



»»» Financing of Natural Resource
Management -
Instruments, Impact and Perspective of
Sino-German Financial Cooperation

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KFW

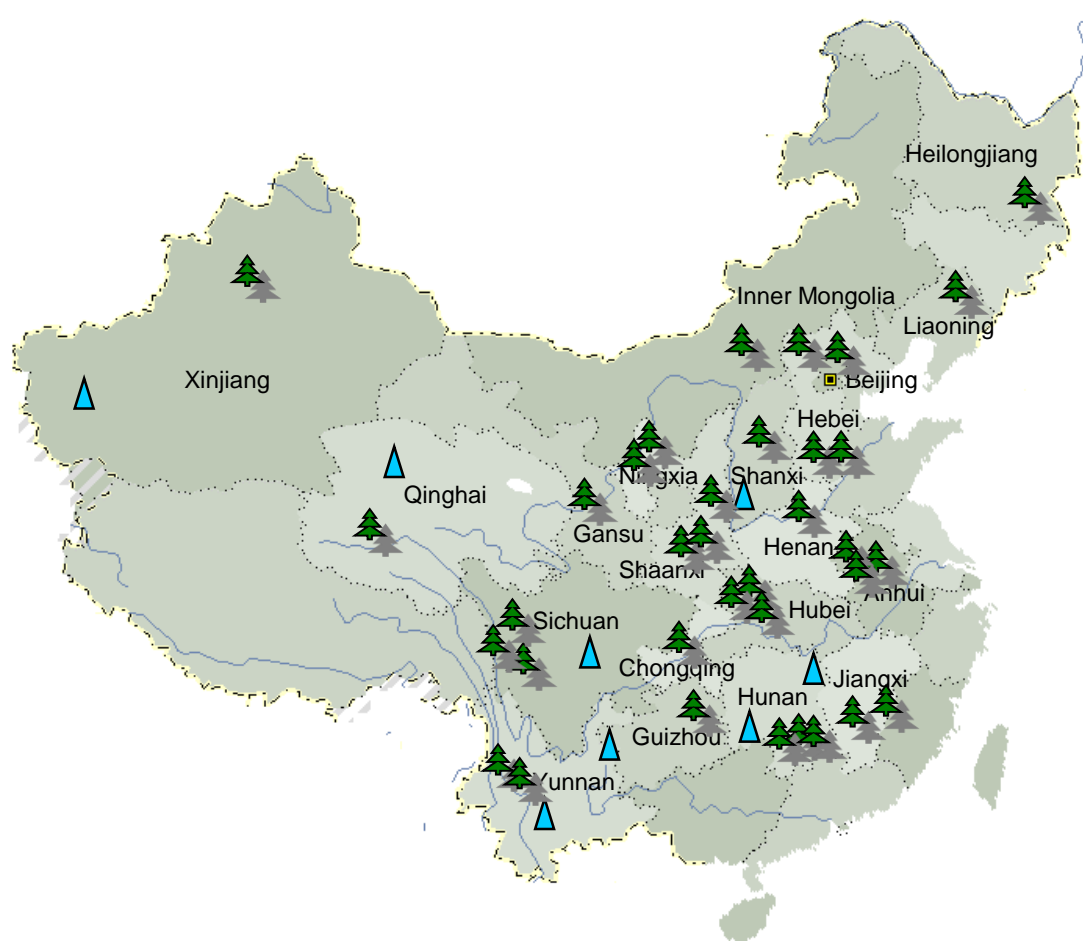
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Part 1: Cooperation in the „green“ sector 1993-2014



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Regional Focus



- ›KfW works on behalf of the German Ministry of Economic Cooperation and Development (BMZ)
- ›Sino-German Financial Cooperation in the “green” sector commenced in 1993
- ›More than 40 projects in 20 provinces completed, 14 projects on-going
- ›Commitments amount to 350 million Euro
- ›Concentration on afforestation, desertification control and rural development

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Main Technical Focus

Sustainable Forest Management,
e.g. Guizhou Province



Desertification and Erosion Control,
e.g. Inner Mongolia Province



Strengthening of Biodiversity is an explicit or inherent component of all projects. Examples:

- Introduction of mixed forest stands with native species
- Support of protected areas as the Panda Natural Reserve Park Tangjiahe, Sichuan Province



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Achievements

Natural Resources stabilized

1 million ha
(15 million mu)

direct project area

More than
1 million
direct Beneficiaries

(e.g. improved livelihood /
significant increase of family income)

Mainstreaming of project concepts
and experiences into

National Policies

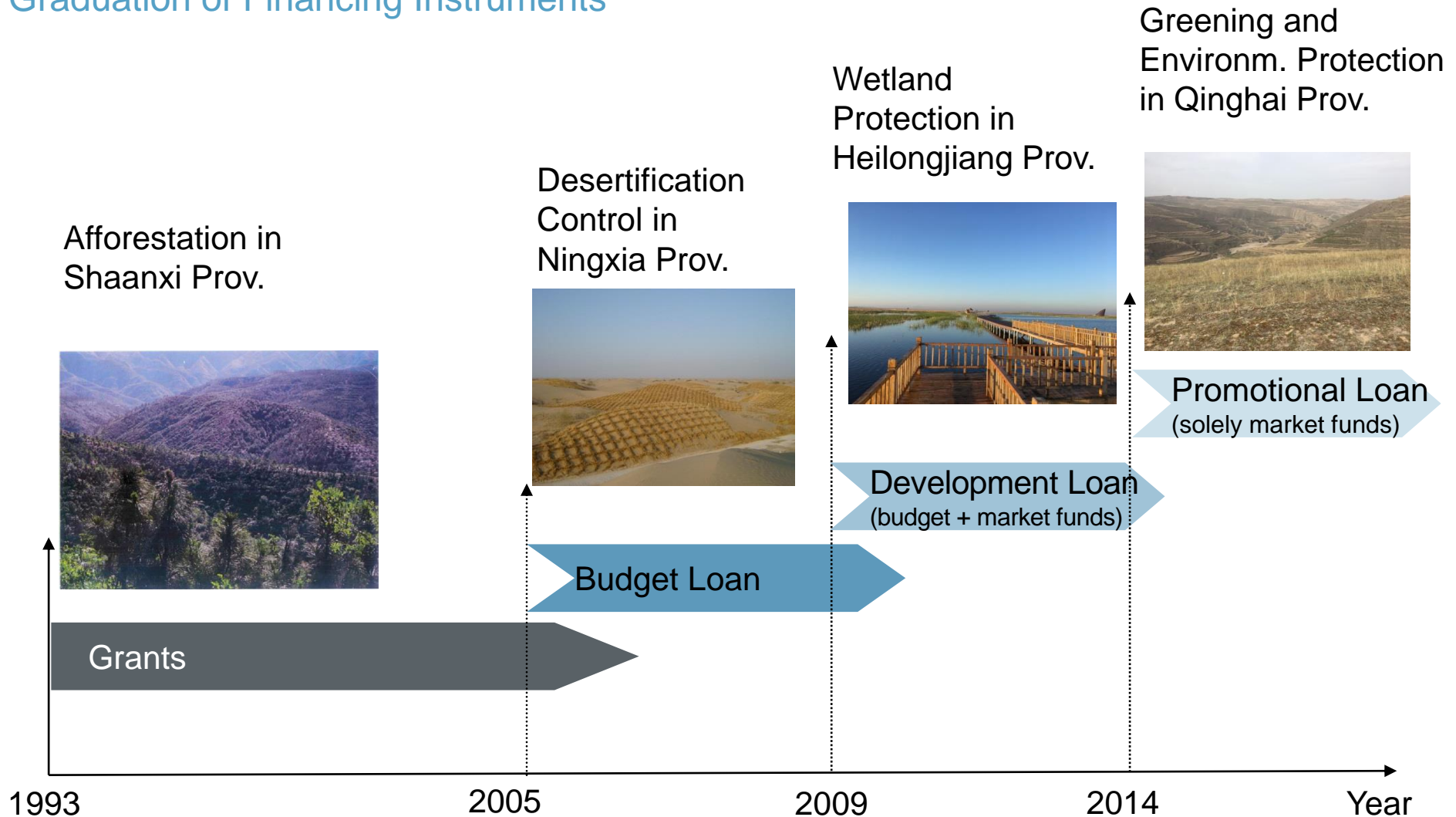
Impact on
**Curricula
of Universities**
and on
**Environmental
Education**

in general



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Graduation of Financing Instruments



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Part 2: Present cooperation in the „green“ sector



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Political Basis for Financial Cooperation



High Level Government Consultations July 2018:

“The successful cooperation with KfW Development Bank in the area of Promotional Loans shall be continued to the benefit of both countries...”

Joint declaration signed by Minister Liu Kun and Minister Dr. Gerd Müller regarding Financial Cooperation in the Climate and Environment Sectors

July 2018



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Memorandum of Understanding between MoF and KfW (2018)

Focus of Financial Cooperation on Environmental Protection and Climate Change

Terms and Conditions in detail stipulated in the Memorandum of Understanding

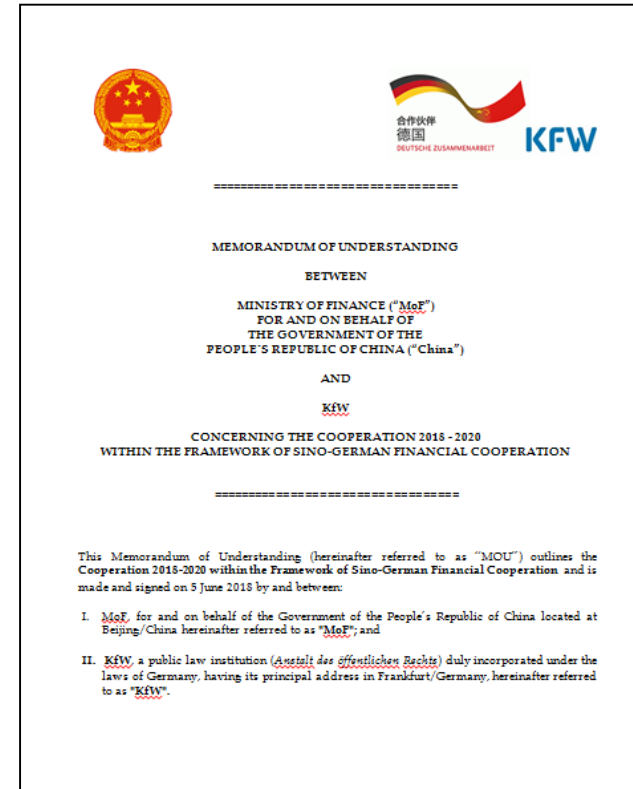
Expected individual loan size in general between Euro 35-200 million

Chinese approval procedures apply

Close coordination between MoF and KfW (and NDRC) during project preparation and listing process

Co-financing, e.g. with ADB, World Bank, AFD is welcomed, especially for Result Based Lending / Policy Based Loans

Remark: Annual commitments to China by KfW for all sectors Euro 400 million (average of last five years)



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Preferred „Green“ Project Approaches for Biodiversity, Forestry and Environment

Ecological Landscape Management including watershed management and erosion control

Sustainable Forest Management

- Forest Management Plans
- Conversion of monocultures towards introduction of "close to nature forestry"
- Supporting infrastructure

Protected Area Management

- Conservation of natural Biodiversity and Ecosystems
- Establishment of protection infrastructure
- Ecological restoration measures for degraded / polluted sections



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“Green“ Project under Implementation

Xining Urban Greening and
Environmental Protection Project,
Qinghai Province

Main Project Components:

- Irrigated afforestation on more than 1,000 ha on slopes
- Development of the Taershan Nature Park

Loan Agreement signed in March 2016

Technical support provided by
international consultant



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“Green“ Project under Preparation

Ecological Comprehensive Management
in Baishui County, Shaanxi Province

Main Project Components:

- Shift from monocultures to mixed forest stands (4,000 ha)
- Establishment of conservation/ecological forest, mainly on steep slopes (3,600 ha)

Technical support envisaged by
international consultants

Status: Preparation almost completed,
loan commitment expected soon



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TA Facility for Green Promotional Loans (“TAG-China”)

New facility implemented by KfW to finance consulting service for

- (i) support implementation of KfW-funded investment projects
- (ii) support mainstreaming of project approaches and experiences into national policies (“Dialogue Component”)

Funding of overall amount of EUR 10 million approved by European Commission in 2018, preparation of legal documentation ongoing

„TAG China“ expected to be in operation mid 2020

The logo for KfW, consisting of the letters 'KfW' in a bold, blue, sans-serif font.

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Thank You for Your Attention! 谢谢大家!