

04

Project Highlights

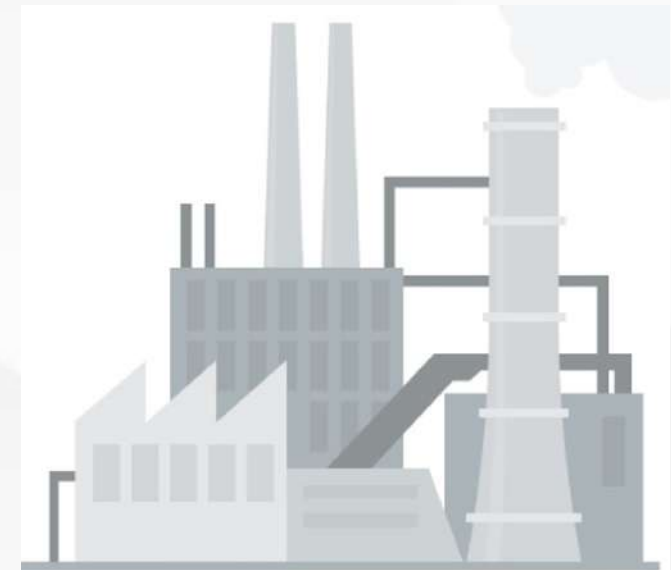
➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

1) Financial Leasing

Considering the heavy investments of fixed assets in green fields, the GFP Project introduces a **financial leasing** mode to provide loans to companies in need of fixed-assets procurement such as machines or equipment.

Benefits

- ◆ Expanding the scope of support.
- ◆ Catering to the specific needs of targeted customers.
- ◆ Extending the depth of subprojects' implementation
- ◆ Facilitating subprojects' sustainable development.



➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

1) Financial Leasing

At the end of 2019, the GFP Project has granted CNY 700 million to the sub-borrowers through three financial leasing companies, leveraging co-financing of CNY 595 million with a total investment of CNY 2.56 billion.



Hebei Xingtai
Centralized Solar PV Power
Generation Subproject



Shandong Wudi
poverty-alleviation related PV
Power Generation Subproject



Shandong Weifang Sanyi
Biogas Upgrading Subproject



Henan NeihuangZhongguang
Distributed Solar PV
Power Generation Subproject

➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

2) Guaranty

The GFP Project has played a leverage role by setting a guaranty loss reserve and introducing a **guaranty** mechanism.

Benefits



Brand Effect

- ◆ Taking advantage of rich experiences and brand effect of I&G.



Leverage Effect

- ◆ Catalyzing co-financing by leveraging more social capital to support green and low carbon subprojects.



Demonstration Effect

- ◆ Guiding capitals from all works of life to flow into green industry.

➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

2) Guaranty

The GFP Project has provided a CNY 584 million guaranty service to facilitate the issuance of a “Sound Green Asset-Backed Security” (ABS).

The funds raised through the ABS from the capital market will be used for odor control of two sewage treatment plants in Fatou and Wulituo of Beijing to improve air quality and sanitary conditions in the surrounding areas.



Subproject Reconstruction Site

首单垃圾综合处理绿色ABS
天风平银—桑德环保绿色资产支持专项计划
成功发行

产品	优01	优02	优03	优04	优05	优06	优07	优08	优09	次级
评级	优先级产品评级均为AAA									
规模(亿)	0.70	0.49	0.50	0.59	0.60	0.67	0.69	0.78	0.82	0.31

上海證券交易所
SHANGHAI STOCK EXCHANGE

桑德集团 SONDOR GROUP
项目受托人/流动性支持机构

天风证券
管理人/销售机构

首创证券
项目受托人

平安银行
托管/监管银行

融孚律师事务所
SG&CO LAWYERS
律师事务

中审亚太会计师事务所
审计机构/绿色认证机构

中国注册税务师事务所有限公司
缴税方

会计师事务所

Issuance of Sound ABS



Subproject Construction Site

➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

3) Supporting the Development and Capacity Building of Green SMEs

Green SMEs are important entities in terms of low-carbon development. However, they are always confronted with difficulties in accessing affordable financing.



➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

3) Supporting the Development and Capacity Building of Green SMEs

The GFP Project has worked hard on providing tailored financing services to green SMEs.

According to specific features of the low-carbon business and varying needs of customers, the GFP Project customize financial products in terms of financing amount, term, and repayment method, with full consideration of risk control.

e.g., Cooperation with Commercial Banks

In December 2018,
I&G signed a memorandum of understanding
of USD 600 million collaborative co-financing
with Huaxia Bank, Bank of Beijing, and ADB under the GFP Project.



MoUs Signing Ceremony

➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

3) Supporting the Development and Capacity Building of Green SMEs

e.g., Cooperation with Provincial and Regional Guaranty Company



Cooperation Framework Outlined with Beijing Chengxinjia Guaranty Company. So far, two subprojects were granted CNY 9 million to construct two charging stations in Beijing.

2019



2017

Cooperative Framework Agreement Signed with Shanxi Provincial Financing Re-guaranty Company.



➤ Tailoring Financial Products for Diverse Financial Demands at Different Levels

3) Supporting the Development and Capacity Building of Green SMEs

The GFP Project also endeavors to strengthen green SMEs' capacity to access financing.

So far, seven trainings have been delivered by ADB and I&G on technologies, environmental safeguards, financial assessment, and post-loan management, with over 300 participants (including more than 120 participants from SMEs). A total of 10 green SMEs have passed the comprehensive assessment of ADB and I&G for total financial support of CNY 209 million.



Public Consultation Training
for SMEs



Environment and
Social Safeguard Training



Project Training for
Financial Leasing Companies



PART FIVE

05

Sample Subprojects

Sample Subprojects



➤ Beijing Sanju Straw Biomass Utilization Project (2 Subprojects)



Borrower : Beijing Sanju GreEnergy Tech. Co., Ltd

Loan Amount : CNY 150 million

Annual Pollutant Emission Reductions :

CO₂

by 38,485.33 tons

SO₂

by 25.04 tons

Nox

by 135.18 tons

PM

by 719.91 tons.

Targeted Sector : Waste to Energy

Loan Term : 2 years

Sample Subprojects



➤ Beijing Sunju Straw Biomass Utilization Project (2 Subprojects)

1) Shenyang Kanghe Straw Biomass Utilization Subproject		2) Zhalaiteqi Diwo Straw Biomass Utilization Subproject
Location	Kangping County, Liaoning Province	Jalaid Banner, Inner Mongolia
Total Investment	CNY 138 million	CNY 118 million
Project Description	Construction of a new straw treatment plant, with an area of 46,671 m ² , where crop straw is processed into bio-char fertilizer, liquid fertilizer and bulk blending fertilizer.	Construction of a new straw treatment plant, with an area of 49,049 m ² , where crop straw is processed into carbonized straw particles, bio-char fertilizer and wood vinegar.

➤ Project Highlights

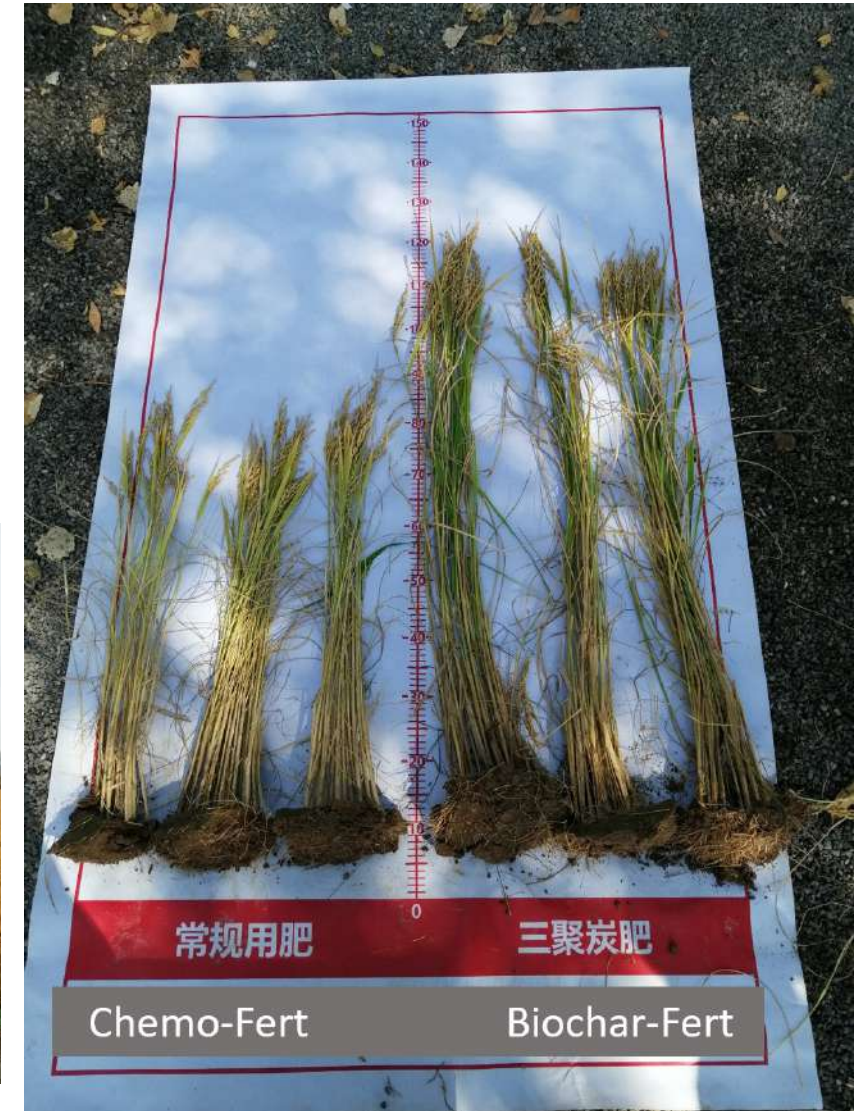
The subproject has good ecological and social benefits.

- ◆ It solves the problem of air pollution caused by straw burning in open fields.
- ◆ it helps to turn waste into something useful, improving local farmers' income.



➤ Project Highlights

- ◆ The bio-char fertilizers reduce the damage caused by chemical fertilizers and improve soil structure.
- ◆ The bio-char fertilizer plays an important role in soil carbon fixation, which helps to reduce carbon emission.



Sample Subprojects



➤ Pingyi County Waste-to-Energy Plant Subproject



Waste Sorting



Tianying Waste Disposal Site



Signing Ceremony of Pingyi PPP Waste to Energy Project

Borrower : Pingyi Tianying Environmental Protection and Energy Co., Ltd.

Targeted Sector : Waste to Energy

Loan Amount : CNY 180 million

Loan Term : 5 years

Annual Pollutant Emission Reductions :

CO₂

SO₂

Nox

PM

by 52,259.74 tons

by 12.42 tons

by 11.81 tons

by 1.24 tons.

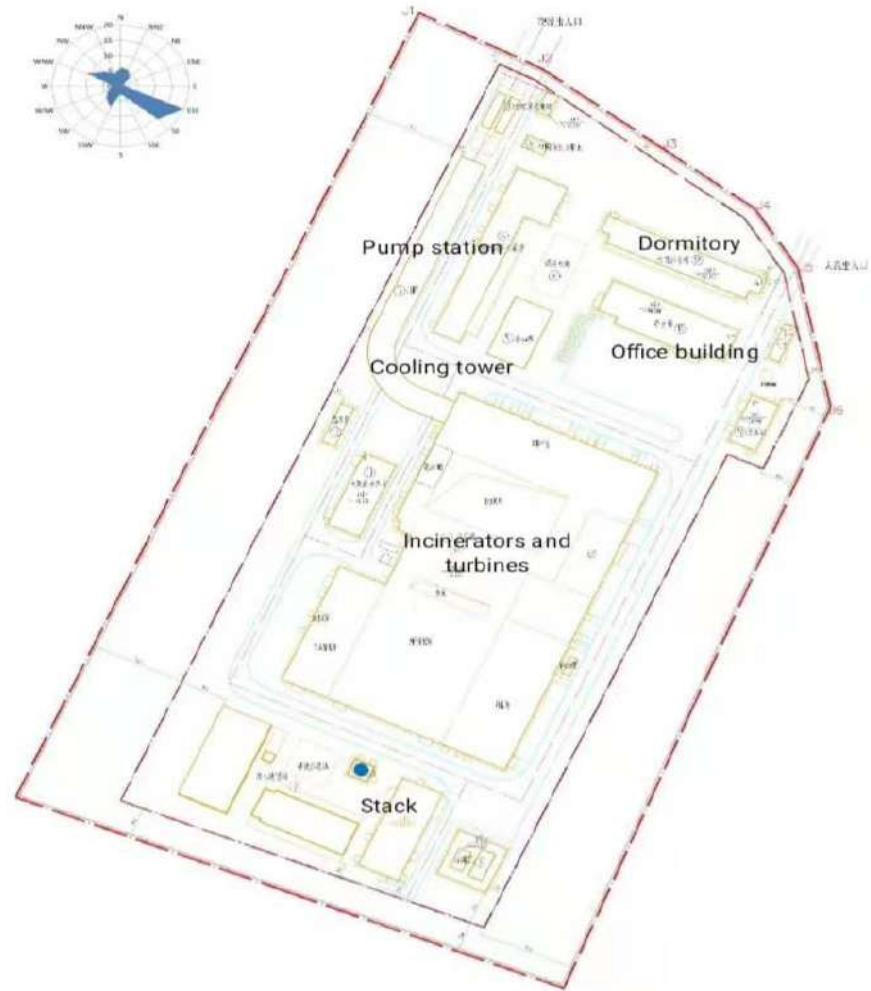
Sample Subprojects



➤ Pingyi County Waste-to-Energy Plant Subproject

General Overview

Location	Pingyi County, Shandong Province
Total Investment	CNY 310 million
Project Description	It is to build a Waste-to-Energy Plant to treat domestic waste by incineration and generate power through waste heat recovery. The plant's daily garbage disposal capacity is around 600 tons.
Project Highlights	It is one of the fourth batch of PPP demonstration projects of the MOF, which will significantly enhance local garbage disposal capacity and help solve the environmental problem caused by landfill.





PART SIX

06

Knowledge Sharing

Knowledge Sharing



➤ Lesson Learned

Actively partnering with other stakeholders to maximize the ADB loan's leverage and demonstration effect.

Through various business promotion to maximize the GFP Project's demonstration effect.

Team Building

Leverage Effect

Customization

Promotion

A highly efficient and professional team is a solid foundation for the successful implementation of the Project.

Using various financing modalities to develop tailored services for different customers with full consideration of risk control.



Knowledge Sharing



➤ Lesson Learned

Team Building

I&G has established ADB Program Center (i.e. Project Management Office(PMO)), comprising professionals with engineering, finance, legal affairs and foreign languages background.

The PMO staff have been provided with a series of skill trainings on forex risks analysis and foreign language, participating in business exchanges study tours at home and abroad for more than 30 times. More than 20 special research reports covering sectors such as energy-conservation, green transportation, etc. have been prepared by the PMO.



Advanced English Training at Beijing Foreign Studies Universities



Members of ADB Program Center (PMO)



Communicating with Sweco in Sweden

Knowledge Sharing



➤ Lesson Learned

Leverage Effect

To give full play to the role of ADB loans and leverage social capitals to invest in green sectors to the maximum extent,

I&G has been actively partnering with other stakeholders including commercial banks, energy conservation associations, local financial platforms, financial leasing companies, etc.



Business Seminar
with Bank of Beijing



Signing Ceremony of
On-Lending Agreement



Communicating with MOF

➤ Lesson Learned

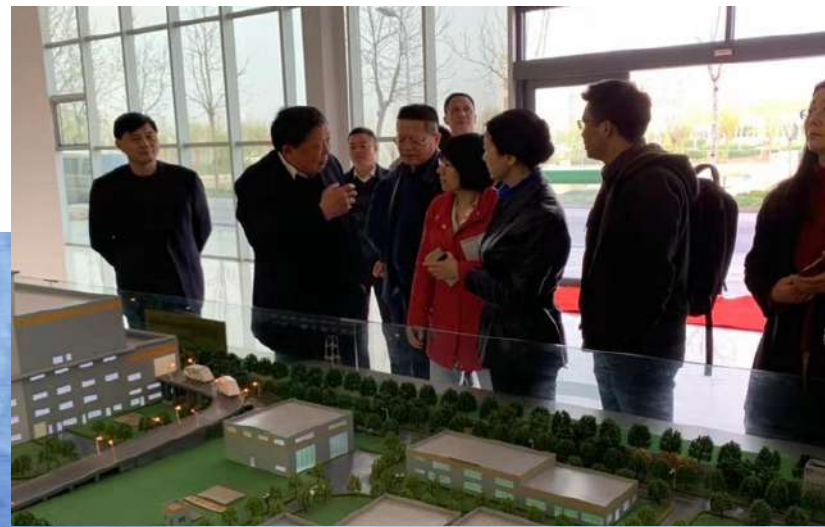
Customization

In line with the specific features of the low-carbon business and varying needs of customers,

the GFP Project has focused on providing customized services to develop more targeted and practical financial products for customers in diverse circumstances with proper risk management.



Project Site of SDIC
Biofuel Ethanol Subproject



Visiting Tianying
Waste-to Energy Subproject



Undertaking Due Diligence
for Elion Subproject

➤ Lesson Learned

Promotion

In order to fully expand the GFP Project's demonstration effect,

I&G has organized and participated in more than 30 seminars, workshops and forums to share experiences on project execution. In 2019, a media tour was arranged by ADB to visit two subprojects financed by the GFP Project in Liaoning and Inner Mongolia. More than ten relevant news reports have been published.



Case Sharing in
China Clean Heating Summit



ADB Media Group
in the Subproject Site



Attending 3rd CAREC
Energy Investment Forum

THANK YOU!



中国投融资担保股份有限公司

CHINA NATIONAL INVESTMENT AND GUARANTY CORPORATION

ADD: 9 floor, 100 Xisanhuan Beilu, Haidian District, Beijing, China.

ZIP-Code: 10048

TEL: 86-10-8882 2888

WEB: www.guaranty.com.cn