

# AFD IN CHINA

2008

Partnering against  
climate change



**afd**  
AGENCE FRANÇAISE  
DE DÉVELOPPEMENT

## CONTRIBUTING TO GREENHOUSE GAS REDUCTION

The Agence Française de Développement (AFD - The French Development Agency) operates in China within the framework defined by the French government concerning emerging countries. The fight against climate change lies at the core of Sino-French relations, as demonstrated by the Joint Declaration on Climate Change adopted by presidents Sarkozy and Hu Jintao in Beijing in 2007. In its capacity as a French operator, AFD strives to support projects that impact positively on climate and that can be the source of mutual benefits.

## AFD'S FRENCH PARTNERS IN CHINA

In order to fulfil the objectives set out in its mandate, AFD also works in conjunction with different French operators: private companies, research institutes, universities as well as competitive clusters, local authorities involved in decentralised cooperation and NGOs.

*"During President Sarkozy's recent official visit to China, France and China decided to unite in the fight against climate change. The joint declaration of 26th November 2007 embodies this major commitment to the survival and development of humanity. The urgency required to develop technological cooperation and to implement high impact projects can only be achieved by an unprecedented mobilisation of public bodies and local authorities, companies, research centres and universities, civil society and NGOs. AFD is the key actor at the heart of French efforts. I encourage it to pursue its activities in China with its various partners and to commit to projects that are emblematic and pragmatic as well as contributing to strengthening cooperation between French and Chinese operators."*

**Hervé LADSOUS**  
French Ambassador to China



## AREAS OF OPERATION

Projects that lead to a significant reduction in greenhouse gas emissions (CO<sub>2</sub>, natural gas...) are sought out in priority, without any geographic restrictions. Four key areas emerge that lie at the crossroads of China and France's common interests:

- Power generation: renewable energy, promotion of biogas;
- Sustainable urban development: public transport, residential and tertiary buildings, solid and liquid waste treatment;
- Rural development: reforestation and conservation agriculture, biomass;
- Industrial and services sector: energy efficiency compliance programme.

## A SELECTION OF PROJECTS FINANCED BY AFD

### Technical assistance for an integrated transport system for the city of Guiyang (Guizhou)

This research project is financed by an AFD grant, in cooperation with the World Bank, and will contribute to the establishment of an integrated transport system taking into account environmental and energy aspects for a sustainable development of the city. This project could pave the way for future loan projects in Guizhou province.  
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### Hydraulic energy in Hubei province

AFD has extended loans amounting to 40 M€ to set up and refurbish three micro hydropower projects in Yichang. These projects will lead to an annual production of 280 GWh and a reduction of CO2 emissions and carbon intensity in the Hubei province. Studies were carried out in collaboration with Sogreah and EDF.  
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### Energy efficiency assessment of the railways

AFD has initiated an assessment, in liaison with the Chinese Ministry of Railways, aimed at facilitating the identification of the most promising projects in terms of energy efficiency in this sector and in line with AFD's strategy. This assessment, carried out in partnership with SNCF International, should enable the inclusion and promotion of French and international know-how in this sector.  
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### "Energy efficiency" credit line

AFD has extended lines of credit to three Chinese banks for energy efficiency or renewable energy projects carried out by public or private companies. This finance programme, reaching 60 M€, aims to encourage Chinese banks' operation in the energy efficiency field. It will permit the dissemination of know-how in cooperation with the competitive cluster CAPENERGIES.  
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### Wind energy in Yunnan province

The first wind project in Yunnan, financed by AFD up to 30 M€, includes the construction of a wind farm in Dali with a total output of 30.6 MW (36 wind turbines of 850 kW). The project also contributes to the enhancement of eco tourism in the region and aspires to promote synergies through decentralised Sino-French cooperation. When compared to a coal fired power plant, the implementation of this project should reduce CO2 emissions by 50,000 Tons per annum.  
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## MR WANG SHUIPING, VICE DIRECTOR OF OFFICE 14, BENEFICIARY OF THE DALI WIND PROJECT

The construction of a wind farm on the hills above the city of Dali will enable the city to respond to growing electricity demands whilst diversifying its energy resources. This project will have a positive impact in economic, social and environmental terms, the production and use of wind energy actively contributing to the fight against global warming (reduction of CO2 gasses, development of renewable energies...). This wind farm will now become a part of the city's landscape and will enhance local eco tourism as well as giving a further meaning to the proverb describing this magnificent city: "Wind-Flower-Snow-Moon". This cooperation with AFD has enabled the Hydro Electric Office 14 to give its management system international exposure and to create a platform for Bank-Enterprise cooperation according to international standards.

## DIALOGUE AND EXCHANGE

### CCICED: ENERGY EFFICIENCY IN AN URBAN CONTEXT



Financing of a working group focused on Energy and Environment and more specifically applied to energy efficiency in urban development (transport and building sectors). CCICED: China Council for International Cooperation on Environment and Development is an organisation that brings together

Chinese and foreign experts expected to advise the government on environmental policies.

[www.cciced.org](http://www.cciced.org)

### CIIS : CHINA – AFRICA RELATIONS



In conjunction with the China Institute of International Studies, AFD organised a seminar on "Public Development Assistance in Africa", a first step in a Sino-French dialogue on this subject, with an objective of exchanging views and experience on PDA in

Africa. The seminar's concluding results highlighted several potential areas of cooperation.

[www.ciis.org.cn/en](http://www.ciis.org.cn/en)

#### **MR. XING HUA, SENIOR RESEARCHER, DIRECTOR OF THE EU RESEARCH CENTRE AT THE CIIS**

This seminar, co-organised by AFD and CIIS produced some very positive results. The parties came together with a mutual desire to learn and exchange in a frank and friendly atmosphere, to identify parallelisms in each party's understanding of the local situation and ways of aiding African countries, and to further discuss any differences of view. A coming together of experiences and opinions that proved very useful professionally and very enlightening - we must build on this first experience.

### IFRI: EXCHANGE BETWEEN RESEARCHERS AND ENTREPRENEURS



Participation of AFD in the work carried out by IFRI such as a programme in 2007 organised around such key themes as "The concept of harmonious society and its realisation" and "China as

an emerging power in the international system." The French Institute for International Relations (IFRI) has a project to create a platform for exchange between Chinese and French researchers and entrepreneurs in order to foster mutual understanding and trust.

[www.ifri.org](http://www.ifri.org)

### ASIA CENTRE: ROUND TABLE PARTICIPATION



In 2007, AFD participated in two major roundtables on the following topics:

"An approach to energy security in China: the environmental challenges" and "China's position post Kyoto". Asia Centre's objectives are to carry out research in Asia, organise debates in France and overseas, in particular with the decision makers and Asia Pacific

experts and to disseminate their findings through in house and outside publications.

[www.centreasia.org](http://www.centreasia.org)

### RESEARCH PROGRAMME ON FINANCIAL LEVERS IN THE ENERGY REFURBISHMENT OF BUILDINGS IN WUHAN



In June 2006, AFD signed with the Hubei Province Construction Commission, a framework agreement to cooperate on the identification of financial levers resulting in the large scale implementation of energy refurbishment projects of existing buildings. The French Environment & Energy Management Agency

(ADEME) is involved as a financial and technical partner in this initiative that will initially focus on public and tertiary buildings. The project will study all aspects required to implement an energy efficiency policy in existing buildings at a provincial capital level with a view to extending this implementation to the whole province.

## PROPARGO IN CHINA

PROPARGO is a subsidiary of AFD whose remit is to provide various financial products, as loans or equity participation to private entities that have a positive impact in terms of development and environment. In China, PROPARGO concentrates its operations on energy efficiency and renewable energy projects, on supporting the establishment and development of French companies and on financing the compliance of social and environmental standards in Chinese companies. PROPARGO can operate in all Chinese provinces without any geographical restrictions.

### PROJET ZHONGDA

PROPARGO signed a credit agreement worth 7,8M€ with the Yunnan Zhongda Yanjin Power Generation Co. to finance the construction and operation of a series of three dams on the Bai Shui River in northern Yunnan Province, for a total installed capacity of 78 MW. The project will generate approximately 500,000 tons of CO2 equivalents per annum in carbon credits through substitution of fossil fuels for electricity production. It will be one of the first projects approved by the Yunnan Province under the Clean Development Mechanism of the Kyoto Protocol.

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## Fonds Français pour l'Environnement Mondial

### ENERGY EFFICIENCY AND SUSTAINABLE DEVELOPMENT PROGRAMMES IN THE CONSTRUCTION SECTOR

Total project cost: 6 M€

Phase 1 (2001-2004): 3.3 M€

Phase 2 (2004-2009): 2.7 M€

#### Programme objectives:

- To carry out pilot projects developing low energy consumption buildings (new buildings, retrofitting, rural houses).
- To enhance the application and development of norms and standards, as well as the dissemination of the results.
- To facilitate the transfer of technologies.

### FOND FRANCAIS pour L'ENVIRONNEMENT MONDIAL (FFEM - French Global Environment Facility)

The overall objective of the FFEM (for which the AFD acts as the secretariat), is to encourage developing and emerging countries to adopt and implement strategies for sustainable and responsible development projects that are compatible with the long term equilibrium of our planet. The specific objective of the Facility is to contribute financing, in the form of subsidies, to development projects that have a significant and long lasting impact on one or other of the principal global environmental domains (biodiversity, climate change, international waters, desertification and land degradation, persistent organic pollutants and ozone layer).

<http://www.ffem.fr/>

### CLEAN DEVELOPMENT MECHANISM (CDM) CAPACITY BUILDING AND PROJECT DEVELOPMENT IN FOUR SOUTH-WESTERN PROVINCES

Total project cost: 1.5 M€, of which 750,000 € is a FFEM subsidy

**Project objectives:** the general objective of the programme is to reduce greenhouse gas emissions by using the Clean Development Mechanism of the Kyoto Protocol whilst contributing to sustainable development in four Chinese provinces (Guizhou, Guangxi, Sichuan and Yunnan):

- Capacity building at municipal and provincial level to create favourable conditions for the development of energy efficiency and renewable energy projects using the CDM;
- Identification of at least 5 CDM projects per province and the development of one or two representative projects per province, elaborated and followed through to registration by the United Nations CDM Executive Board.

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Agence Française de Développement is a public establishment with a mission of general interest: to finance development. As a specialized financial institution, AFD supports projects with economic or social impacts in both public and private sectors: infrastructure and financial systems, urban and rural development, education and health.

AFD today operates in over sixty developing countries and in all France's Overseas Local Authorities via a wide range of financial instruments from grants to market condition loans. It also contributes, in collaboration with its supervisory authorities, to public policy design and France's influence in the development world.

AFD commits, in all its activities, to promote the Millennium Development Goals, at the crossroads of imperatives such as economic growth, poverty reduction and sustainable development which are priorities for France's official development assistance. AFD commitments in 2007 totalled 3.5 billion euros.

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