

Project Highlights

- **Project Name:**
High energy efficiency engine cylinder head and block production line
- **Total Investment:**
RMB 38.40 million
(\$ 5.12 million)
- **CHUEE Loan:**
RMB 16 million (\$2.1 million)
- **CO₂ Emissions Reduction:**
1,032 tons/year
- **Term of Loan:**
2.5 years
- **Disbursed by:**
Industrial Bank
- **Project Location:**
Chongqing Municipality

CHUEE is Funded by



Contact Us

Room 1501, China World Tower 2
No.1, Jian Guo Men Wai Avenue,
Beijing 100004, China
Tel : 010-5860-3000
Fax: 010-5860-3105
E-mail: chuee@ifc.org
Website: www.ifc.org/chuee

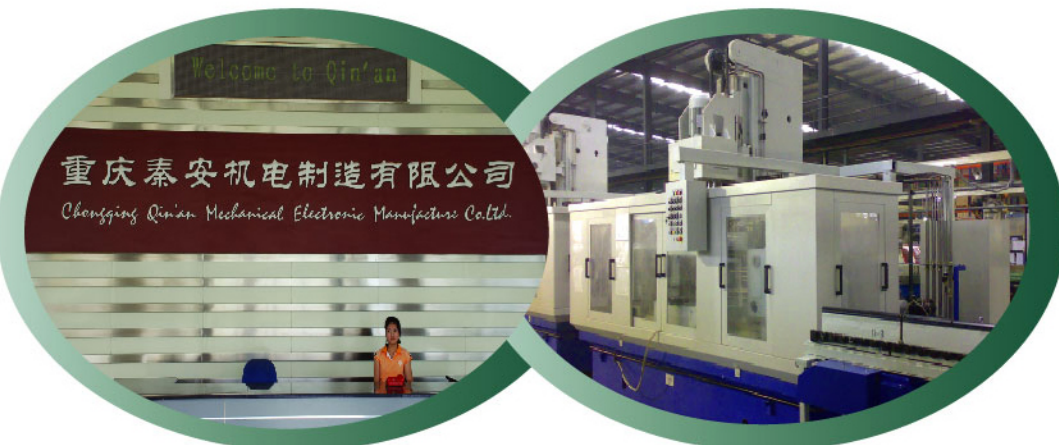
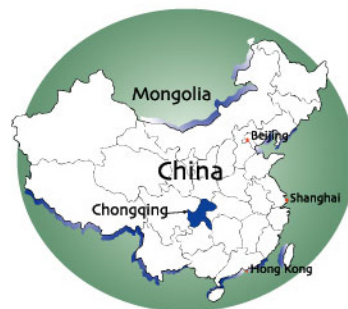
Chongqing Qin'an Machinery and Electronics Manufacturing Co., Ltd. (Qin'an Manufacturing) received RMB 16 million to fund its energy efficiency efforts in a new production line for automobile engine cylinder heads and blocks in April 2007. The loan is provided by Industrial Bank, the initial banking partner of IFC's China Utility-based Energy Efficiency Finance Program (CHUEE).

Located in Southwestern China, Qin'an Manufacturing was established in 1995 specialized in manufacturing major automobile engine components, including cylinder heads and blocks. Through IFC CHUEE program, the new production line to be financed is designed to enhance productivity, reduce energy consumption, and recycle waste liquid and gas. The line uses water recycling system to reuse 98% of the cleaning water and dramatically reduces pollution.

Compared to the old production line, the new system will save 23,400 tons of water and 960,000 kwh of electricity every year. Given the current price for industrial water and electricity supply, the new line will enable the company to achieve annual savings of 8.74 million RMB.

Access to finance has always been a bottleneck preventing SMEs from implementing energy efficiency projects in China. The situation is even worse for SMEs operating in the western regions, where the economy is less developed. Qin'an Manufacturing is one of them. With IFC CHUEE program's risk sharing facility and technical support, these SMEs are able to access to funding from IFC's bank partners for mid-term or long term commercial loans to finance their energy efficiency projects, while traditionally there is no other alternatives.

By introducing the new production line, Qin'an Manufacturing, for the first time, becomes a qualified long-term supplier to international leading auto manufacturers, who usually place strict environmental standards and cost pressure to vendors. The company has signed an exclusive sourcing contract with Changan Ford Mazda Automobile Company Limited. The cylinder heads and blocks produced by this project will be used in the engines installed in the Changan Ford Mazda's major vehicle products. This new supplying business will further extend to Ford's North America operations. ■



"We have never expected that this timely energy efficiency loan has helped us open the door to the international market. This is a great encouragement for us to deliver products of higher quality with less energy consumption and emissions, which satisfies our international customers."

Mr. Tang Zichang
Sales Director, Qin'an Manufacturing



High Energy Efficiency Engine Cylinder Head and Block Production Line Introduced By the Company

Benefits Brought by the New Project

- **Power consumption reduced:**
by 36%
- **Less raw material:**
by 15%
- **Improved scrape rate:**
by 5 percentage points
- **Water saved:**
98%, which results in
- **Dramatic pollution reduction**
- **Profit increased:**
by RMB 21 million annually (estimate)
- **Becomes a qualified supplier to multinational companies**

About IFC

IFC, a member of the World Bank Group, fosters sustainable economic growth in developing countries by financing private sector investment, mobilizing private capital in local and international financial markets, and providing advisory and risk mitigation services to businesses and governments. IFC's vision is that poor people have the opportunity to escape poverty and improve their lives. In FY07, IFC committed \$8.2 billion and mobilized an additional \$3.9 billion through loan participations and structured finance for 299 investments in 69 developing countries. IFC also provided advisory services in 97 countries.

China is IFC's third-largest country portfolio and one of its fastest-growing client countries. Since its first investment in 1985, and as of June 2007, IFC has provided US\$3.35 billion for 132 projects in China.

For more information, please visit www.ifc.org.

About IFC CHUEE Program

IFC China Utility-based Energy Efficiency Finance Program (IFC-CHUEE) is a new financing program designed by IFC at the request of China's Ministry of Finance, to stimulate investment in energy efficiency and clean energy projects. It is co-funded by IFC, GEF and Finnish government. The goal is to reduce emissions of greenhouse gases by creating a sustainable financing mechanism for small and medium enterprises to invest in energy efficiency projects. IFC cooperates with Chinese commercial banks and offers them a facility whereby IFC shares part of the loss for all loans within the energy efficiency portfolio. The program also provides advisory services on marketing, engineering, project development, and equipment financing services to banks, project developers, and suppliers of energy efficiency products and services.

For more information, please visit www.ifc.org/chuee.