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China Sustainable Energy Program

David and Lucile Packard Foundation and William and Flora Hewlett Foundation, 1999

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Background. At the dawn of the twenty-first century, the Chinese economy is expanding at an incredible pace. Throughout most of the 1990s, China experienced 8 percent annual GDP growth. This rapid modernization has created enormous opportunity for millions of Chinese, but it also carries with it significant hazards. Curbing this economic boom is not a viable option; indeed, the Chinese government, hoping to keep up with the needs of its massive population, is committed to quadrupling its GDP over the next twenty years.¹³²³ Among the risks posed by this ambitious goal is the very real possibility that China could destroy its natural environment for the sake of continued industrialization and economic growth. Such an environmental disaster could have environmental implications on a global scale—rapidly accelerated global warming, for instance. But it could also cause political and economic turmoil. As more and more nations require ever larger shares of a limited pie of energy resources, geopolitical stability will inevitably be undermined.

Strategy. As part of its Conservation and Science Program, the David and Lucile Packard Foundation in 1999 convened “a series of meetings and consultations with scientists, policy-makers, business leaders, and analysts in China and the United States”¹³²⁴ in an effort to understand the nature of this problem on the horizon. In March of that year, the Packard Foundation committed \$22.2 million, over the next five years, for the China Sustainable Energy Program (CSEP). The program was to be managed by the Energy Foundation, and would aim “[t]o assist in China’s transition to a sustainable energy future by promoting energy efficiency and renewable energy.”¹³²⁵

Its strategy in seeking to do so is multi-pronged; it matches Chinese government officials, academic researchers, and NGOs to the “best practices” of international energy experts in an effort “to spot and pursue energy savings.”¹³²⁶ The CSEP makes direct grants to organizations in China; conducts workshops to tackle risks associated with China’s continuing economic growth; and collaborates with local and national government officials, proposing policies and bringing to the fore problems of energy efficiency. Its six target areas are low-carbon development paths, appliance standards and buildings, industry, electric utilities, renewable energy, and transportation. In 2002, the William and Flora Hewlett Foundation joined the program with a grant of \$2 million for the program’s transportation work.¹³²⁷ Still, with a budget of approximately \$7 million per year, the China Sustainable Energy Program is small, compared to other international efforts—those of the U.N. Development Program, World Bank, and European Union, for example. However, those organizations are not significantly involved in policy development. This has allowed the CSEP—through a combination of political connections, a sterling reputation (thanks both to the competence of its staff and the good names of the Packard and Hewlett Foundations), and an ability to harness international expertise—to carve out a niche that affords it great leverage in promoting energy sustainability.¹³²⁸

Outcomes. The CSEP has been highly effective in pursuing its mission.¹³²⁹ Much of this is owed to its excellent relations with many top Chinese government officials. Because of this working relationship, the CSEP has been able to propose new policy on such issues as Chinese auto emissions and the energy efficiency of appliances in a nation of 1.3 billion consumers of energy. Among the principal successes of the China Sustainable Energy Program was its pivotal role in developing and winning support for the six mandatory energy efficiency standards adopted in China between 1999 and 2003. These standards will produce savings over the next fifteen years of 300 million tons of coal and will prevent the emission, by China, of some 798 million tons of CO₂.¹³³⁰ The CSEP also played a leading

role in supporting the adoption of labeling laws and efficiency requirements for lighting, washing machines, TVs and other appliances, “which by 2010 are expected to save [China] enough energy to avoid the need for at least ten large new power plants.”¹³³¹ And CSEP research and analysis helped shape the Chinese government’s fuel economy standard—the first by a developing nation—which “could save 6 billion barrels of oil and reduce carbon emissions by over 800 million tons between now and 2030.”¹³³²

Impact. Certainly, CSEP does not deserve all the credit for these and other promising developments. The Chinese government would, no matter what, be dealing with many—if not all—of the same issues that CSEP works on. No nation China’s size could undergo anything like its degree of development and industrialization in this era of globalization and interdependence without being forced to consider the broad effects—environmental, economic, and political—of its policies. And the Chinese government has already managed, between 1980 and 2000, to quadruple its growth while only doubling its energy consumption.¹³³³ But, according to an evaluation of CSEP carried out by Energy Resources International (ERI), the efforts of the Packard, Hewlett, and Energy Foundations have definitely added value. In fact, the ERI evaluators were unanimous in their belief “that the CSEP has been exceptionally valuable to Chinese stakeholders,” and “has both accelerated the development of policies and improved their substance.”¹³³⁴ As China continues to modernize, there will be a growing need for such acceleration of action and improvement of policy outcomes.

Notes

1323. The David and Lucile Packard Foundation, Program Profiles: China Sustainable Energy Program, available from <http://www.packard.org/index.cgi?page=consci-profile&id=0003>.

1324. *Ibid.*

1325. Available from <http://www.efchina.org/home.cfm>.

1326. The David and Lucile Packard Foundation, Program Profiles: China Sustainable Energy Program.

1327. This was renewed the following year with an additional \$2 million grant. The William and Flora Hewlett Foundation, *Annual Report*, 2003.

1328. Final Report: Evaluation of China Sustainable Energy Program, Prepared by Energy Resources International, Inc., 7/5/2003.

1329. *Ibid.*

1330. *Ibid.*

1331. The David and Lucile Packard Foundation, Program Profiles: China Sustainable Energy Program, available from <http://www.packard.org/index.cgi?page=consci-profile&id=0003>.

1332. Final Report: Evaluation of China Sustainable Energy Program, Prepared by Energy Resources International, Inc., 7/5/2003. The Hewlett Foundation’s projection, in its 2003 Annual Report, is the considerably lower figure of 1.6 billion barrels (and over \$100 billion in energy import savings). Both estimates, however, project significant savings, even in the context of China’s massive economy.

1333. The David and Lucile Packard Foundation, Program Profiles: China Sustainable Energy Program, available from <http://www.packard.org/index.cgi?page=consci-profile&id=0003>.

1334. Final Report: Evaluation of China Sustainable Energy Program, Prepared by Energy Resources International, Inc., 7/5/2003.