



# Program Information Document (PID)

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Concept Stage | Date Prepared/Updated: 30-Apr-2021 | Report No: PIDC238780



**BASIC INFORMATION**

**A. Basic Program Data**

Country China	Project ID P172806	Parent Project ID (if any)	Program Name Yellow River Basin Resilience Program
Region EAST ASIA AND PACIFIC	Estimated Appraisal Date 16-Dec-2021	Estimated Board Date 10-Mar-2022	Does this operation have an IPF component? No
Financing Instrument Program-for-Results Financing	Borrower(s) Ministry of Finance	Implementing Agency National Development and Reform Commission - Regional Development Department	Practice Area (Lead) Environment, Natural Resources & the Blue Economy

**Proposed Program Development Objective(s)**

To improve ecosystem protection and water conservation, and reduce pollution in selected regions of the Yellow River Basin

**COST & FINANCING**

**SUMMARY (USD Millions)**

<b>Government program Cost</b>	1,140.00
<b>Total Operation Cost</b>	1,140.00
Total Program Cost	1,140.00
<b>Total Financing</b>	1,140.00
<b>Financing Gap</b>	0.00

**FINANCING (USD Millions)**

<b>Total World Bank Group Financing</b>	380.00
World Bank Lending	380.00
<b>Total Government Contribution</b>	760.00



Concept Review Decision

The review did authorize the preparation to continue

## B. Introduction and Context

### Country Context

**China has experienced unprecedented economic growth and rapid social development.** Since the reforms and opening-up in 1978, China's GDP growth reached an average of almost 10 percent per year over several decades, making it the fastest sustained expansion by a major economy in history. China has emerged as the world's second largest economy and lifted more than 850 million people out of poverty. As the urbanization rate rapidly increased from 17.9 percent in 1978 to 60.3 percent in 2019, it facilitated an unprecedented economic transformation in the structure and expectations of society. At the same time, vast public investments in infrastructure have laid a solid foundation to support 18 percent of the world's population with only 9 percent of the world's cultivated land and 6 percent of the world's water resources. **China's remarkable economic and social development has resulted in rapid and increasing pressure on natural resources.** The country faces significant challenges of environmental degradation and resource depletion, with impacts costing an estimated 9 percent of GDP annually.<sup>1</sup> According to the results of the 'Eco-environmental Status Evaluation',<sup>2</sup> nearly one-third of the country was in poor environmental status in 2019, stating that areas with low biodiversity and degraded environments are not favorable for human activities.<sup>3</sup> Environmental degradation is evident in China's air, soil, and water pollution challenges, and mounting pressures on biodiversity and ecosystems resulting in loss of biodiversity and ecosystem services – around 90 percent of grasslands are degraded and prone to desertification, and 40 percent of major wetlands are facing severe degradation. According to Red List assessments,<sup>4</sup> about half of China's vertebrates and one-third of its vascular plant species are threatened. Freshwater vertebrate populations in the country are falling more than twice as quickly as terrestrial populations.<sup>5</sup>

**Environmental degradation challenges are compounded by a limited water resources endowment, with internal per capita renewable freshwater in the country at only one-third of the global average.**<sup>6</sup> As a result, water scarcity threatens ecosystems and sustainable development, constraining further economic growth. Increasing water demands and unsustainable water resources utilization have led to overexploitation and reduced ecological flows, resulting in increased scarcity, water pollution, and damages to wetlands and biodiversity. Scarce water resources are further undermined by water pollution, with about 86 percent of monitored groundwater sites polluted and 25 percent of monitored surface water failing to meet basic quality standards (Class I-III) for drinking water.<sup>7</sup>

**Recognizing these challenges, China is promoting “ecological civilization and high quality development” as a long-term national strategy to pursue a more balanced growth model.** Natural resources management has been increasingly recognized and integrated into development strategies and plans over the past decade. Key policy documents, including the 13th Five Year Plan (2016–2020), highlighted the government's commitment to an environmentally friendly society, which called for a “beautiful China” based in “ecological civilization”, a concept that has become one of the government's

<sup>1</sup> World Bank and State Environmental Protection Administration (2007). Cost of pollution in China.

<sup>2</sup> Technical Criterion for Eco-environmental Status Evaluation, Ministry of Environment Protection

<sup>3</sup> China Ecology and Environment Bulletin (2019), Ministry of Ecology and Environment

<sup>4</sup> Zang et al. 2016.

<sup>5</sup> Grooten and Almond (2018) Living Planet Report - 2018: Aiming Higher.

<sup>6</sup> World Bank Open Data. Renewable internal freshwater resources per capita (cubic meters),

<sup>7</sup> China Ecology and Environment Bulletin (2019), Ministry of Ecology and Environment



highest policy priorities. This includes a high-level focus on enhanced ecological and environmental protection and increased resource utilization efficiency.

**A set of institutional reforms was initiated to support the shift towards a new sustainability growth pattern.** A series of institutional reforms were launched in March 2018 to redefine responsibilities relating to water, ecosystem services and spatial planning, which included (i) transferring responsibilities for water pollution control to the Ministry of Ecology and Environment (MEE), (ii) establishing the Ministry of Natural Resources (MNR), and (iii) consolidating and optimizing responsibilities of the Ministry of Water Resources (MWR) and other related ministries. This transition, though, is challenged by overlapping institutional and jurisdictional mandates, which becomes apparent in the integrated management of catchments as ecological and hydrological units. Whereas international good practice for basin organizations is to provide for an inter-jurisdictional mandate, and an ability to regulate water and ecosystem services across the basin territory, basin organizations in China (such as the Yellow River Conservancy Commission and others) lack the administrative authority needed to determine provincial laws and regulations relating to the management of water resources development, and an inter-provincial command and control mandate around water resources and ecosystem services in the basin. In addition, the lack of administrative authority over provincial laws and regulations makes provinces as primarily responsible for water resources management, with challenges around multi-sectoral coordination and the adoption of integrated, landscape-based approaches.

#### Sectoral (or multi-sectoral) and Institutional Context of the Program

**The Yellow River Basin (YRB) plays an important role in China's economic and social development.** The Yellow River is the second longest river in China, and is considered the birthplace of ancient Chinese civilization, serving as China's political, economic and cultural center for over 3,000 years. Flowing through nine provinces/autonomous regions, YRB is home to 420 million residents (30.3 percent of China's population), generating US\$ 3.38 trillion (26.5 percent of national GDP).<sup>8</sup> The basin harbors major agricultural producing areas, generating about a third of the grain and meat output.

**The YRB is a critical ecological corridor, harboring biodiversity hotspots of global importance and providing critical ecosystem services.** The basin links the Qinghai-Tibet Plateau, Loess Plateau and North China Plain with the lower areas of Eastern China and the Bohai Sea. The basin harbors a variety of protected areas and multiple wetlands (at least 230, covering 3.9 million hectares), 83 key biodiversity areas, and 133 species listed in the IUCN Red List, including the iconic red and giant pandas and the snow leopard. In addition, the YRB is an important component of both the East Asian-Australasian Flyway and the Central Asian Flyway, providing critical wintering, breeding grounds and stop-over sites for migratory birds. The Yellow River Delta Wetlands at the river mouth is proposed to become a National Park under the China National Park system currently under development, and is an important stop-over site, with a regular record of over 1 million migratory birds during peak seasons, and providing critical breeding habitats for endangered biodiversity.

**The basin is vulnerable to climate variability and change and flooding.** Specific literature about climate change impacts on in the YRB does not abound, however, available streamflow data shows a significant downward trend in annual net runoff of the Yellow River in the past decades, with human activities identified as responsible for more than 90 percent of the runoff changes.<sup>9</sup> Climate factors are expected to become a greater concern over the coming decades: runoff levels in the 2021-2050 period across the YRB are projected to decrease by 0.53 to 9.67 percent, with high spatial variability.<sup>10</sup> In addition, climate change will likely aggravate the severity of water scarcity and flooding in the basin. Significant infrastructural investments have improved the government's capacity for drought and flood regulation, however risks still exist, and there are opportunities to also utilize 'green infrastructure' for further flood management, though for example, water retention, revegetation to reduce run-off and sedimentation, wetland restoration, and others.

**There is a need to address the complex trade-offs and competing demands over the limited water resources in the YRB.** These include balancing the water demands for social and economic development, ecosystem restoration, ecological flow

<sup>8</sup> The population and GDP are the data by the end of 2018.

<sup>9</sup> Kong, D., et al, 2016

<sup>10</sup> Wang, G., et al, 2017



requirements, sediment control, and building resilience to the uncertainty associated with climate change. Water resources in the YRB are under stress, with the water resources development and utilization rate as high as 80 percent, far exceeding the sustainable utilization threshold of 40 percent.<sup>11</sup> Severe soil erosion has led to considerable amount of sediments being deposited in the river bed, forming a 800 km long ‘Suspended River’ in the downstream.<sup>12</sup> Some ecosystem restoration interventions, especially revegetation, have significantly contributed to erosion control for flood risk mitigation, and carbon sequestration for climate change mitigation.<sup>13</sup> However, the expansion of plantation areas with unsuitable species or at unsuitable locations also increases water consumption.

**In responding to these complex trade-offs and the overall scarcity and pollution situation, the Government has declared the YRB as a national priority for Ecological Protection and High-Quality Development.** A keynote speech by President Xi Jinping on September 18, 2019 called for rational planning of ecological protection and social-economic development by “considering water resources as the most rigid constraint of the Yellow River development”, further emphasizing that “water determines the urban development, water determines the agricultural development, water determines the population growth, and water determines the production”. The National Development and Reform Commission (NDRC) was subsequently tasked with preparing a basin-wide YRB Ecological Protection and High-Quality Development Masterplan, which constitutes the framework for provincial and sectoral planning and action.

#### Relationship to CAS/CPF

**The proposed Program is closely aligned and will contribute to the World Bank’s Country Partnership Framework (CPF) for China (FY2020-2025 Report No. 117875-CN).** As the China-World Bank Group (WBG) partnership embarks upon a new era after 40 years of collaboration, the CPF is focused on China’s remaining institutional gaps and the country’s contribution to global public goods. This shift reflects the country’s own development strategy as an upper middle-income country in pursuit of a rebalanced growth model and focused on the construction of an ecological civilization.<sup>14</sup> Recognizing the changing context, the CPF for fiscal years 2020-2025 reorients the WBGs engagement to remain strong yet increasingly selective with a focus on enhancing policies and institutions. A programmatic engagement to support Government’s efforts on coordinated water governance and more efficient water resource management in the YRB is included among the priority programs in the CPF and the pipeline endorsed by Government.

**The proposed Program is expected to make significant contributions to global and regional public goods.** The Program will improve the foundations for biodiversity to thrive along the Yellow River Basin, by working in at the intersection between water scarcity and ecosystem integrity, improving ecological flows, supporting restoration of selected ecosystems, and promoting water conservation. Program activities on pollution control (including plastics pollution) will have a positive effect on ecosystems, and also on reducing pollutant concentrations entering into the ocean (through the Bohai sea). The Program would support enhanced resilience to hydro-climatic risks through more balanced water resources management, more efficient and better informed water allocation systems, and more efficient use of resources. Sound natural resources management will also contribute to enhancing the resilience of the YRB to related extreme weather events, such as flooding. The outcomes of all these activities within the basin of the second longest river in China are potentially significant at regional and global scales.

<sup>11</sup> The water resources development and utilization rate refers to the ratio of total water use to total water resources in a river basin or region. 40 percent of the water resources development and utilization rate was considered as a threshold of sustainable water development. Exceeding the threshold indicates the water resources is over developed and used, which will squeeze the environmental flow and reduce the self-purification capacity of water bodies.

<sup>12</sup> The ‘Suspended River’, also known as the ‘Raised Bed River’, is formed due to substantial sediment deposited in the riverbed.

<sup>13</sup> Chen, C., Park, T., Wang, X. et al. China and India lead in greening of the world through land-use management. *Nat Sustain* 2, 122–129 (2019). <https://doi.org/10.1038/s41893-019-0220-7>

<sup>14</sup> The concept of ‘Ecological Civilization’ has become one of the government’s highest policy priorities; it includes a high-level focus on resource efficiency, environmental sustainability and ecological conservation.



**The proposed Program contributes to Engagement Area 2 of the CPF promoting greener growth by strengthening sustainable management of natural resources in the YRB**, including the preservation of its land, water and biodiversity. Many of the lessons learned and knowledge generated are expected to incentivize and demonstrate the high value of integrated watershed management, coordinated environment and water governances and a more efficient natural resource management across jurisdictions.

#### Rationale for Bank Engagement and Choice of Financing Instrument

**The proposed Program has been requested by the Government to contribute to their strategy for ecological protection and high-quality development in the YRB.** The Bank has extensive experience in China and elsewhere in the conciliation of trade-offs along complex landscapes / watersheds, and can help drive current Government programs towards success. The Program would further build on and leverage ongoing analytical work in China, including the Bank's Country Water Resources Partnership Strategy, the Water Governance Study and ongoing work on eco-compensation mechanisms and realizing the value of water in the construction of an ecological civilization. It would also build on relevant implementation experiences, such as for several programs along the Loess Plateau, a large forestry agenda and a rich water resources management agenda. Importantly, the Program would build on the success of the Xinjiang Turpan Water Conservation Project, which demonstrated the concept of water balance based on satellite information.

**The Government is developing the YRB Masterplan, and the proposed Program, using the PforR approach, would integrate seamlessly and bring value added to national efforts in the basin.** The Regional Development Department within NDRC is preparing the basin-wide masterplan, in close coordination with the Ministry of Finance (MOF), Ministry of Water Resources (MWR), Ministry of Ecology and Environment (MEE), Ministry of Natural Resources (MNR) and its National Forest and Grasslands Administration (NFGA), and Ministry of Agriculture and Rural Affairs (MARA). The basin-wide masterplan is the framework for provinces to develop their own masterplans. This is the case for Henan, Shaanxi, Gansu and Inner Mongolia, the three provinces and autonomous region that have expressed interest in participating in the Program. The proposed Program would thus support the finalization and implementation of the YRB masterplans in selected provinces / sub-basins.

**In this context, Program for Results (PforR) has been identified as the most appropriate lending instrument** for several reasons:

- i) The preparation of a Government program(s) for the YRB. PforR can support program finalization and implementation of key elements through the provision of a comprehensive set of analytical and advisory activities as well as investments, in close consultation with relevant institutions at central and provincial level. The proposed Program will focus on a subset of the Government program, on areas where government wants to enhance efficiency, effectiveness and impact of its expenditure (e.g. undertaking integrated basin planning).
- ii) A new World Bank operating environment in China favors an incentive based, program-focused approach. A results-based financing instrument is thus predicated on considerations of Government capacity and the ability to leverage ongoing activities. This approach is proposed given the Bank's assessment that the constraint to achieving government programs' objectives are related to cross-sectoral collaboration, ecosystem integrity and utilization of water resources constraints as guiding elements of planning. The Bank's intervention will thus be focused on laying the foundation for a more water-balanced, performance-based orientation of programmatic government funds and demonstrating the effectiveness of this approach in a few selected priority areas.
- iii) The proposed Program will support selected provinces with initiatives that promote sustainable land use management and water conservation measures. The selection of such initiatives will be based on the results areas identified for this Program, and it is expected to leverage significant Government financing as part of the national strategy articulated by the President in his keynote speech "*The Yellow River Basin Ecological Protection and High-Quality Development*" and related implementation plans and programs subsequently developed.
- iv) Some of the activities to be implemented at provincial level could include small works such as activities that improve water and soil erosion control, water pollution (point and non-point control), or consumption-based irrigated



agricultural water savings. These activities will be undertaken provided that they will not generate potentially significant adverse impacts that are sensitive, diverse or unprecedented on the environment and/or affected people. Activities of this nature (for example, large infrastructure works needed for flood control) are not eligible for PforR financing and will be excluded from the proposed Program.

### C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

#### Program Development Objective(s)

To improve ecosystem protection and water conservation, and reduce pollution in selected regions of the Yellow River Basin

#### PDO Level Results Indicators

**Proposed PDO indicators** (a long list is proposed, to be further defined during preparation):

- i. Ecosystems provide environmental services in targeted areas of the YRB
- ii. Reduced water consumption in targeted areas of the YRB
- iii. Improved water productivity in targeted areas of the YRB
- iv. Reduced (plastic) pollution in targeted areas of the YRB
- v. Ecological flow allocations determined / met in targeted areas of the YRB

### D. Program Description

#### PforR Program Boundary

#### **Government program (the YRB Masterplan and provincial / sub-basin YRB plans)**

**The proposed Program-for-Results (PforR) Program will support the Government's program for Ecological Protection and High-Quality Development in the YRB (the YRB Masterplan).** The major objectives of the Government program are to enhance ecological protection and restoration, ensure safe management of floods, promote water conservation, facilitate basin wide high-quality development, improve people's lives, protect and promote the Yellow River culture along the YRB. The program highlights the long-term vision to 'make the Yellow River become a happiness river for the benefits of people'.

**Five key working areas are included in the Government program, guiding major directions for future interventions.** These include:

- (a) **Enhancing Ecological and Environmental Protection** through addressing the different challenges of the upper, middle and lower reaches. In the upper reaches, water conservation is prioritized for major ecological protection and restoration projects. In the middle reaches, soil and water conservation, pollution management, and sustainable vegetation cover and ecosystem management are the priority. In the lower reach areas, the Yellow River Delta is the most important wetland ecosystem in the warm temperate zone of China, and its protection is critical to improve river health and enhance biodiversity.
- (b) **Ensuring Management of Floods.** The complex water-sediment relationship poses flood risks along the Yellow River. Given the complexity and risk characterization of the investments needed to address hydrological risks, the Program will not directly support this area, although it is expected to be beneficial for flood control.
- (c) **Promoting Water Conservation.** Water resources in the YRB are limited, requiring a holistic and rational planning considering water constraints through water conservation measures, addressing unsustainable water demand, promoting water-saving practices across the YRB.



- (d) **Facilitating High-Quality Development.** This area calls for regions to better use their comparative advantages, and rationally planning development according to economic status and carrying capacity. This element will be indirectly supported by the Program.
- (e) **Protecting, Inheriting and Promoting the Yellow River Culture.** The ‘Yellow River culture’ is the root and soul of the Chinese nation, and its protection and promotion are a priority for GoC. This element will not be directly supported by the Program.

**Institutional responsibilities for YRB Masterplan implementation were defined at different levels:** (i) the central government is in charge of preparing critical planning and regulations for the entire basin and coordinating major inter-jurisdictional issues; (ii) provincial governments are to organize and promote program implementation; (iii) municipal/county governments are responsible for implementing the program.

**A call for proposal for provinces along the YRB to express interest in participating in the World Bank-financed Program was launched by NDRC / MOF in 2020.** Three provinces (Henan, Shaanxi and Gansu) and one autonomous region (Inner Mongolia) submitted proposals. The Bank team visited all four, and analyzed the proposals in detail. The following paragraphs describe the main findings.

**Henan province.** The provincial YRB Masterplan has already been designed and approved, as well as several key provincial-level sectoral plans. A key element of the Masterplan is the Sanmenxia sub-basin. The Henan Sanmenxia YRB Government Investment Plan has been developed considering the strategic importance of Sanmenxia, which receives 98 percent of the total sediment loads from the upstream of the Yellow River and plays a crucial role in the transition between the medium and the lower reach of the basin. To address the main challenges of water scarcity and pollution, soil erosion, sedimentation and plastic pollution, the investment plan proposes a package of 10.68 billion RMB around eight results areas: Water saving; Water resources utilization; Reuse of reclaimed water; Water environment governance; Ecological restoration and protection; Special governance of the reservoir area; Special treatment of plastic pollution; and Regulatory capacity building.

**Shaanxi province.** The provincial YRB Masterplan has been designed, as well as several key sectoral plans. One such critical plan is the Wei River Water Ecological Restoration Plan. The Wei river is the longest (880 km), most important tributary to the Yellow River, with 512 km of length and 67,000km<sup>2</sup> in Shaanxi. The restoration and improvement of the Wei River is a key priority in Shaanxi, with a provincial level Leadership Group composed of the top authorities in the province. The Wei River Restoration Plan is divided into 5 Results Areas, and contains 17 indicators. The RAs are: Water safety; Water resources efficiency; Water ecology; Water pollution; and Water resources management.

**Both Inner Mongolia and Gansu are developing their provincial-level YRB Masterplans.** The proposals submitted for PforR financing by both included key elements of ecosystem restoration and water resources management, however they were more centered around individual investments more suitable for investment-project financing. The Bank team is currently working with both provinces to improve their proposals into a PforR architecture.

### **PforR Program Boundary**

**The proposed PforR Program is intended to directly support selected sub-basins within the provincial YRB Masterplans as part of the YRB Masterplan.** These sub-basins, to be further identified during preparation, are expected to support two of the five basin-wide YRB Masterplan’s objectives — enhancing ecological and environmental protection and promoting water conservation. The World Bank’s international experience and knowledge will be used to support the Government to prepare evidence-based, rational planning to guide ecological protection and water conservation in the YRB. The proposed PforR will also indirectly support other two working areas of the Government’s program—ensuring safe management of floods and facilitating high-quality development. The Program will contribute to sediment control and environmental flow, providing “green infrastructure” solutions to manage erosion, which links water-sediment regulation for flood management. The Program will support rational water allocation, which will address the water demands and constraints for high-quality development.



The proposed PforR Program is expected to be well aligned with the timeline of the Government's program. The Program preparation period coincides with the Government's working schedule to prepare basin-level Masterplans and other sectoral plans, and with the period of implementation of the 14<sup>th</sup> Five-Year Plan (2021-2025). The work schedule allows the task team to get engaged at an early stage, to introduce World Bank knowledge and experience to support the Government with innovative technologies and best international practices.

#### E. Initial Environmental and Social Screening

The proposed PforR is designed to build ecological and social resilience and to mitigate the impacts of environmental stressors (for example, flow modification, pollution, land degradation) in selected watersheds within the YRB. Thus, its implementation is anticipated to bring significant and broader positive environmental and social effects in the Program regions. A preliminary identification mission has been conducted with visits to four candidate provinces/autonomous regions (Henan, Shaanxi, Gansu and Inner Mongolia). Though the final selection of Program provinces (likely two of them) will only be determined during the preparation stage, relevant government programs have been reviewed during the mission to support the initial Environmental and Social (E&S) risk rating.

**Excluded activities.** Following the Bank policy, activities that are "judged to be likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people" are not eligible for PforR financing. Based on the information currently available and experience of implementing similar interventions in China, the following activities are among those recommended to be excluded: large-scale water resource infrastructure (such as large dams, inter-basin water transfer, etc.); rehabilitation of mining sites; construction/expansion of large-scale wastewater treatment plants; closure of enterprises or activities associated with high-risk industries; activities with the potential to convert/damage critical natural habitats; permanent-basic-farmland acquisition; large scale farmland acquisition; adverse impacts on ethnic minorities; livelihood impacts arising from the restriction of access or transfer of user rights; large scale household relocation. It was noted during the identification mission that some of the shared government programs also included the establishment of small-scale facilities and supporting mechanism to collect and transfer plastic waste in rural areas. Despite the limited size of the facilities themselves, the risks of associated disposal/recycling facilities will be further identified and assessed during the preparation of Environmental and Social System Assessment (ESSA) upon the availability of more information, and such activities will be excluded from PforR financing as well if identified with high environmental and social risks.

With the application of the above exclusion criteria (to be further refined during preparation), the Program is anticipated to focus on small-scale investments, for example, upgrading of irrigation systems, construction/upgrading of rural water supply/wastewater treatment facilities and associated network, afforestation and forest cultivation, terracing of slope farmland, river rehabilitation and riverbank landscaping, installation of water-saving appliances and monitoring instruments, capacity building activities, etc. Thus, the negative environmental and social impacts associated to these supported activities will be largely site-specific and reversible. Also, the induced environmental or social impacts are anticipated to be positive in the long term. In terms of management capacity, all the candidate provinces/ autonomous regions are found to have experience with previous/ongoing Bank's IPF operations and are at least familiar with the Bank's safeguard policies. Therefore, the overall environmental and social risks of the Program are considered **moderate** at this stage.

Following the Bank policy requirements, an Environmental and Social System Assessment (ESSA) will be prepared, consulted upon, and disclosed prior to appraisal. The ESSA will examine the scope, context and potential impacts of the Program from an environmental and social perspective. It will entail the review of environmental and social management systems and of the implementing capacities of the respective government agencies that will participate in the Program, and evaluate their consistency with the core principles and attributes specified in OP 9.00. Recommendations will be made to address any issues that are identified and these will be considered for being included in the DLIs, PAPs and/or POM.



The content of the ESSA will include, but not be limited to: (i) a brief description of the Program, including the objectives, relationships between government’s Program and the PforR; (ii) potential environmental and social risks, impacts and benefits, including any potential issues related to land acquisition; (iii) evaluation of the institutional arrangements and mechanisms in place to deal with the potential environmental and social risks; (iv) identification of gaps and measures related to the system and the implementing entities; (v) meaningful consultation with the stakeholders; and (vi) inputs to the integrated risk assessment.

Some of the potential activities to be supported under the Program could have risks in terms of social sustainability, land acquisition and ethnic minorities. Activities such as strict control of industrial and agricultural waste-water, optimizing the allocation of water resources and strengthening ecological protection, could have downstream implications for employment opportunities, incomes, water use rights, etc. Some physical activities could also lead to land acquisition and relocation, while other activities may be implemented in areas mainly occupied by ethnic minorities.

Land acquisition and resettlement have been operating as critical functions of provincial and county governments under the regulation of the new Land Law. This has greatly improved the protection of farmer’s land rights and the natural resource departments/bureaus are now required to satisfy the need for land acquisition associated with the construction of wastewater and water-related works, identify any access restrictions for ecological protection, and so forth. Staff capacity has also been strengthened during the recent institutional reforms, however the proposed Program presents an opportunity to further strengthen systems and capacity in relation to land acquisition and resettlement.

Ethnic affairs are led by ethnic affairs commission at each level of government under the leadership of the National Ethnic Affairs Commission. This includes managing the protection of culture for ethnic minorities, dispute mitigation among ethnic minorities, lobbying for equal resources to support development of ethnic minorities, and assistance to local governments in getting support from ethnic minority communities for government-originated development programs.

A comprehensive environmental and social systems assessment (ESSA) will be prepared to assess the systems in each jurisdiction at both Provincial and County/Municipal levels to manage the identified risks associated with the Program. The ESSA process will include extensive consultation with appropriate stakeholders and will identify opportunities for systems and capacity improvement as part of the Program.

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