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# CHINA DEVELOPMENT BANK



国家开发银行  
CHINA DEVELOPMENT BANK

*This is a dashboard summary for this bank from E3G's major report "Banking on Asia: Alignment with the Paris Agreement at six Development Finance Institutions in Asia". Please see the full report for the detailed analysis behind this summary.*

**Founded:** 1994

**Mission:** Enhancing national competitiveness and improving people's livelihood

**Total assets:** USD 2.3 trillion

**Headquarters:** Beijing, China

**Top shareholders:** Ministry of Finance of the People's Republic of China; Central Huijin Investment Ltd; Buttonwood Investment Holding Co (100% owned by the China State Administration of Foreign Exchange); National Council for Social Security Fund

**Key moments and decisions coming up:**

- CDB Annual Working Conference, January 2020<sup>1</sup>
- CDB International Advisory Council, approximately July 2020<sup>2</sup>
- Belt and Road Forum for International Cooperation (next one expected for 2021<sup>3</sup>)
- Planning for China's 14th five-year plan (2021–2025)

**Summary of Paris-alignment assessment:** China Development Bank has a significant amount of work to do to implement its commitment of aligning to the Paris Agreement on climate change. Based on the available evidence it would

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<sup>1</sup> CDB (2019) **CDB to Leverage Counter-cyclical Adjustments and Enhance Support for the Real Economy**. This page states that "On January 22, CDB convened its 2019 Annual Working Conference in Beijing to review its work in 2018, analyze the current situation, and organize its work in 2019 under the guidance of Xi Jinping's Thought on Socialism with Chinese Characteristics for a New Era." As this is an annual conference, it is expected that the next one will take place in January 2020. Note that it is understood that this conference is not as open as other DFI annual meetings.

<sup>2</sup> Evidence suggests that this body meets in July of every year. CDB (2019) **International Advisory Board**.

<sup>3</sup> The Second Belt and Road Forum for International Cooperation was held in Beijing in April 2019, see [website here](#). It is expected the next Forum will therefore be held in 2021, as this event takes place every two years.



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appear that this work has only just begun. The Bank could prioritise putting in place and publishing a climate change strategy, disclosing more information with regards to its projects and internal policies and introducing fossil fuel exclusion policies in line with a 1.5°C / 2°C Paris goals scenario.

Figure 1: A summary of the assessment of CDB's Paris Agreement alignment

Indicator	Summary
Overarching climate strategy	N/A – “Green growth” is one of five core values but there is no evidence of a standalone climate strategy. CDB has however signed up to some other initiatives related to green finance.
Integration of climate mitigation and resilience in key sectoral strategies	N/A – There is no evidence of sector strategies. CDB implements the policies of the Chinese government.
Transparency of climate finance data	Not Paris-aligned – No project level information is available, and no disclosures are made of FI sub-projects.
Energy efficiency strategy, standards and investment	N/A – only subsidiary CDBC has draft standards in power and buildings that have never been finalised
Fossil fuel exclusion policies	Not Paris-aligned – There are no fossil fuel exclusions.
Greenhouse gas accounting and reduction	N/A – There is no evidence of GHG accounting (except for projects financed by green bonds).
Climate risk, resilience, and adaptation	N/A – No evidence of climate risk, resilience or adaptation policies
Green/brown energy finance and scaling up climate investment	Not Paris-aligned – Fossil fuel investment outweighs climate-related energy investment. CDB has the largest level of fossil fuel financing of all institutions in this report.
Technical assistance for implementing Paris goals	N/A – Almost no information could be located on CDB technical assistance.
Promotion of green finance	Some progress – CDB has a robust green bond framework and an elaborate vision for a green finance system but there is a lack of public information.

**Paris-aligned project case study:** A USD 1.6 billion loan for SkySolar, a Chinese solar PV company, to develop their project development capacity<sup>4</sup>

**Misaligned project case study:** Port Qasim and Hub coal plants in Bangladesh and the Medupi<sup>5</sup>

<sup>4</sup> Renewable Energy World (2012) [China Development Bank Gives Sky Solar USD 1.6 billion Loan for Downstream Development](#)

<sup>5</sup> See Fossil Fuel chapter.



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**Recommendations:**

- > A fossil fuel exclusion policy needs to be implemented to ensure that CDB investments do not go to projects that are not compatible with the Paris Agreement's goals and scenarios consistent with 1.5°C and 2°C global temperature goals.
- > CDB should extend the GHG accounting currently applied to green bonds projects to all projects and report portfolio-level absolute GHG emissions in annual reports.
- > CDB should scale up climate-related and energy-related clean investments in order to ensure that green finance at least outweighs brown finance, with the aim of reducing 'brown' energy finance to zero.
- > CDB should include climate risk in its regular CDB country risk analysis reports.

**Leadership area:** CDB did USD 137.2 billion of climate finance in 2017 alone<sup>6</sup>, more than five times as much as all the other banks assessed in this report put together. It is not clear what definition of climate finance is being used in these figures, however E3G understands that this uses a relatively conservative definition of climate finance in some areas, which is encouraging<sup>7</sup>. This shows the immense role that CDB is having in shifting financial flows towards sustainable infrastructure in Asia and beyond. Furthermore, another leadership area is CDB's financing of renewable energy industries. China Development Bank's investments in the Chinese solar PV industry in the early 2000s<sup>8</sup> were crucial to the major reductions in PV costs worldwide in the period 2008–2018. This in turn has played a major role in accelerating the global energy transition.

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<sup>6</sup> Self-reported mitigation and adaptation financing in 2017 by institution. E3G analysis of climate-related development finance from OECD-DAC data for MDBs and IDFC data for DFIs. See Chapter 4 on Green-brown finance ratios for more detail.

<sup>7</sup> Information shared with E3G by other DFIs.

<sup>8</sup> Yu Zhou, William Lazonick, Yifei Sun (2016) [China As an Innovation Nation](#), Chapter: 12, The Rise of the Chinese Solar Photovoltaic Industry: Firms, Governments, and Global Competition, pp.306-332.