



China, People's Republic of: Rural Smart Wastewater Treatment Project

Project Name	Rural Smart Wastewater Treatment Project		
Project Number	48137-001		
Borrower/Company	SOUND GLOBAL LTD.		
Country	China, People's Republic of		
Location			
Approval Number	7412/3143, 7412/65		
Type or Modality of Assistance	7412/3143	Loan	US\$ 100.00 million Approved
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Partnerships Private sector development		
Sector / Subsector	Agriculture, natural resources and rural development - Rural sanitation		
Gender Equity and Mainstreaming	No gender elements		
Responsible ADB Department	Private Sector Operations Department		
Responsible ADB Division	Infrastructure Finance Division 2		
Responsible ADB Officer	Hisaka Kimura		
Project Sponsor(s)	Sound Global Ltd.		
Description	<p>Pollution exacerbates water scarcity in the PRC. The enormous volume of wastewater generated by rural areas home to a half of the country's population poses a major environmental threat to the country's rivers, lakes, and underground aquifers. In rural areas, less than 20% of wastewater was treated; the rest was discharged untreated into rivers and the lakes. Furthermore, only 10% of rural wastewater treatment projects were properly maintained. With most untreated wastewater flowing directly into the local surface water, the quality of local water sources has greatly deteriorated, often exceeding water quality limits specific to the source's water body.</p> <p>The project will support Sound Global Ltd. to build and operate a series of small wastewater treatment plants and build the associated sewage trunk pipelines in rural areas across the PRC. The project involves the design, construction, operation, and maintenance of multiple wastewater treatment subprojects using the small multiple modular automatic rapid technologies (SMART) solution with capacity of up to 240,000 tons/day and construction of the associated trunk sewage pipeline networks by 2017.</p>		
Objectives and Scope	<p>The project impact includes enhanced environment and mitigated pollution in the PRC's rural areas, particularly in townships currently without wastewater treatment facilities. The project is expected to be an important catalyst for private sector participation in wastewater management, and thereby expedite the achievement of government targets and reduce threats to public health. By establishing better sanitation management, the project will contribute to Millennium Development Goal 7. The outcome is improved private sector wastewater management in rural areas. The outputs include the installation of rural wastewater treatment facilities with capacity of up to 240,000 tons/day and associated trunk sewage pipeline networks that comply with ADB safeguard standards and technical and financial eligibility criteria. The project helps the local economy and community by providing employment and through the local purchase of goods and services.</p> <p>Sound Global Ltd. is responsible for identifying, evaluating, selecting, negotiating, implementing, and administering the project companies. Each subproject will have a mother plant that controls multiple daughter plants, which do not require control rooms for operations. The concession agreement between the project company and a county or municipal government will cover both types of plants, which is in line with the PRCs urban rural integration policies, under which a municipality's regulatory jurisdiction covers both the county center and surrounding villages and communities.</p>		

Linkage to Country/Regional Strategy	<p>By supporting inclusive growth and environmental sustainability, the project directly addresses two of the three development goals of ADBs country partnership strategy, 2011 2015 for the PRC and aligns with the strategy's sector priority of rural environment protection, water management, and pollution control. It strongly complements current ADB initiatives in wastewater treatment and water pollution control in urban areas.</p> <p>The project aligns with ADBs Water Policy, which recognizes the crucial importance of water to the rural poor and the critical impacts of water scarcity, pollution, and degradation of watersheds; and highlights the importance of water resource management. ADBs Water Operational Plan, 2011 2020 identifies the need for concerted efforts to seek innovative ways to involve the private sector in rural water management.</p>
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Safeguard Categories

Environment	B
Involuntary Resettlement	B
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	<p>The project is classified category B for environment as potential adverse environmental impacts of future subprojects are negligible if the water treatment system functions properly. Detailed facility location, design, and operation plans will be determined by the concession agreements, and an initial environmental examination will be prepared for the project according to ADB's Safeguard Policy Statement (2009), after subprojects are identified. The initial environmental examination will include an environmental management plan, which will manage possible environmental adverse impacts during construction and operation.</p> <p>At this stage, ADB proceeds are not allocated for implementing specific subprojects. Therefore, this loan is classified as general corporate finance, defined in ADB's Safeguard Policy Statement. Sound Global Ltd. commissioned qualified external experts to conduct a corporate audit of its current environmental and social management system (ESMS) and the company's past and current performance against the objectives, principles, and requirements of ADB's Safeguard Policy Statement. The experts prepared corrective action plans for the current ESMS to address gaps identified between the current ESMS and ADB's Safeguard Policy Statement requirements. The company has committed to incorporate the corrective action plans into its ESMS. ADB will confirm the company's revised ESMS before the first disbursement.</p>
Involuntary Resettlement	<p>The project is classified category B for involuntary resettlement. The audit finds that the land acquisition is expected to be located in sparsely populated rural areas near or surrounding the townships, which reduces impacts on local residents. As the area is generally nonresidential, house demolition in the buffer zone can be avoided. Land acquisition is not expected to be significant and is normally carried out by the local governments before awarding the concession. The audit also finds that the client needs to improve its ESMS performance and staffing issues. Sound Global Ltd. will follow its revised ESMS prior to the disbursement for the first subproject and hire capable staff to ensure that the ESMS is implemented. The ESMS will include resettlement policy principles and procedures to make sure that subprojects using ADB funds are screened. If the subprojects entail physical and economic displacement, resettlement plans will be prepared following national laws of the PRC and in accordance with ADB's Safeguard Policy Statement, Requirement 2 on Involuntary Resettlement.</p>
Indigenous Peoples	<p>The project is classified category C for indigenous peoples. The audit also notes that the project will not impact ethnic minorities.</p>
Stakeholder Communication, Participation, and Consultation	

Timetable for assistance design, processing and implementation

Concept Clearance	03 Feb 2014
Due Diligence	
Credit Committee Meeting	05 Jun 2014
Approval	24 Jul 2014
Last PDS Update	07 Aug 2014

Project Page	https://www.adb.org/projects/48137-001/main
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