



China, People's Republic of: Eco-compensation Mechanism for Protected Areas with a Focus on National Parks

Project Name	Eco-compensation Mechanism for Protected Areas with a Focus on National Parks				
Project Number	56049-001				
Country / Economy	China, People's Republic of				
Project Status	Approved				
Project Type / Modality of Assistance	Technical Assistance				
Source of Funding / Amount	<table border="1"> <tr> <td>TA 6945-PRC: Eco-compensation Mechanism for Protected Areas with a Focus on National Parks</td> <td></td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 300,000.00</td> </tr> </table>	TA 6945-PRC: Eco-compensation Mechanism for Protected Areas with a Focus on National Parks		Technical Assistance Special Fund	US\$ 300,000.00
TA 6945-PRC: Eco-compensation Mechanism for Protected Areas with a Focus on National Parks					
Technical Assistance Special Fund	US\$ 300,000.00				
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth				
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Knowledge solutions Partnerships Private sector development				
Sector / Subsector	Agriculture, natural resources and rural development / Land-based natural resources management				
Gender Equity and Mainstreaming	Some gender elements				
Description	The knowledge and support technical assistance (TA) will support the preparation of the first eco-compensation framework for protected areas in the People's Republic of China (PRC). This will comprise a performance-based financing system that mobilizes public and private sector revenue streams to protect biodiversity and ecosystem services, and support rural livelihoods and operating costs for a network of globally significant national parks. The framework will build upon long-term support from the Asian Development Bank (ADB) for eco-compensation in the PRC and will contribute to national and global biodiversity conservation goals.				
Project Rationale and Linkage to Country/Regional Strategy	<p>Protected areas are the foundation of most national and global efforts to conserve biodiversity. The PRC is one of 17 mega-biodiverse countries which support the most species in the world. The first protected area in the PRC was designated in 1956 and since then, over 12,000 reserves accounting for over 18% of the country's area have been established. These support global biodiversity values and the livelihoods of millions of people, through the protection of ecosystem services (e.g., water supply), jobs and revenue (e.g., from tourism), and resilience to climate change and disease (through the maintenance of ecosystems and genetic diversity).</p> <p>Maximizing the benefits of protected areas requires sustained financing linked with effective management. Key issues impacting the PRC's protected areas (similar to many countries) include inadequate budgets and unclear management targets. To address these issues, in 2015 the government initiated a comprehensive reform of the protected area system. Institutional responsibilities were streamlined, a new protected area category national parks was created and an initial network of 10 national parks was established. These parks cover 220,000 square kilometers (about 2.3% of the country's area) (footnote 3) of land including the headwaters of the PRC's largest and most economically important river basins. The new parks network is expected to be a model for improved management of the PRC's protected areas.</p> <p>The establishment of a financing system for the new parks network will be critical to its success. Funding of basic operational costs is currently supported by the central government, but a more holistic approach is required that incorporates: (i) the unrealized financial value of ecosystem services provided by the parks for downstream populations; (ii) additional costs, such as compensation for residents from wildlife-related damage (e.g., to crops); (iii) support for residents to develop parks-related income streams; (iv) other public sector funding sources; and (v) private sector funding opportunities. To address these needs, in 2021 the State Council (the PRC's highest governing body) issued an instruction for an eco-compensation framework for the new parks network to be prepared by 2025 and fully implemented by 2035. New laws on protected areas are under preparation to establish the policy framework for the new parks network.</p> <p>The PRC has established the most extensive eco-compensation systems in the world. Public sector programs comprising vertical (central to local) and horizontal (inter-provincial) fund flows are under implementation for watersheds and ecosystems, and have financed over 200 million residents to protect and restore natural habitats. These achievements have been supported by 14 years of assistance by ADB to design and pilot eco-compensation in the PRC and by other development partners and academic institutions. An eco-compensation framework for protected areas is a key remaining component to build upon these efforts. Guiding principles to establish eco-compensation for protected areas have been identified and emphasize the need to link funding with ecosystem services and public benefits.</p> <p>Establishing an eco-compensation framework for the new parks network will require a focus on three key areas. First, limited analysis is available on financing opportunities for protected areas. Review of existing national eco-compensation programs is required to adapt these to protected areas, combined with collection of baseline data on park costs and other financing options. Second, most protected area plans lack quantitative and time-based targets linked with biodiversity values, ecosystem services and livelihoods; and ecosystem service values have not been evaluated factors critical to developing performance-based funding. Third, there has been limited knowledge sharing and capacity development about eco-compensation in protected areas, especially for parks staff. Due to a dependence on government funding, managers have little incentive to consider other fund sources. Staff also have limited capacity to design, monitor, and report on conservation targets or to facilitate dialogue with the private sector.</p>				
Impact	Sustainable financing system for protected areas established				
Project Outcome					
Description of Outcome	Eco-compensation systems for protected areas with a focus on national parks improved				
Progress Toward Outcome					
Implementation Progress					

Description of Project Outputs	Financing opportunities for protected areas developed Draft eco-compensation plan for protected areas with focus on national parks produced Knowledge and capacity on eco-compensation for protected areas enhanced
Status of Implementation Progress (Outputs, Activities, and Issues)	
Geographical Location	Nation-wide
Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	
During Project Implementation	
Business Opportunities	
Consulting Services	A consulting firm will be recruited using the quality- and cost-based selection method, using a quality-cost ratio of 90:10 and simplified technical proposal according to the Asian Development Bank's (ADB) Procurement Policy (2017, as amended from time to time and Procurement Regulations for ADB Borrowers (2017, as amended from time to time).
Procurement	Procurement will follow the ADB Procurement Policy (2017, as amended from time to time) and the Procurement Regulations for ADB Borrowers (2017, as amended from time to time).
Responsible ADB Officer	Bezuijen, Mark R.
Responsible ADB Department	East Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, EARD
Executing Agencies	National Development and Reform Commission No. 38 South Yuetan St. Beijing 100824 China
Timetable	
Concept Clearance	25 Jun 2022
Fact Finding	06 May 2022 to 09 May 2022
MRM	-
Approval	17 Aug 2022
Last Review Mission	-
Last PDS Update	17 Aug 2022

TA 6945-PRC

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
300,000.00	0.00	0.00	0.00	0.00	0.00	300,000.00	-	0.00

Project Page	https://www.adb.org/projects/56049-001/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=56049-001
Date Generated	18 August 2022

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.