



China, People's Republic of: Innovating Eco-Compensation Mechanisms in Yangtze River Basin

Project Name	Innovating Eco-Compensation Mechanisms in Yangtze River Basin	
Project Number	55006-002	
Country	China, People's Republic of	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 6736-PRC: Innovating Eco-Compensation Mechanisms in Yangtze River Basin	
	Global Environment Facility	US\$ 183,488.00
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 - Agricultural policy, institutional and capacity development - Land-based natural resources management - Water-based natural resources management	
Gender Equity and Mainstreaming	Some gender elements	
Description	<p>The TA will support the National Development and Reform Commission (NDRC) of the People's Republic of China (PRC) to prepare GEF7 Request for Chief Executive Officer Endorsement (CER) for another larger knowledge and support TA on Innovating Eco-Compensation Mechanisms in the Yangtze River Basin (YRB) with estimated TA cost of \$8.07 million proposed to be financed by the GEF. The GEF7 CER will be submitted to the GEF Secretariat by 31 November 2021, with targeted endorsement by the first quarter of 2022. The TA is aligned with the following impact: environmentally sustainable development in the YREB enhanced. The TA will have the following outcome: design of eco-compensation mechanisms in the YRB improved.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>Many YREB projects have operationalized some eco-compensation concepts to enhance trans-provincial cooperation, including pilot projects in Xin'an River watershed or which funding for eco-compensation from the government of the PRC increased from CNY6 billion in 2008 to CNY81 billion in 2019. In January 2019, the NDRC and eight other government agencies jointly released the Action Plan for Establishing Market-Oriented and Diversified Eco-Compensation Mechanism. Since 2020, ADB has been supporting the NDRC in drafting National Regulation on Eco-Compensation for approval by the State Council. However, consensus has not been reached on issues such as the definition, scope, and objectives of diversified eco-compensation; natural resources property rights and obligations; compensation rate calculation and payment vehicles; market-oriented mechanisms with involvement of the private sector; etc. ADB's supports on transboundary eco-compensation mechanism in the YRB is still difficult to be promoted.</p> <p>ADB applied funding from the GEF Trust Fund as part of ADB's continued support to cofinance the YREB Framework Program, to innovate eco-compensation mechanisms which contribute to improved and sustainable terrestrial and freshwater ecosystem health in the upper and middle reaches of the YRB. This will include the (i) promotion of innovative eco-compensation mechanisms with economic incentives to the private sector and farmers, for improved biodiversity conservation and agricultural plastic pollution control; (ii) more innovative monitoring and measurement of strengthened ecosystems services through use of the gross ecosystem product accounting based on spatial data and environmental performance assessment; (iii) exploration of sustainable financing tools for natural capital management, which will generate significant global environmental benefits; and (iv) knowledge sharing with other developing member countries. Upon the GEF CEO's endorsement of the \$8.07 million financing to ADB by the first quarter of 2022, the proposed larger knowledge and support TA on Innovating Eco-Compensation Mechanisms in the YRB will be processed for ADB's approval by the second quarter of 2022.</p>	
Impact	Environmentally sustainable development in the YREB enhanced	
Project Outcome		
Description of Outcome	Design of eco-compensation mechanisms in the Yangtze River Basin improved	
Progress Toward Outcome	On-track to achieve outcome.	
Implementation Progress		
Description of Project Outputs	<p>Eco-compensation enabling framework reviewed and cases identified Eco-compensation mechanisms designed Strategic directions for developing a natural capital lab identified Technical and safeguards assessments conducted in the project areas GEF7 CER submitted and standalone KSTA approved</p>	
Status of Implementation Progress (Outputs, Activities, and Issues)	The TA inception mission was conducted in July 2021 and a local stakeholder consultation was conducted in September 2021. The TA interim mission and stakeholder consultation is scheduled in October 2021	
Geographical Location	Nation-wide, Chongqing, Guizhou, Hubei, Hunan, Sichuan, Yunnan	
Summary of Environmental and Social Aspects		
Environmental Aspects		
Involuntary Resettlement		

Indigenous Peoples

Stakeholder Communication, Participation, and Consultation	
During Project Design	Consultation with EA, IA, and other stakeholders.
During Project Implementation	Consultation and knowledge sharing with EA, IA, and other stakeholders.
Responsible ADB Officer	Guo, Dongmei
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	-
Fact Finding	12 Jan 2021 to 12 Jan 2021
MRM	-
Approval	03 Jun 2021
Last Review Mission	-
Last PDS Update	28 Sep 2021

TA 6736-PRC

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
03 Jun 2021	-	03 Jun 2021	30 Jun 2022	-	-

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
0.00	183,488.00	0.00	0.00	0.00	0.00	183,488.00	28 Sep 2021	7,801.77

Project Page	https://www.adb.org/projects/55006-002/main
Request for Information	http://www.adb.org/forms/request-information-form?subject=55006-002
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