

## Environmental and Social Data Sheet

### Overview

Project Name:	BAOTOU ENERGY EFFICIENCY
Project Number:	2017-0225
Country:	China
Project Description:	The proposed operation aims at improving energy efficiency and reducing air pollution through the replacement of inefficient coal-fired boilers by more efficient gas-fired appliances and the construction of enabling infrastructure. The location is Baotou, Inner Mongolia.

EIA required yes

Project included in Carbon Footprint Exercise<sup>1</sup>: yes

(details for projects included are provided in section: "EIB Carbon Footprint Exercise")

### Environmental and Social Assessment

#### Environmental Assessment

In the fight to reduce pollution and in line with the recent environmental policies of China, the City of Baotou has developed a Master Plan, "Coal to Gas", to replace all coal burning boilers and cooking appliances by significantly less polluting alternatives.

The projects are in line with the EU energy and climate change objectives as they contribute to improve energy efficiency as well as reducing greenhouse gases and other polluting airborne emissions.

The project is technically and environmentally sound. The associated gas distribution network as well as the household/ building boilers will be implemented with proven technologies/materials following the latest best practice as per Chinese standards and supported by extensive energy efficiency marketing/training (targeting households and building owners) programmes organised by the promoter.

The works related to the gas distribution network will have minor environmental impacts during construction and are temporary in nature, mainly nuisance due to construction works (dust, noise, traffic disruption). Such impacts are mitigated through appropriate site organisation and construction management.

All works related to the gas distribution network are subject to an EIA as required by Chinese environmental laws and are part of the building permitting process. EIA is under approval by the Chinese Authorities; approval is expected before the end of 2017. The Bank reviewed the EIA draft, which is considered as satisfactory.

The project implementation will be monitored, to ensure alignment with EIB E&S requirements, using consultancy support and promoter reporting.

<sup>1</sup> Only projects that meet the scope of the Pilot Exercise, as defined in the EIB draft Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: above 100,000 tons CO<sub>2</sub>e/year absolute (gross) or 20,000 tons CO<sub>2</sub>e/year relative (net) – both increases and savings.

Luxembourg, 18.12.2017

## **EIB Carbon Footprint Exercise**

In accordance with the Bank's Carbon Footprint methodology, the total relative effect of the project is a net reduction in CO<sub>2</sub> equivalent emissions by 1,019,500 t /yr when compared to the operation before the project.

For the annual accounting purposes of the EIB Carbon Footprint, the project emissions will be prorated according to the EIB lending amount signed in that year, as a proportion of project cost.

## **Social Assessment, where applicable**

The promoter estimates that with this project also up to 170 new permanent direct jobs (white collar and high level technicians) will be created in the operation, maintenance and services related to the gas distribution and utilisation of gas.

Occupational and Community Health and Safety issues are deemed appropriately addressed in the authorisation process. The promoter has a health and safety policy in place.

No special social risks are anticipated for this project. On the contrary, the project is expected to bring about considerable positive social benefits related to cleaner and nicer urban environment.

China has a long tradition of building gas infrastructures and has developed a very comprehensive set of construction standards for gas pipelines. These standards are in line with international and ISO standards.

## **Public Consultation and Stakeholder Engagement**

Public consultations were carried out under the respective EIA processes. No major shortcomings were found; the projects are positively received by the local communities.

## **Conclusions and Recommendations**

The replacement of inefficient coal boilers by efficient natural gas boilers in 656 buildings and 100,000 houses in Baotou will reduce air pollution (SO<sub>2</sub>, NO<sub>x</sub> and particulates) and will help mitigate climate change as a result of a relative reduction in CO<sub>2</sub> emissions.

Undertakings:

- The Bank will have to be satisfied of the quality standards (including E&S performance) of the already completed works prior to approving subsequent disbursement requests.
- Prior to the first and subsequent disbursements, the promoter shall demonstrate to the satisfaction of the Bank, that all necessary regulatory approvals have been received for the works that are the object of the disbursements.
- The Promoter will follow the Environmental and Social Management Plan as included in the EIA procedure, as well as any other requirement specified in the approved Feasibility Report (FSR) and EIA approved by the relevant Chinese authorities.

Based on the above, this operation is acceptable to the Bank from an environmental and social point of view.