



# China, People's Republic of: Developing Partnerships for Knowledge Sharing on Natural Capital Investment in the Yangtze River Economic Belt

Project Name	Developing Partnerships for Knowledge Sharing on Natural Capital Investment in the Yangtze River Economic Belt	
Project Number	53301-001	
Country	China, People's Republic of	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 9846-PRC: Developing Partnerships for Knowledge Sharing on Natural Capital Investment in the Yangtze River Economic Belt	
	People's Republic of China Poverty Reduction and Regional Cooperation Fund	US\$ 225,000.00
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions Partnerships Private sector development	
Sector / Subsector	Agriculture, natural resources and rural development - Water-based natural resources management	
Gender Equity and Mainstreaming	No gender elements	
Description	<p>The small-scale knowledge and support technical assistance (TA) amounting to \$225,000 will be financed on a grant basis by the People's Republic of China (PRC) Poverty Reduction and Regional Cooperation Fund (PRCF) and administered by the Asian Development Bank (ADB). The TA is aligned with the following impact: More developing member countries (DMCs) benefited from the Yangtze River Economic Belt (YREB) knowledge sharing with the partnership initiative established by the TA. The TA will have the following outcome: international partnership for the YREB knowledge sharing established. The TA has the following three outputs:</p> <p>Output 1: International partnership initiative for knowledge sharing on natural capital investment in the YREB developed. Through this TA, the consultants' services will be engaged to review the international and national progress on partnership development for rivers, such as with the International River Foundation; and draft a partnership initiative for knowledge sharing of the YREB, especially on eco-compensation between upstream and downstream, innovation on natural capital investment and other international concerned issues. In addition, it will include the selection criteria of selecting partners, roles of various partners, operational mechanism, etc.</p> <p>Output 2: Workshops to develop the partnership and consultation on the initiative organized. This output involves two workshops with study visits (3-4 days for each): one to be held in Yichang of Hubei Province based in the Yangtze River basin, which will cover a comprehensive review and discussion on the draft partnership initiative; and share best practices on natural capital investment; and the other to be organized in the PRC or another selected DMC, which will elaborate the initiative with more partners; share the PRC's knowledge summarized from ADB's investment projects in the YREB; and explore innovative financial tools to support the prosperous, inclusive, resilient, and sustainable development of river basins. The potential international partners may include the Asian Infrastructure Investment Bank; Global Environment Facility; International River Foundation; World Bank; watershed management organizations; and related representatives from the governments, banks or institutes in the DMCs.</p> <p>Output 3: Partnership initiative officially launched. After an agreement with international partners, this output will involve the hosting of a workshop in the PRC, such as the China Council for International Cooperation on Environment and Development's (CCICED) annual general meeting in mid-2020 or a side event at the Community of Practice's (COP15) Convention on Biodiversity tentatively scheduled in October 2020 in Kunming, Yunnan Province of the PRC.</p>	

Project Rationale and Linkage to Country/Regional Strategy

This TA will develop an initiative to establish additional partnerships based on ADB's collaboration with the CCICED's Special Policy Study to share knowledge from ADB's YREB program, particularly on areas focused on natural capital and ecological services accounting to facilitate the application of eco-compensation between upstream and downstream areas, cost benefit analysis of investment projects, and local government performance assessment for improving environmental governance. This knowledge sharing in effect reflects valuable regional and global public goods for the DMCs, which are priorities under ADB's Strategy 2030. Through these partnerships, an open platform and knowledge hub will be established to capture and share two-way flow of knowledge between the PRC and partner DMCs.

Knowledge sharing between upper middle income countries such as the PRC and other DMCs is one of the key priorities of the PRCF Implementation Guidelines and a central pillar under ADB's Strategy 2030 which underscored the importance of strengthening and sharing knowledge, with ADB serving as an important knowledge broker through sharing successful project experiences between the DMCs. To achieve this, relevant knowledge products and services need to be identified, captured, and disseminated in anticipation of current and future DMCs' knowledge gaps. Improving the capture of tacit knowledge, including lessons learned throughout the project cycle, is also critical to support this goal. In this regard, the PRC's experiences in adopting integrated and multisector approach for river basin management and environmental protection projects offer rich and relevant knowledge and key lessons to be shared with other DMCs.

For many DMCs, water and environmental management relating to transboundary river basins continue to face significant challenges. These include international rivers in the Central Asia Regional Economic Cooperation (CAREC) and the Greater Mekong Subregion (GMS) countries; and among provinces or states within a DMC, such as the eight large rivers in the Asia and the Pacific region: Amur, Ganges Delta, Hai, Indus, Mekong, Pearl, Yangtze, and Yellow rivers. Many of the transboundary river basins face similar issues to the YREB in the PRC, characterized by growing regional and rural urban disparities which create economic imbalance and development tensions and has placed growing pressure on the ecology and water quality. The upper region of the YREB is particularly prone to climate-induced migration due to loss of livelihoods and economic opportunities caused by degraded natural resources. Water pollution often remains a serious issue. Rural areas have remained a major contributor to water pollution, especially nonpoint source pollution, persistent organic pollutants, pesticides, fertilizer, and farm wastes. Key components of the natural water system have been significantly degraded and destroyed, with smaller watersheds continuing to suffer from pollution control problems.

To address this important problem, ADB designed a \$2 billion investment program to support the achievement of outcomes outlined in the YREB masterplan, focusing on ecological and environmental protection with emphasis on transboundary issues and upstream downstream coordination. The YREB program is aligned with the PRC's vision to achieve an ecological civilization and promotion of economic growth by investing on natural capital improvement, especially for natural conservation and pollution control. As the second phase of its YREB investment in 2018, ADB signed a memorandum of understanding to support the PRC's rural vitalization strategy in improving rural sanitation and wastewater infrastructure, rural solid waste management, and livelihoods. In addition, ADB also provided the technical support for the promotion of institutional reform, piloting of the eco-compensation mechanism, and development of legislation for the environmental protection of the Yangtze River through the CCICED. ADB has significant experiences on projects in the PRC over the past three decades, particularly on the preparation of river basin masterplans for biodiversity conservation, protection of ecological services, and guidance on investments in natural capital improvement. The YREB represents a particularly valuable testbed for developing and applying new approaches and piloting innovative applications to (i) better capture the value of ecosystem services and identify sustainable financing mechanisms for natural capital investment, and (ii) mainstream ecosystem services within economic planning and management frameworks. For example, the government together with ADB and other development partners, including the International River Foundation, the Nature Conservancy, and the World Wildlife Fund, have collaborated to provide strong support in promoting natural capital investment in the YREB, which are producing valuable knowledge through several TA projects that will be shared with other DMCs.

Impact	More developing member countries (DMCs) benefited from the Yangtze River Economic Belt (YREB) knowledge sharing with the partnership initiative established by the technical assistance
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**Project Outcome**

Description of Outcome	International partnership initiative for the YREB knowledge sharing established
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**Progress Toward Outcome**

**Implementation Progress**

Description of Project Outputs	International partnership initiative for knowledge sharing on natural capital investment in the YREB developed Workshops to develop the partnership and consultation on the initiative organized Partnership initiative officially launched
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**Status of Implementation Progress (Outputs, Activities, and Issues)**

Geographical Location	Nation-wide
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**Summary of Environmental and Social Aspects**

**Environmental Aspects**

**Involuntary Resettlement**

**Indigenous Peoples**

**Stakeholder Communication, Participation, and Consultation**

**During Project Design**

**During Project Implementation**

Responsible ADB Officer	Au Shion Yee
Responsible ADB Department	East Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, EARD
Executing Agencies	Ministry of Ecology and Environment former "Ministry of Environmental Protection" 115 Xizhimen Nanxiaojie, Beijing

**Timetable**

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	15 Oct 2019
Last Review Mission	-
Last PDS Update	06 Nov 2019

## TA 9846-PRC

**Milestones**

Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
15 Oct 2019	-	15 Oct 2019	31 Dec 2020	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	225,000.00	0.00	0.00	0.00	0.00	225,000.00	15 Oct 2019	0.00

Project Page <https://www.adb.org/projects/53301-001/main>

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