

Sub-national Cooperation in Climate Change Finance

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Outline

1. **Combating Climate Change in China**
2. **Green Economy Policy & Action**
3. **Actions in Sub-national Regions**
4. **What Do Sub-national Regions Need?**
5. **Who Can Play the Key Role?**
6. **Future Cooperation**

Combating Climate Change in China (1)

China attaches great importance to combating climate change in the process of industrialization and urbanization

- **To cut GHG per unit of GDP by 20 percent by 2010 from 2005 level; and so far we achieved the level of per unit of GDP by 15.61%**
- **To cut energy intensity by 40 to 45 percent by 2020 from 2005 level**



Green Economy Policy & Action (1)

- **Adjustment of industrial structure and energy mix**
- **Technology advancement & independent innovation**
- **Sustainable utilization and protection of resources**
- **Adaptation to climate change in agriculture, water resources and coastal areas**





Combating Climate Change in China (2)

Buzzword: “Green GDP” which is the harmonious balance between growth and sustainability

Shut down (2006 – 2009)

- **Small thermal power plants with a total capacity of 60 m KW**

Phased out (2006 – 2009)

- **Inefficient production capacity of 87.12 m tons in the steel industry**
- **60.3m tons in the iron**
- **214m tons in the cement**



Green Economy Policy & Action (2)

Industrial policies released lately:

September 2010, The State Council releases decisions to promote the strategic emerging industry development

- ◆ Energy conserving
- ◆ New generation of IT
- ◆ Biology
- ◆ High-end manufacturing
- ◆ New energy
- ◆ New material
- ◆ New energy car industries



Green Economy Policy & Action (3)

Investment polices released lately:

April 2010 , the State Council released regulations to improve the utilization of foreign investment

Optimizing utilization of foreign investment

Revised “ Catalogue for the Guidance of Foreign Investment Industries”

Restraining the high energy consuming, high pollution and resource-led industries and limit expansion of low-level and excess production capacity projects

The installed capacity of wind power in China was just over 30,000 megawatts



Green Economy Policy & Action (5)

Financial policies such as:

The Several Opinions of the People's Bank of China (PBOC), the China Banking Regulatory Commission (CBRC), the China Securities Regulatory Commission (CSRC), the China Insurance Regulatory Commission (CIRC) about Further Promoting the Financial Service Work for Medium and Small Enterprises

Green Economy Policy & Action (6-1)

➤ Central government budget to support the energy conservation and environment protection projects:

- 128.5 billion CNY from 2006 -2009
- 83.3 billion CNY in 2010
- > 200 billion CNY : 10% - 15% of total investment



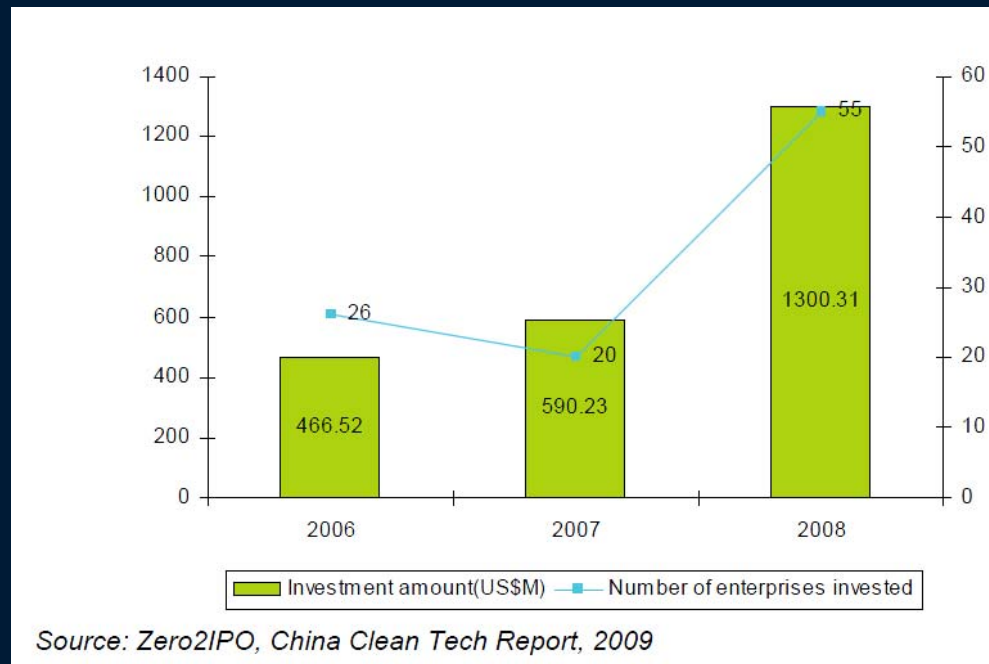
➤ Program of Benefiting the Public through Energy-efficient Products:

- Air-conditioners, lamps, new energy cars, refrigerator, washing machines, flat panel television
- “Bonus instead of subsidy”

Green Economy Policy & Action (6-2)

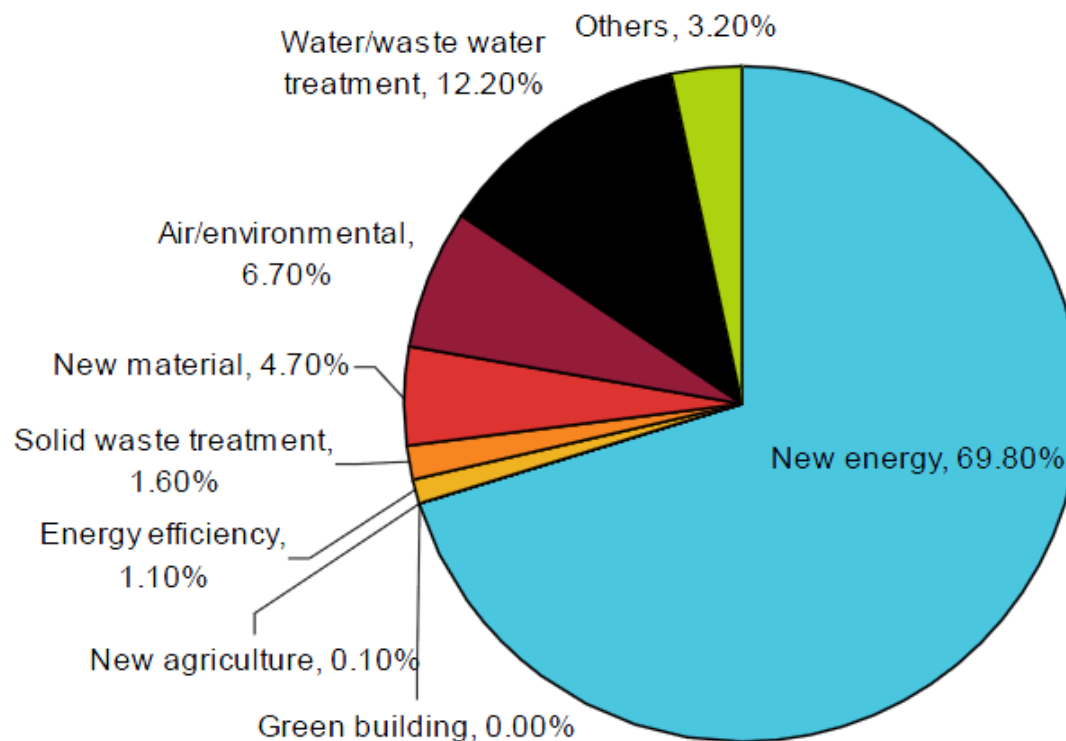
Clean Tech Investment

- ◆ PE/VC investment in Chinese clean tech companies rose from US\$467 million in 2006 to US\$1.3 billion in 2008, an annualized growth rate of 67% .



Green Economy Policy & Action (7)

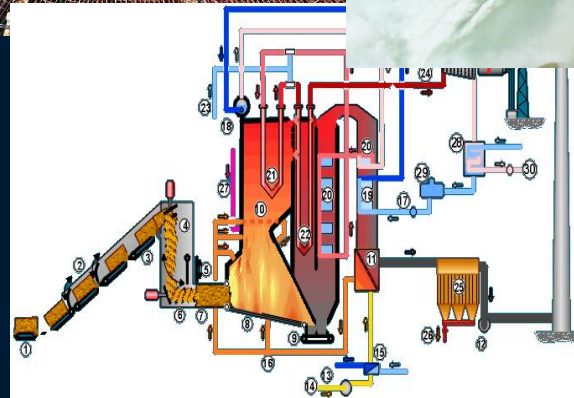
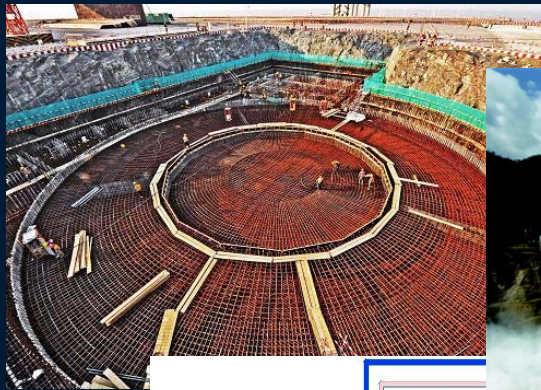
Investment in Clean Tech Enterprises by Sector

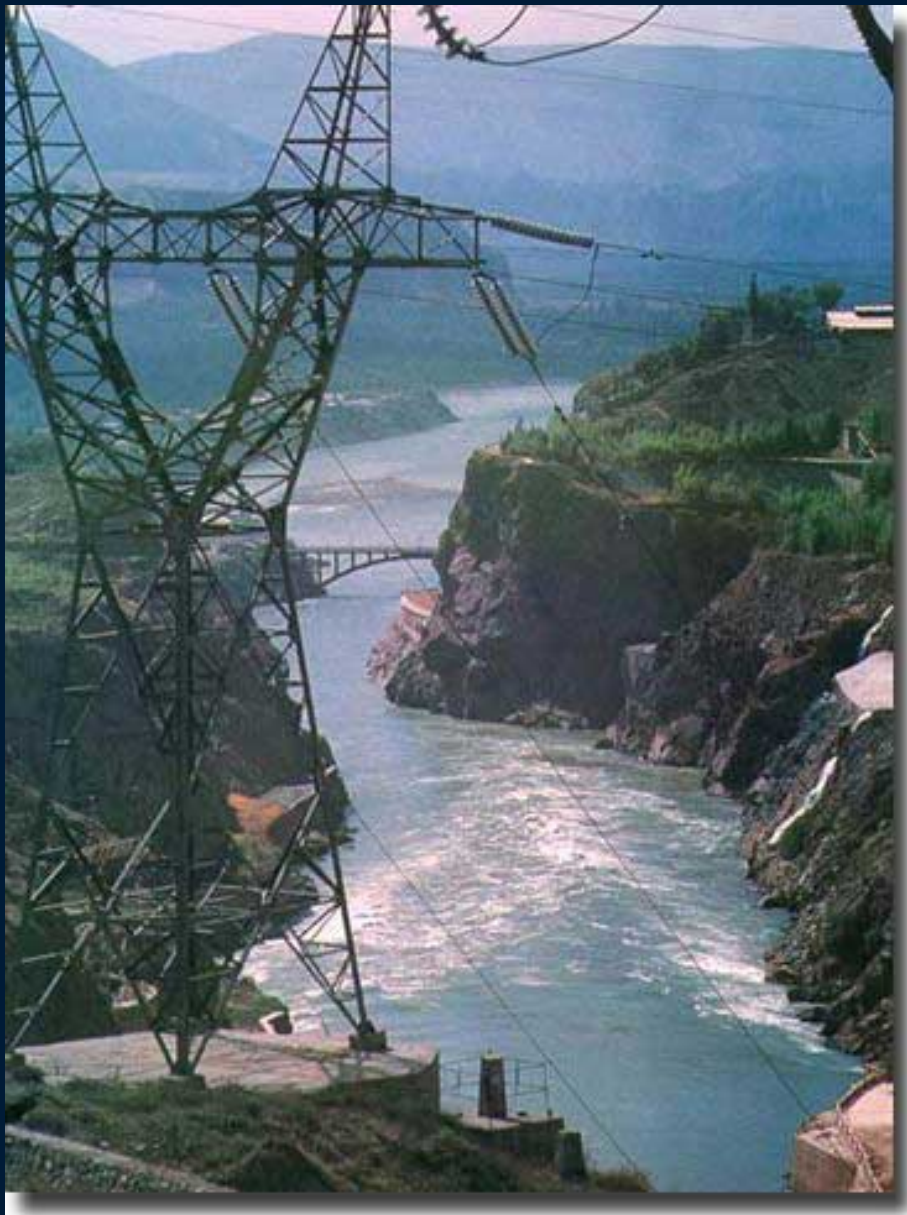


Source: Zero2IPO, China Clean Tech Report, 2009

Green Economy Policy & Action (8)

- Nuclear Power
- Hydropower
- Solar Energy
- Wind Energy
- Biomass Energy





Hydro power
works in
Liujiaxia Gorge
to supply power
to the city of
Lanzhou

Actions in Sub-national Regions

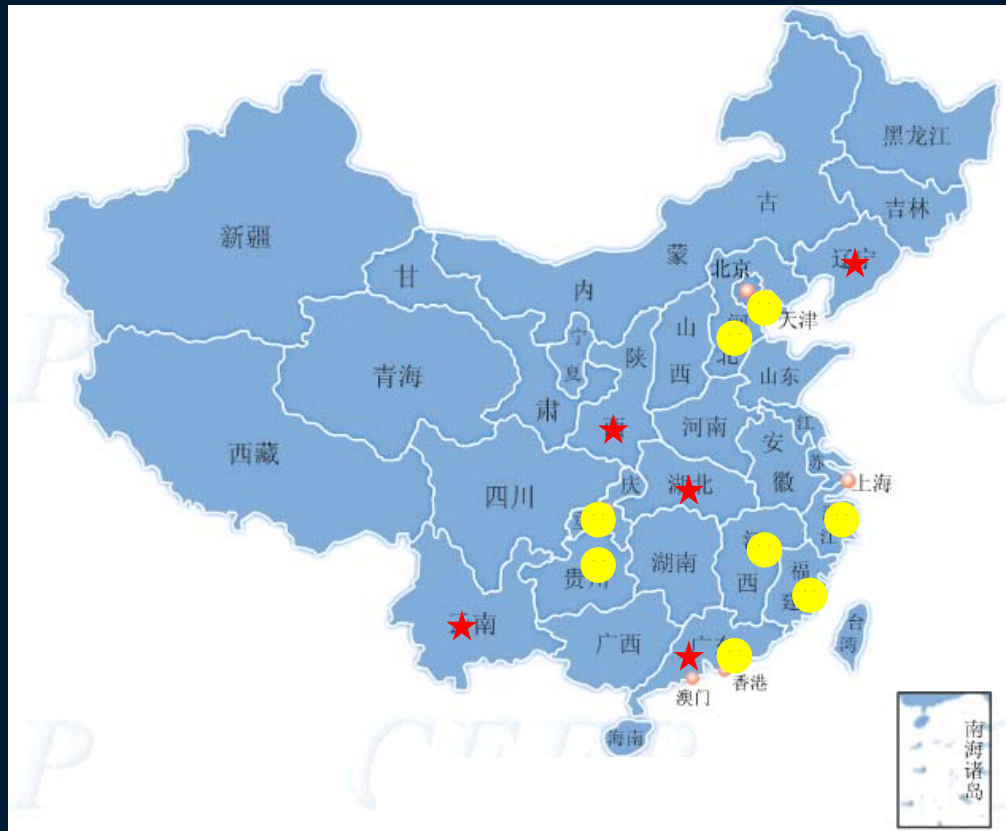
- **Allocated targets to sub-national government**
- **7/2009, 31 provinces, autonomous regions and municipalities: Provincial Climate Change Program**
- **8/2010, low-carbon pilot 5 provinces & 8 cities**
- **To extend the pilot resources tax - firstly in Xinjiang Uygur autonomous region (June 2010) to all 12 provinces and autonomous regions in the western areas and soon across the entire nation**

Actions in Sub-national Regions

Pilot Programs of National-level Low carbon Provinces & Cities



- 5 provinces
- Guangdong
 - Liaoning
 - Hubei
 - Shaanxi
 - Yunnan



- 8 cities
- Tianjin
 - Chongqing
 - Shenzhen
 - Xiamen
 - Hangzhou
 - Nanchang
 - Guiyang
 - Baoding

Actions in Sub-national Regions: Yunnan Province

■ Ecological and sustainable development

Develop non-fossil energy

Tourism as pillar industry

Afforestation and forest operation



Actions in Sub-national Regions: Shanxi province

■ Low carbon and sustainable development

Forestry strategy

Industry development strategy



What Do Sub-national Regions Need?

- **Technology transfer, such as low carbon technologies in power sector, transportation, and energy efficiency in buildings, industry and agriculture;**
- **Capacity building, for example, skills and knowledge;**
- **Scaling up clean energy investment;**
- **Building up partnership with IFIs, NGOs, academics and private sector.**



Who Can Play the Key Role?

■ IFIs (WB, AfDB, ADB, EBRD, EIB and IDB):

To mobilize new and additional resources at significant scale

To call on developed countries to demonstrate leadership in combating climate change, transfer enabling finance and technology to developing countries;

To assist developing countries to meet their needs to access to reliable, affordable and modern energy;

To share relevant knowledge and experience



Who Can Play the Key Role?

- Encourage private sector to be a larger part of green economy

May, 2010: Several Opinions of the State Council on Encouraging and Guiding the Healthy Development of Private Investment

Encourage private sectors invest some green sectors, such as new energy , energy conserving, biology, new material etc.



Economic interaction between China and United States

- **Accumulated FDI: 1075 Billion U.S. dollar, including U.S direct investment in China: \$63.1billion**
- **2008 American exports (goods & services) to China: \$87.3billion**
- **Revenue of U.S companies in China reached \$218.9billion**



Future Cooperation

■ SE&D/SED

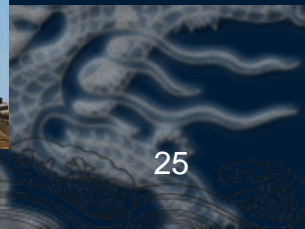
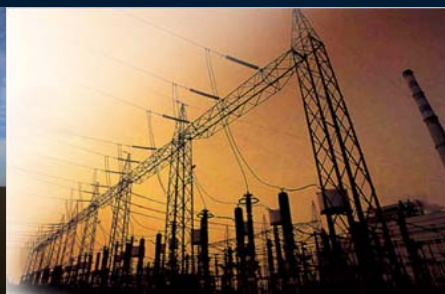
Framework for the Ten Year Cooperation on Energy and Environment Between the Government of the United States of America and the Government of the People's Republic of China

- **Sub-national level cooperation in accordance with different management systems**

Future Cooperation

Department of Climate Change, NDRC: coordinating and carrying out international cooperation in response to climate change in the spirit of UNFCCC

- **Potential partnership with IFIs, private sectors as well as foreign sub-national government;**
- **Accelerate the development of green innovations, and grow of green economies;**
- **Encourage the enterprises “stepping-out”**



THANK YOU!

