

 Early Warning System

ADB-58305-001

Study on the Mechanism of Transboundary Horizontal Eco-  
compensation



Quick Facts

Countries	China
Specific Location	Gansu and Fujian provinces
Financial Institutions	Asian Development Bank (ADB)
Status	Approved
Bank Risk Rating	U
Voting Date	2024-11-28
Borrower	Government of China - National Development and Reform Commission
Sectors	Finance, Technical Cooperation, Water and Sanitation
Investment Type(s)	Grant
Investment Amount (USD)	\$ 0.30 million
Project Cost (USD)	\$ 0.30 million



### Project Description

According to the Bank's website, the TA is designed to support the long-term integrity of ecosystems and water resources in the designated provinces (Technical Assistance Report - para. 7). Accordingly, the TA will focus on distilling lessons from existing eco-compensation mechanisms for application in the designated provinces. In addition, the TA will focus on the management and design of the proposed water fund. The optimal design of the fund will ensure the alignment of incentives to support the long-term sustainability of clean drinking water resources. This would also include ensuring optimal investment in compensation payments to conserve and improve water resources and examine opportunities for income generation.

\*Technical Assistance Report - para 7: Although most provinces in the PRC have established horizontal compensation mechanisms, this is not the case at the city level. In addition, there is a need to focus on drinking water quality and the efficient use of compensation, once provided, to negatively impacted parties. Accordingly, the National Development and Reform Commission (NDRC) is considering studying the eco-compensation modality for implementation in Gansu and Fujian provinces, especially in cities. While these provinces are highly developed, they suffer from poor water quality.



### Early Warning System Project Analysis

According to the Technical Assistance Report, the Risk Categories are:

Environment: Not Applicable

Involuntary Resettlement: Not Applicable

Indigenous Peoples: Not Applicable



### Investment Description

- Asian Development Bank (ADB)

The TA financing amount is \$300,000, which will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other sources). The government will provide counterpart support in the form of counterpart staff and other in-kind contributions.



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### Contact Information

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### ACCESS TO INFORMATION

You can submit an information request for project information at: <https://www.adb.org/forms/request-information-form>

ADB has a two-stage appeals process for requesters who believe that ADB has denied their request for information in violation of its Access to Information Policy. You can learn more about filing an appeal at: <https://www.adb.org/site/disclosure/appeals>

### ACCOUNTABILITY MECHANISM OF ADB

The Accountability Mechanism is an independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an Asian Development Bank-financed project. If you submit a complaint to the Accountability Mechanism, they may investigate to assess whether the Asian Development Bank is following its own policies and procedures for preventing harm to people or the environment. You can learn more about the Accountability Mechanism and how to file a complaint at: <http://www.adb.org/site/accountability-mechanism/main>.



### Bank Documents

- [Study on the Mechanism of Transboundary Horizontal Eco-compensation: Technical Assistance Report](#)