IFC Investment in Medical Waste Treatment Plants in China is Expected to Benefit 120 million people

Washington, D.C., October 30, 2007—Medical waste poses a serious threat to the environment and public health in China. In recent years, environmental protection and the proper handling and treatment of medical waste from hospitals and health care institutions have drawn increasing public attention as a result of China’s rapid urbanization. In particular, the SARS outbreak in 2003 has brought a greater awareness of the acute occupational hazards of medical waste and the urgent need for its adequate containment, treatment, and disposal.

Reforms to Mobilize Private Investment
China produces about 1,800 tons of medical waste a day, according to the State Environment Protection Administration (SEPA). Many Chinese medical waste facilities are not in compliance with national or international standards of pollution control and handling; nor is there an efficient sorting system of hospital waste in many parts of China, with the result that medical waste is not properly treated or just dumped completely untreated into landfills.

This has become a critical issue prompting provincial and local governments to undertake a series of reforms to mobilize public-private partnerships in a once state-owned sector.

Why Work with IFC in the Health Sector?

• Long-term financing on terms suited to the project

• Global experience in the health care sector

• Financial, technical, and strategic value-added

• Understanding of local markets and measure of political risk cover

• IFC has a team of specialists dedicated to investment in private health care

• IFC is uniquely positioned to mobilize donor financing for advisory services

• IFC’s presence reassures foreign investors, local partners, and governments

• IFC is committed to the future growth of private health care in developing countries

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Responding to this challenge, IFC has committed to invest $12.5 million in UE Envirotech Pte. Ltd., a pioneering private sector medical waste treatment company operating in China. IFC’s $12.5 million investment will include equity of $3.5 million and a loan of $9 million. The total cost of the project is approximately $50 million.

Over the next four years, IFC’s investment will help the company construct and operate new medical waste treatment plants throughout the country in partnership with municipal governments. **By 2010, the company will operate 32 medical waste treatment plants serving more than 120 million people.**

The company’s actions are expected to have substantial public health benefits, including a reduction in the risk posed by air-transmitted diseases and improperly-handled medical waste.

Guy Ellena, IFC Director for Health and Education, said, “The project will help expand much-needed waste treatment services in a socially and environmentally responsible way and demonstrate IFC’s commitment to social sector development in China.”

**Partnering with Municipal Governments**

Currently, UE Envirotech Pte. Ltd. has six up-and-running medical waste treatment plants in Anshan, Dandong, and Fuxin in Liaoning Province; Liaocheng in Shandong Province; and Xinxiang and Jiazuo in Henan Province. It also has contracts to construct and operate medical waste treatment plants signed with five other municipal governments in Chenzhou and Shaoyang in Hunan Province; Jiamusi in Hei Long Jiang Province; Jian in Jiangxi Province and Xianxi in Hunan Province. Together, the 11 facilities will service a population of more than 44 million people.

The company partners with municipal governments, usually in the form of a BOT (build-operate-transfer) arrangement by which it agrees to provide the entire waste treatment infrastructure and operating resources for a city and surrounding area. In return, the city grants the company the exclusive right to service and treat all the medical waste of hospitals in the municipality for the term of the contract. Currently, the company’s contracts cover the treatment of medical waste from public hospitals totaling more than 100,000 patient beds.

Mr. Ryan Sun, CEO, UE Envirotech Pte. Ltd. said, “IFC’s participation in the company is a strong endorsement of our management expertise, business strategy, and corporate governance. We are confident that this partnership with IFC will further enhance our contribution to the improvement of China’s environment.”

UE Envirotech Pte. Ltd. was formed in 2004 to improve environmental standards in Asia. With cutting edge technology and stringent procedures, it offers reliable and environmentally-safe medical waste treatment solutions to communities. The company is also able to leverage the resources of its publicly-listed Singapore-based parent company, United Engineers Ltd., (established in 1912) which has a proven track record of providing facilities management services to more than 150 hospitals and health care facilities across Asia.
Richard Ranken, IFC Director for East Asia and the Pacific, added, “This project will have direct and immediate benefits for people living in the area, reducing their risk of diseases and improving the environment. UE Envirotech is also demonstrating that higher standards for treating medical waste can be achieved in an environmentally and commercially sound manner, including in regions that have not attracted such investments previously.”

The company will be using the most advanced and environmentally friendly technology in their facilities. It employs internationally recognized medical waste disinfection technologies which have been approved by SEPA and is adopted as part of the national standard with substantial environmental benefits and cost advantages. The company is also assisting national, regional and local regulatory agencies in the development of new regulations governing waste handling, treatment, and disposal, and setting industry standards.

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–Ryan Sun, CEO, UE Envirotech Pte. Ltd.

“IFC is playing a strong developmental role in this investment by providing long-term debt and equity to a private firm that is carrying out an essential public good and, in so doing, helping to demonstrate the viability of private participation in this important sector.”

–Guy Ellena, IFC Director for Health and Education

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