



## IFC Support for China's Green Credit Policy

IFC has been a leader in setting standards for environmental and social (E&S) sustainability, and sharing its experiences in applying its Performance Standards with the financial institutions around the world. In China, IFC is partnering with the Government and banks to introduce good E&S standards and practices, and support the transformation of the Chinese financial sector toward sustainability.

IFC's China program in the E&S area focuses on two specific areas: (1) at the government policy level, IFC supports the formulation of a regulatory framework for sustainable financing as part of the Government's 'Green Credit Policy'. This policy is designed to improve compliance with the country's environmental regulations by restricting companies' access to commercial credit if they bypass mandatory environmental assessments or fail pollution checks; and (2) at the level of individual banks, IFC provides strategic advice on the Equator Principles and resources for capacity building and training. Specific IFC support includes:

### 1) Partnership with Chinese government agencies:

IFC became the first international organization to assist the Chinese Government in developing and strengthening its Green Credit Policy launched in July 2007. Since January 2008, IFC has been cooperating with the Ministry of Environmental Protection (MEP) to introduce IFC's expertise and experiences in E&S standards. A specific aspect of this cooperation is to review and adapt the Equator Principles, the Performance Standards and the Environment, Health and Safety (EHS) guidelines to the Chinese context and requirements. In addition, IFC is partnering with

China Banking Regulatory Commission (CBRC) and People's Bank of China (PBOC) to provide awareness raising and training to Chinese banks on sustainable finance. As an outcome of the partnership, the Chinese Government has recognized the Equator Principles as international best practice and will model the future Chinese sustainable finance regulatory framework along these Principles.

**2) Advisory services to individual banks.** IFC helps client banks and other interested banks to join the Equator Principles. IFC acts as a resource to provide awareness raising, strategic advice and technical information on the Equator Principles, and to connect those banks to IFC's network of international financial institutions. IFC has also signed a Memorandum of Understanding with the China Export-Import Bank to provide capacity building on the bank's environmental and social risk management policy and practices for overseas investment, particularly in the Africa region.

**3) Engagement with Stakeholders:** IFC has been engaging with a number of academics and civil society to support their efforts to transform China's financial sector. In 2008, IFC hosted a multi-stakeholder program for high-level representatives from the MEP, CBRC, PBOC and Chinese banks to dialogue with Equator banks, the U.S. government, NGOs, leading consulting firms and think tanks in the U.S. This event marked the first time that China has held such high-level dialogue abroad since it announced the 'Green Credit Policy'.



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