



ASIAN DEVELOPMENT BANK

China, People's Republic of: China Everbright Renewable Energy Project

Project Name	China Everbright Renewable Energy Project	
Project Number	49211-001	
Borrower/Company	China Everbright Greentech Limited	
Country	China, People's Republic of	
Location		
Approval Number		
Type or Modality of Assistance	Equity	USD 10.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Private sector development	
Sector / Subsector	Energy - Renewable energy generation - biomass and waste	
Gender Equity and Mainstreaming	No gender elements	
Responsible ADB Department	Private Sector Operations Department	
Responsible ADB Division	Infrastructure Finance Division 2	
Responsible ADB Officer	Abello, Eduardo P.	
Project Sponsor(s)	CHINA EVERBRIGHT INTERNATIONAL LIMITED	
Description	<p>To address severe air, water, and land pollution across the PRC, the country's 13th Five-Year Plan, (2016-2020) calls for more stringent environmental protection measures and a supportive regulatory framework for renewables. In response, the Asian Development Bank (ADB) has focused its business development efforts in the PRC on environmental infrastructure. Through ongoing discussions with stakeholders, the project team has identified emerging market demand for ADB to support the environmental infrastructure arms of state-owned enterprises (SOEs) in accessing international capital markets by strengthening corporate governance and environmental management systems. This facilitates SOE reform and enhances transparency. The project will facilitate the spin-off listing of China Everbright Greentech Limited (CEGL), a wholly-owned subsidiary of China Everbright International Limited (CEIL) to support agricultural waste-to-energy and management of hazardous waste across the PRC. 28% of shares of CEGL will be floated on the Hong Kong stock exchange, with CEIL remaining the largest indirect shareholder after the initial public offering. ADB will support this initial public offering as a cornerstone investor.</p>	
Objectives and Scope	<p>Proceeds from the initial public offering will be used to build and operate agricultural and household waste-to-energy projects and hazardous waste treatment projects, to establish an in-house research and development institute to improve operational efficiency, reduce emissions and residues, and acquire advanced technologies, and to fund working capital.</p>	
Linkage to Country/Regional Strategy	<p>By supporting environmental sustainability, the project directly addresses key development goals of ADB's country partnership strategy for the PRC, and aligns with the strategy's sector priority of pollution control. Environmental sustainability will continue to be a major strategic objective of ADB support to the PRC, as will the PRC's delivery of environmental, regional, and global public goods. The project strongly complements ADB's East Asia Department's on-going initiatives in pollution mitigation projects.</p> <p>The project is consistent with ADB's Energy Policy. Under the policy, ADB's investments will focus on renewable energy projects, as well as expansion of energy access. The policy states that support for renewable energy projects will be prioritized and broadened, with an objective to create a framework that makes investing in renewable energy commercially viable. The policy envisages that, in the process of facilitating direct private sector investments in renewable energy, ADB will assume greater risks and act as a catalyst for investments that the private sector might not otherwise be willing to make.</p>	

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.</p> <p>As the proposed ADB investment is not earmarked for any specific subprojects, the requirement for general corporate finance projects will apply. The proceeds of ADB's investment will be applied to non-category A projects only.</p> <p>CEGL has an existing environmental and social management system (ESMS) that is compliant with ADB's Safeguard Policy Statement (SPS) and will be further enhanced to include all business lines. For future subprojects, CEGL will apply ADB's prohibited investment activities list and use the corresponding rapid environmental assessment screening checklist to (i) conduct an initial assessment of the impacts and risks; and (ii) ensure that investments using ADB funds abide by applicable national laws and regulations, and comply with ADB's Safeguard Policy Statement and the ESMS requirements.</p> <p>CEGL has also established an Environmental, Safety, Health and Safety (ESHS) department to manage environmental, health, and safety issues, and to provide assurance that risks are appropriately mitigated.</p>
Involuntary Resettlement	<p>The project is classified as category B for involuntary resettlement.</p> <p>Land acquisition for subprojects has and will likely continue to involve variously involuntary displacement impacts of no, non-major and major significance. ADB funds will however not be used to fund category A projects that require the involuntary resettlement of more than 200 persons that experience major impacts of either physical displacement from housing or losing 10% or more of their productive (income generating) assets.</p> <p>Resettlement is undertaken by government and the use right for required land is transferred to CEGL under the terms of the government's concession agreement for each project. All house demolition, relocation and compensation for assets of affected people are undertaken by the government in consultation with CEIL and CEGL. The ESMS includes adequate resettlement policy principles and screening procedures to ensure that subprojects that produce physical and economic displacement impacts will have resettlement plans prepared following national laws of the PRC and in accordance with ADB's SPS.</p>
Indigenous Peoples	<p>The project is classified as category C for indigenous peoples. CEGL waste-to-energy and hazardous waste treatment subprojects are located in urban and peri-urban areas in or near industrial zones where no distinct or vulnerable ethnic minority groups have been found to be adversely or beneficially affected. Future subprojects are similarly not expected to have impacts on ethnic minorities. The ESMS includes adequate measures to identify, categorize, mitigate and manage any potential subproject impacts on ethnic minority groups in the PRC. Where impacts on ethnic minorities are found, Ethnic Minority Development Plans responsive to SPS requirements will be prepared.</p>
Stakeholder Communication, Participation, and Consultation	

Timetable for assistance design, processing and implementation

Concept Clearance	05 Oct 2016
Due Diligence	
Credit Committee Meeting	05 Apr 2017
Approval	06 Apr 2017
Last PDS Update	11 May 2017

Project Page	https://www.adb.org/projects/49211-001/main
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