

**Comprehensive Agricultural Development and Water Resources Protection and
Management (2 loan projects)
Concept Paper**

Date: 27 April 2005

1. Type/modality of assistance

- Project loans for two projects
 - Program loan
 - Sector loan
 - Sector development program loan
 - ADF grant-financed
 - Other:
- Nonlending
 - Project preparatory for two projects
 - Other than project preparatory
 - Economic, thematic, and sector work
 - Institutional development
 - Other:

2. Assistance focus

- a. If assistance focuses on a particular sector or subsector, specify the
Sector(s): Agricultural and Natural Resources
Subsector(s): Agricultural Production, Agroprocessing and Agribusiness, Water Resources Management, Environment and Biodiversity, and Agriculture Sector Development.
- b. For project preparatory and lending, classification
 - Targeted intervention
 - General intervention
- c. Key thematic area(s)
Themes:
 - Sustainable economic growth
 - Inclusive social development
 - Governance
 - Gender and development
 - Environmental sustainability
 - Regional cooperation
 - Private sector development

Subtheme(s): Sustainable economic growth, Inclusive social development

3. Coverage

- Country Subregional Interregional
- Internal policy development

4. Responsible division/department: Agriculture, Environment and Natural Resources Division, East and Central Asia Department

5. Responsible ADB officer(s): B. Carrad, PRCM/ECAE

6. Description of assistance(s)

- a. **Background/linkage to country/regional strategy:** Ecosystem deterioration is a very serious problem across PRC, particularly in the vast and impoverished western region. Excessive logging, overcultivation, overgrazing, overuse of water resources, and expansion of land use activities into unsuitable and fragile environments have all led to accelerated land degradation and major environmental problems in much of PRC, especially the impoverished western region. For example, more than 90% of poverty-stricken people in rural areas live in regions where there is severe soil loss. The root causes have included an inadequate policy and institutional framework, and a high level of rural poverty. ADB's Country Program and Strategy

(CSP, 2004-06), addresses the interface between pro-poor economic growth and sustainable environmental management. It is particularly supportive of measures that offer income opportunities to rural households that are both environmentally sound and market-based. In this case, the project would support biodiversity conservation and rural income growth. The ongoing long-term country programming framework for the PRC-Global Environment Facility (GEF) Partnership on Land Degradation is a part of the CSP. It covers a 10-year period (2003–2012) and seeks to combat land degradation, reduce poverty, and conserve biodiversity through capacity-building investments and developing viable model investment projects, consistent with GEF's Operational Program 12 on integrated ecosystem management, in the western region. The proposed project would be potentially eligible for GEF grant support as one of the ADB-financed demonstration projects.

Project selection criteria have been identified and any future project would be designed to meet the following eligibility criteria (in addition to the existing GEF principles and criteria): (i) addresses enabling legal and regulatory framework conditions that enhance incentives and enforcement mechanisms for improved natural resource management; (ii) demonstrates an integrated and participatory approach, rather than a sector based approach, and foster increased coordination among line agencies; (iii) that fully involves local communities and all stakeholders in identifying, designing, planning, implementing and monitoring sustainable natural resource management projects; (iv) pilot tests innovative and coordinated institutional arrangements, technology systems, land use planning tools, adaptive management approaches, public/private partnerships; (v) achieves a synergy among biodiversity conservation, carbon sequestration, and land degradation control objectives through sustainable agriculture and rural development activities, with an emphasis on locally appropriated benefits and sustainable livelihoods; and (vi) includes a structured monitoring and evaluation component to generate lessons for potential replication.

Other GEF operational programs may be relevant for those provinces that are outside the western region. Other ongoing donor initiatives would be considered in the project development. The proposed project will also align with the Government's ongoing programs in water resources management, forestry, and agriculture.

- b. Goal and purpose:** : (i) select several areas to develop, implement and demonstrate integrated natural resources management approach; (ii) improve policies and create mechanisms for combating land degradation and develop alternate sustainable livelihoods in project areas; and (iii) investments and harmonization of ecosystem level management in terms of sustainable use of natural resources, including water resources, for agriculture, forestry, grazing systems and other uses.

c. Components and outputs:

(i) provincial and local land degradation planning, and zoning/mapping of land carrying capacity in target areas; (ii) conduct training and technical extension sessions to educate local people in awareness of environmental protection; (iii) alternate livelihood programs; (iv) promote sustainable vegetation programs, which may include as appropriate regenerating forest and grassland, cropland conversion, planting trees and appropriate arrangements for oases; (iv) harmonize relevant programs and plans for forestry, animal husbandry industries and other primary production.

- d. Expected results and deliverables:** To be determined during TAFF, including integrated natural resources demonstration projects; and reduced duplication and institutional overlaps in project areas

- e. Social or environmental issues or concerns:** To be determined during TAFF

f. Plans for disseminating results/deliverables:

For TA, method(s) of TA output dissemination:

- A conference/workshop/brown bag
 Publication of article(s) in external journals or books
 External press release to news agencies, including www.adb.org
 Internal press release in *ADB Today*
 Others (specify) _____

- 7. Proposed executing/implementing agency or agencies:** Ministry of Agriculture (MOA), Ministry of Water Resources, MOF, other Ministries/agencies involved in the OP12 Partnership.

- 8. Nature/extent of government/beneficiary involvement in identifying or conceptualizing the assistance:**
The project proposals coming from local governments will be consolidated by MOA to be in line with the CPF project selection criteria and development targets

9. Timetable for assistance design, processing, and implementation

- a. Year included in CSP, CSP Update, RCSP, RCSP Update, or interregional work plan: 2005
- b. Expected date of submission for approval
 - Lending: 2007, 2008
 - Nonlending (project preparatory): 2006, 2007
 - Nonlending (other than project preparatory):
- c. Period and duration of assistance
 - Lending: 2007-2012
 - Nonlending:

10. Financing Plan

- a. For lending
 - Ordinary capital resources: \$ 100 million for each loan (two loans)
 - Asian Development Fund (loan):
 - Asian Development Fund (grant):
 - Other: Chinese Government: \$100 million for each project

If cofinancing is required, indicate amount and sources sought: \$10 million from GEF, plus PDF(B) of \$350,000 for each project.

Source	Amount (\$)
ADB Financing	200,000,000 (two loans)
Government Financing	200,000,000
Other Financing (GEF)	20,000,000
Total Cost	420,000,000

Source:

- b. For nonlending
 - No resources required, other than ADB staff
 - ADB's administrative budget:
 - Grant TA funds \$800,000 (two PPTAs)
 - Other: Government: \$250,000, GEF: \$350,000 for each project (total \$700,000)

If cofinancing is required, indicate amount and sources sought: \$ 300,000, from GEF, including preparation PDFB

Source	Amount (\$)
ADB Financing	800,000
Government Financing	500,000
Other Financing (GEF PDFB)	750,000
Total Cost	2,050,000

Source:

ADB = Asian Development Bank, CSP = country strategy and program, RCSP = regional cooperation strategy and program, TA = technical assistance.