



China, People's Republic of: Small and Medium-Sized Enterprise Industrial Wastewater and Sludge Treatment Project

Project Name	Small and Medium-Sized Enterprise Industrial Wastewater and Sludge Treatment Project	
Project Number	49084-001	
Borrower/Company	CT Environmental Group Limited	
Country	China, People's Republic of	
Location		
Approval Number		
Type or Modality of Assistance	Complementary Financing Scheme	USD 150.00 million
	Loan	USD 100.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Partnerships Private sector development	
Sector / Subsector	Water and other urban infrastructure and services - Urban sewerage - Urban water supply	
Gender Equity and Mainstreaming	No gender elements	
Responsible ADB Department	Private Sector Operations Department	
Responsible ADB Division	Infrastructure Finance Division 2	
Responsible ADB Officer	Kimura, Hisaka	
Project Sponsor(s)		
Description	<p>In the People's Republic of China (PRC), small and medium-sized enterprises (SMEs) play an important role in economic development, as they are key drivers of income and employment growth. On the other hand, SMEs are becoming major polluters, and are associated with severe environmental impact in some industrial areas. Industrial wastewater is difficult to treat due to high pollutant concentration, complex chemical composition, and high variance in water quantity and quality. Most SMEs do not have sufficient treatment capability and tend to dump untreated wastewater into waterways or sewers at volumes that often exceed the capacity of municipal wastewater treatment facilities. An additional challenge arises from sludge, which has serious impact on soil and groundwater quality.</p> <p>The proposed project will support CT Environmental Group Limited (CTEG) to build, own, and operate a series of specialized SME industrial wastewater and sludge treatment plants in the designated areas determined by the local governments. CTEG's facilities will target SMEs in highly polluting industrial sectors, such as textile, paper, chemical, and food processing. Treated wastewater will be discharged according to national environmental standards or supplied to industry for reuse in manufacturing.</p>	
Objectives and Scope	<p>The project will contribute to mitigating water pollution from SMEs, and will improve SME industrial wastewater and sludge management through increased treatment of wastewater and sludge. The project scope includes the installation and operation of SME industrial wastewater and sludge treatment plants at designed performance levels. By 2019, wastewater treatment capacity of 450,000 tons per day, sludge treatment capacity of 4,200 tons per day, and industrial water supply capacity of 240,000 tons per day will be developed. The facilities will comply with ADB safeguards and technical and financial eligibility criteria.</p> <p>CTEG will be responsible for identifying, evaluating, selecting, negotiating, implementing, and administering the subprojects. Subprojects for ADB assistance will meet eligibility criteria agreed between CTEG and ADB.</p>	

Linkage to Country/Regional Strategy	<p>By supporting inclusive growth and environmental sustainability, the project addresses two of the three development goals of ADB's country partnership strategy for the PRC. The project aligns with the country partnership strategy's sector focus on environmental protection, water management, and pollution control, and strongly complements ADBs current initiatives in wastewater treatment and water pollution control in urban areas, including advisory support.</p> <p>The project aligns with ADB's water policy, which recognizes that remedies to water stress must include reversing the degradation of water resources caused by agricultural, industrial, and municipal effluents. ADBs Water Operational Plan, 2011 2020 also identifies wastewater management as a key operational focus in rapidly industrializing countries like the PRC. The project is an example of the type of intervention envisaged by the plan, which promotes water as a core investment area and raises ADBs water investment target to \$2.0 billion\$ 2.5 billion a year by 2020, and targets an additional \$500 million per year for private sector lending. In addition, the project supports the Urban Operational Plan, 2012 2020, which identifies green cities as a priority theme of ADB operations.</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 as category B for environment. The wastewater and sludge treatment services cater to various SMEs, particularly in textile industries. Dewatered sludge is transported to a brick-making facility, which is also operated by CTEG. The sites for CTEGs wastewater and sludge treatment plants are selected in coordination with respective local governments. Since 2003, the PRC has required wastewater and sludge treatment plants to conduct a full environmental assessment. The facilities are to be planned and operated in full compliance with PRCs laws and regulations. Potential adverse environmental impacts during operation include effluent quality, sludge management, noise, odor, and possible generation of toxic gases. Potential adverse impacts associated with construction and operation can be mitigated through the adoption of good engineering practices and an appropriate environmental management plan. Initial environmental examinations (including environmental management plans) will be prepared for ADB-funded subprojects in accordance with Appendix 1 of ADBs Safeguard Policy Statement (2009). CTEG's environmental and social management system (ESMS) will include environmental safeguards screening procedures to avoid subprojects with potential to be category A. The subprojects are contingent on local government plans for industrial development and pollution control; CTEG bids on and secures specific subprojects before preparing each environmental assessment, including the initial environmental examination requirement of ADBs Safeguard Policy Statement. The potential environmental and social impacts of the project have been identified and effective measures to avoid, minimize, mitigate, and compensate for the adverse impacts are in the environmental and social audit report, including the corrective action plan.</p> <p>A corporate audit was conducted on CTEG, covering its past and current performance against the objectives, principles, and requirements of the Safeguard Policy Statement. In line with the findings of the audit and the corrective action plan, CTEG will establish an ESMS compliant with ADB's safeguard requirements before the first ADB disbursement, and will hire trained and capable staff to support the establishment and implementation of the ESMS.</p>
Involuntary Resettlement	<p>The project is categorized as category B for involuntary resettlement. The corporate audit found that land used for subprojects is located in or near industrial zones. As industrial zones are set up by municipal governments, land acquisition, compensation, resettlement, and rehabilitation are expected to be insignificant and, if needed, will be carried out by municipal governments. The ESMS will reflect the resettlement policy principles of Appendix 2 of ADBs Safeguard Policy Statement and will include procedures to screen subprojects which may be eligible for ADB funding. Subprojects with potential to be category A for involuntary resettlement will be excluded. Should subprojects have involuntary resettlement impacts entailing physical and economic displacement, resettlement plans will be prepared and implemented by municipal governments following PRC national laws and in accordance with the ADBs Safeguard Policy Statement requirement on involuntary resettlement.</p>
Indigenous Peoples	<p>The project is categorized as category C for indigenous peoples. The corporate audit also showed that the project is not expected to have any impacts on ethnic minorities. The ESMS will include social safeguards screening procedures to avoid adverse impacts on ethnic minorities. Subprojects with potential to be category A or category B for impacts on indigenous peoples will be excluded.</p>
Stakeholder Communication, Participation, and Consultation	

Timetable for assistance design, processing and implementation

Concept Clearance

13 Apr 2015

Due Diligence	11 Jun 2015
Credit Committee Meeting	05 Nov 2015
Approval	10 Dec 2015
Last PDS Update	12 Nov 2015

Project Page	https://www.adb.org/projects/49084-001/main
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