

# ENVIRONMENTAL BUSINESS OPPORTUNITIES



## *Industrial Bank Extended Energy Efficiency Financing in SMEs in China*

Industrial Bank seeks to reduce pollution and greenhouse gas emissions through the financing of energy efficiency projects. Industrial Bank, was the first partner to sign-on to the IFC's China Utility-Based Energy Efficiency Finance Program (CHUEE). CHUEE supports marketing, development and equipment financing services to energy users in the commercial, industrial, institutional and multi-family residential sectors to implement energy efficiency projects in China. CHUEE brings together financial institutions, utility companies, and suppliers of energy efficiency equipment to create a new financing model for the promotion of energy efficiency.

### **Product Development**

In the first phase of the CHUEE program, Industrial Bank financed 46 energy efficiency and greenhouse gas emissions reduction projects, for a total loan amount of 900 million Chinese renminbi (\$126 million). This initiative is expected to help reduce 5 million tons of carbon dioxide emissions a year, the equivalent of replacing ten 100-megawatt coal-fired power plants in China.

The majority of these loans are to small and medium enterprises that are implementing energy efficiency projects such as industrial boiler retrofitting, wasted heat recovery, co- and tri-generation projects for district heating, power saving, and optimization of industrial energy uses. Implementation of these projects are expected to reduce carbon dioxide emissions by more than 3.5 million tons a year, the equivalent of emissions from all 70,000 taxis currently running in Beijing for three years.

The first energy efficiency loan was provided in February 2007 to Shangdong Dongying Machinery Company Limited to install power generation facilities on behalf of a client located in one of China's most polluted provinces, Shanxi Province. The generators will use waste coking gas to support the use of clean production techniques and reduce carbon emissions by an estimated 220,000 tonnes over the ten years of the project.

### **Marketing & Training**

Industrial Bank, received extensive training on energy efficiency technology & financing for 80 product managers, credit officers and loan officers from its branches across China. Investment Officers from IFC providing the training highlighted the procedures of energy efficiency loans and the mechanisms of working with the CHUEE program. CHUEE technical experts provided detailed advice to Industrial Bank staff, who were keen to learn how to identify and judge good energy efficiency projects. At the end of the three-day event, Industrial Bank committed to generating at least 5 CHUEE deals by the end of 2007.

### **Industrial Bank's Future in Energy Efficiency Financing**

Senior Bank executive described Industrial Bank's role and contribution in energy efficiency finance as follows: "As a major commercial bank in China, we attach great importance to corporate social responsibility. We are proud to offer a market-based financing model to help the country save energy and improve its environment," said Industrial Bank's President Li Renjie. "This is another step in our strategy of becoming the leading bank in environmental finance, building our business while serving the communities in which we operate. We greatly appreciate the strong partnership and cooperation IFC has established with us. Looking forward, we will increase our efforts in promoting the program, continue to introduce diversified service models, create customer value, as well as play a greater role in contributing to China's growing need of promoting energy efficiency and greenhouse gas emissions reduction."

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