**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 and Environment Investment Group Co., Ltd.  
**Country**: China, People's Republic of  
**Location**: Nation-wide  
**Approval Number**: 7642/3962  
**Type of ADB Assistance / Amount**: Ordinary capital resources USD 100.00 million Approved

**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

**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 SZWG’s 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 ADB’s 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. SZWG’s 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.

<table>
<thead>
<tr>
<th>Timetable for assistance design, processing and implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Concept Clearance</strong></td>
</tr>
<tr>
<td><strong>Due Diligence</strong></td>
</tr>
<tr>
<td><strong>Credit Committee Meeting</strong></td>
</tr>
<tr>
<td><strong>Approval</strong></td>
</tr>
<tr>
<td><strong>Last PDS Update</strong></td>
</tr>
</tbody>
</table>

Project Page  
https://www.adb.org/projects/52090-001/main

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

Date Generated  
04 October 2020

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided “as is” without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement. ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.