



China, People's Republic of: Climate Resilient and Smart Urban Water Infrastructure Project

Project Name	Climate Resilient and Smart Urban Water Infrastructure Project		
Project Number	52090-001		
Borrower/Company	Shenzhen Water (Group) Co., Ltd. Shenzhen Water Investment Co. Ltd.		
Country	China, People's Republic of		
Location	Nation-wide		
Approval Number			
Type of ADB Assistance / Amount	Ordinary capital resources	USD 100.00 million	Proposed
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth		
Drivers of Change	Gender Equity and Mainstreaming Knowledge solutions Partnerships Private sector development		
Sector / Subsector	Water and other urban infrastructure and services - Other urban services - Urban sewerage - Urban water supply		
Gender Equity and Mainstreaming	Effective gender mainstreaming		
Responsible ADB Department			
Responsible ADB Division			
Responsible ADB Officer	Chen, Jinqiang		
Project Sponsor(s)			
Description	The proposed project will support SZWG's investment in (i) climate- and disaster-resilient urban water infrastructure and (ii) water supply and wastewater treatment facilities with smart water technologies in Shenzhen and third- and fourth-tier cities in the PRC.		
Objectives and Scope	The loan will help finance the construction, acquisition, upgrading, expansion, and refinancing of subprojects that will support sponge city development to enhance climate resilience, and apply smart water technology to improve efficiency in the water value chain from the supply end to wastewater treatment. The majority (60%) of the proceeds will be used in third-and fourth-tier cities, and the rest in Shenzhen. SZWG has already identified a sponge city subproject and a smart water subproject in a district of Shenzhen. Future subprojects will be developed by SZWG. Those using ADB financing will satisfy ADB's eligibility criteria for (i) project location, (ii) technology requirements per ADB Sustainable Development and Climate Change Department's database, (iii) safeguard standards, (iv) the contractual arrangements of underlying concession agreements, and (v) minimum return on equity or internal rate of return.		
Linkage to Country/Regional Strategy	By supporting greater gender inclusiveness at SZWG, the project is aligned with ADB's Strategy 2030 Operational Priority 2 (Accelerating Progress in Gender Equality). It will implement an ADB gender action plan. It is aligned with Operational Priority 3 (Tackling Climate Change, Building Climate and Disaster Resilience, and Enhancing Environmental Sustainability) by supporting the establishment of a sponge city to address flood risks and improving energy efficiency through the use of smart water technologies. By helping to improve water quality, reduce pollution, and enhance water efficiency in PRC cities, it is also aligned with Operational Priority 4 (Livable Cities). The project supports the strategic priority of ADB's water operational plan for 2011--2020 and the objectives set in the country partnership strategy for the PRC of managing climate change and the environment and developing green cities.		
Safeguard Categories			
Environment			B
Involuntary Resettlement			A
Indigenous Peoples			C
Summary of Environmental and Social Aspects			
Environmental Aspects	The project is classified as category B for environment. Due diligence was undertaken by an external expert in accordance with ADB SPS 2009 requirements for general corporate finance, which included a corporate audit of SZWGs environmental and social management system (ESMS) and four site audits at water, wastewater treatment and sponge city facilities. The corporate audit determined that SZWG operates in compliance with applicable laws and regulations of the jurisdictions in which it operates, however some gaps were identified with regards to performance against the objectives, principles and requirements of ADBs SPS. The environmental and social systems, processes, and practices of the company were assessed as commensurate with the risks and impacts associated with its business and operation. The aspects reviewed during due diligence include odor and noise nuisance, waste management, hazardous substance management, sludge disposal, and occupational health and safety.		
Involuntary Resettlement	The project is classified as category A for involuntary resettlement. SZWG did not however have a land procurement procedure to identify and manage unresolved or potential future displacement impacts, due largely to the fact that land procurement is carried out by each municipal government and land use right is awarded under concession agreements.		
Indigenous Peoples	The project is classified as category C for indigenous peoples. SZWGs consideration of ethnic minority groups in its subproject planning was based on national law.		

Stakeholder Communication, Participation, and Consultation Information disclosure and consultation with affected people will be conducted in accordance with ADB requirements.

Timetable for assistance design, processing and implementation

Concept Clearance	11 Apr 2018
Due Diligence	
Credit Committee Meeting	-
Approval	28 Jul 2020
Last PDS Update	05 Jun 2020

Project Page	https://www.adb.org/projects/52090-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=52090-001
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