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MULTILATERAL INVESTMENT GUARANTEE AGENCY

COUNTRY PARTNERSHIP FRAMEWORK

FOR

THE PEOPLE'S REPUBLIC OF CHINA

FOR THE PERIOD FY2020-2025

November 11, 2019

**International Bank for Reconstruction and Development
China, Mongolia, and Korea Country Management Unit
East Asia and Pacific Region**

**International Finance Corporation
East Asia and Pacific Region**

Multilateral Investment Guarantee Agency

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CURRENCY EQUIVALENTS (as of October 30, 2019)

Currency Unit = Renminbi (RMB)
US\$1.00 = RMB 7.06

ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank	MOF	Ministry of Finance
ASA	Advisory Services and Analytics	MP	Montreal Protocol
CHUEE	China Utility-Based Energy Efficiency Finance Program (IFC)	MSME	Micro, Small, and Medium Enterprise
CO ₂	Carbon Dioxide	NDC	Nationally Determined Contribution
CPS	Country Partnership Strategy	NDRC	National Development Reform Commission
CPF	Country Partnership Framework	NGO	Non-Governmental Organization
CLR	Completion and Learning Review	NPS	Non-Point Source (Pollution)
DPF	Development Policy Financing	ODS	Ozone-Depleting Substances
DRC	Development Research Center of the State Council	OECD	Organization for Economic Cooperation and Development
EAP	East Asia and the Pacific	PFM	Public Finance Management
ECE	Early Childhood Education	PforR	Program for Results
EE	Energy Efficiency	PLR	Performance and Learning Review
E&S	Environmental and Social	PM	Particle Matter
ESCO	Energy Service Company	PMO	Project Management Office
ESF	Environment and Social Framework	POPs	Persistent Organic Pollutants
ETS	Emissions Trading Scheme	PPP	Purchasing Power Parity
FY	Fiscal Year	PPP	Public-Private Partnership
FYP	Five-Year Plan	RAS	Reimbursable Advisory Service
GDI	Graduation Discussion Income	R&D	Research and Development
GDP	Gross Domestic Product	RMB	Renminbi (China's currency)
GEF	Global Environmental Facility	SCD	Systematic Country Diagnostic
GHG	Greenhouse Gas	SME	Small- and Medium-sized Enterprise
GNI	Gross National Income	SO ₂	Sulfur Dioxide
HCFC	Hydrochlorofluorocarbons	SOE	State-Owned Enterprise
HFC	Hydrofluorocarbons	S&T	Science and Technology
IBRD	International Bank for Reconstruction and Development	TA	Technical Assistance
IDA	International Development Association	TVET	Technical and Vocational Education and Training
IFC	International Finance Corporation	UDIC	Urban Development Infrastructure Cooperation
IMF	International Monetary Fund	UN	United Nations
MARA	Ministry of Agriculture and Rural Affairs	UNICEF	United Nations Children's Fund
MCDF	Multilateral Center for Development Finance	US	United States
MDGs	Millennium Development Goals	WBG	World Bank Group
MIGA	Multilateral Investment Guarantee Agency	WHO	World Health Organization

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**COUNTRY PARTNERSHIP FRAMEWORK
FOR THE PEOPLE’S REPUBLIC OF CHINA**

Table of Contents

I. Country Context and Challenges.....	1
A. Economic and Social Developments.....	1
B. China’s Medium-Term Challenges and Strategy	5
II. The World Bank Group Track Record and Lessons Learned	13
III. The World Bank Group Strategy	17
A. Framework for World Bank Group Engagement in China	17
B. Engagement Area One: Advancing Market and Fiscal Reforms	23
C. Engagement Area Two: Promoting Greener Development.....	26
D. Engagement Area Three: Sharing the Benefits of Growth	33
E. Cross-Cutting Theme: Cooperating on Global Knowledge and Development	36
IV. Delivering the World Bank Group Program.....	39
V. Managing Risks	40

Boxes

Box 1: Poverty and Inequality in China	4
Box 2: Key Development Priorities, Underlying Institutions, Reform Challenges.....	10
Box 3: Examples of Climate Change-Related Results During the 2012 CPS	14
Box 4: FY19 China Country Survey	16
Box 5: IBRD Lending to China	19
Box 6: One World Bank Group in China	21
Box 7: The 3 “D”s—Reducing Distortions, Accelerating Diffusion, Fostering Discovery.....	24
Box 8: China as an IDA Contributing Partner.....	37
Box 9: The China-WBG Partnership Facility Trust Fund	38

Tables

Table 1: China: Selected Economic and Social Indicators and Projections, 2015-2021	2
Table 2: Selected Targets in the 13 th Five-Year Plan	11
Table 3: Key Advisory Services and Analytics by Area of Engagement.....	22
Table 4: Engagement Area 1--Institutional Constraints	23
Table 5: Engagement Area 2--Institutional Constraints	27
Table 6: Engagement Area 3--Institutional Constraints	34
Table 7: Summary Risk Table	41

Annexes

Annex 1: China Country Partnership Framework Results Matrix.....	42
Annex 2: WBG Completion and Learning Review	58
Annex 3: Selected Indicators of Bank Portfolio Performance and Management	103
Annex 4: Operations Portfolio (IBRD/IDA and Grants)	104
Annex 5: Statement of IFC’s Committed and Outstanding Portfolio.....	107
Annex 6: China -- Indicative IBRD Financing, FY20-22	109

Executive Summary

Following four decades of high growth and poverty reduction, China has entered a new stage of development. Since the start of China’s reform and opening up in the late 1970s, GDP growth has averaged almost 10 percent a year and more than 850 million people have lifted themselves out of poverty. China today is an upper middle-income country and its economy has global importance. However, over the past few years, growth has moderated in the face of structural constraints, including declining labor force growth, diminishing returns to investment, and slowing productivity. The challenge going forward is to find new drivers of growth while addressing the social and environmental legacies of China’s previous development path.

Governance and institutional reforms are at the core of addressing China’s remaining development challenges, as noted in the World Bank Group Systematic Country Diagnostic for China and China’s own strategic policy documents. China’s rapid economic growth exceeded the pace of institutional development, and there are important institutional and reform gaps that China needs to address to ensure a high-quality and sustainable growth path. The role of the state needs to evolve and focus on providing stable market expectations and a clear and fair business environment, as well as strengthening the regulatory system and the rule of law to further support the market system.

Given its size, China is central to important regional and global development issues. China is the largest emitter of greenhouse gases, and its air and water pollution could affect other countries. Moreover, maintaining economic growth at reasonable levels has important spillovers for the growth of the rest of the world economy. Many of the complex development challenges that China faces are relevant to other countries, including transitioning to a new growth model, rapid aging, building a cost-effective health system, and building resilience to climate and natural disasters. China is a growing influence on other developing economies through trade, investment, and ideas.

The China-World Bank Group (WBG) relationship, which will complete 40 years in 2020, is also entering a new phase. Given that China is now an upper middle-income country and above the IBRD “graduation discussion income” (GDI), this Country Partnership Framework (CPF) for fiscal years 2020-2025 reorients WBG engagement to remain strong yet be increasingly selective as lending declines, with a focus on China’s remaining institutional gaps and the country’s contribution to global public goods. This shift is consistent with the country’s own development strategy.

To implement this approach, new WBG financing will be subject to selectivity criteria, and IBRD financing will gradually decline. Future IBRD lending will primarily focus on China’s remaining gaps in policies and institutions for sustainable IBRD graduation. WBG operations will also emphasize at least one of the following four criteria: addressing regional or global public goods, fostering the private sector, supporting critical services in lagging regions, and strategic piloting of approaches to address key development priorities, especially in areas relevant to other developing countries. IBRD lending will average about US\$1.0-\$1.5 billion per year and gradually decline during the CPF period. Knowledge cooperation, including through Reimbursable Advisory Services (RAS), is expected to grow.

IFC will apply a rigorous additionality assessment to its program. IFC will continue to concentrate on propagating best practice international standards and on developing a competitive private sector. However, its sectoral and geographic focus will shift to align with China’s evolving development needs. IFC’s program will support CPF objectives by focusing on (i) strengthening environmental sustainability and resilience; (ii) deepening inclusion and reducing inequality in lagging regions; and

(iii) crowding in private investment to create a more competitive market environment. The IFC program will complement IBRD's program and remain roughly stable in volume. Investment commitments are expected to be US\$800-1,200 million per year (including mobilization). MIGA could potentially support projects in the lesser developed west or ones that help expand public-private partnerships and mobilize private finance, although China's improving investment climate is expected to continue to hold down the demand for inbound political risk insurance.

The CPF will focus on three areas of engagement, consistent with China's key development and institutional challenges and with the importance of China to achieve regional and global public goods:

- **Engagement area 1: Advancing market and fiscal reforms**, by improving the environment for competition and private sector development; and achieving more efficient and sustainable subnational fiscal management and infrastructure financing.
- **Engagement area 2: Promoting greener growth**, by facilitating the transition to a lower carbon energy path; reducing air, soil, water, and marine plastic pollution; demonstrating sustainable agriculture practices and improving food system quality and safety; strengthening sustainable natural resource management; and promoting low-carbon transport and cities.
- **Engagement area 3: Sharing the benefits of growth**, by increasing access to quality health and social services; and improving the quality of early learning and skills development programs.

Cooperating on global knowledge and development will be a cross-cutting theme. China's support to the WBG has been growing, including through rapidly increasing financial contributions to IDA and other programs, while its global development finance and assistance have been rising. The CPF will take a more strategic and coordinated approach, focusing on two areas: (i) harnessing China's development experience and knowledge to benefit other developing countries, and (ii) strengthening China's institutions and standards for high quality overseas development finance and assistance.

Progress in implementing the CPF will be assessed at midterm. This is the first CPF since China's gross national income (GNI) per capita exceeded the GDI. At CPF midpoint, the WBG will prepare a Performance and Learning Review, which will assess progress in CPF implementation, including the key elements of the graduation policy, notably the strengthening of key institutions for economic and social development.

COUNTRY PARTNERSHIP FRAMEWORK FOR THE PEOPLE'S REPUBLIC OF CHINA

1. **China and the World Bank Group (WBG) have built a strong and dynamic partnership in the 40 years since China initiated reforms in the late 1970s.** The WBG strategy has evolved over time as China's needs and level of development have changed. In the early years, the WBG brought international experience to help design economic reform strategies, improve project management, and address key bottlenecks to growth. More recently, a two-way relationship has developed—the WBG offers international expertise to help address China's key development challenges and pilot reforms through projects and programs; and China's development experiences enhance the WBG's global knowledge and capacity to help other developing countries.

2. **This Country Partnership Framework (CPF) for fiscal years (FYs) 2020-2025 reflects an evolution to a more selective engagement appropriate for China's level of development.** It is aligned with China's own development priorities, which emphasize better quality, more balanced, and environmentally sustainable growth. The CPF focuses on strengthening policies and institutions, addressing regional and global public goods, fostering the private sector, supporting critical services in lagging regions, and strategic piloting of approaches to address key development priorities, especially in areas relevant to other developing countries. It is informed by the WBG's Systematic Country Diagnostic (SCD) and other WBG studies.

I. COUNTRY CONTEXT AND CHALLENGES

A. Economic and Social Developments

China's Development over 40 Years

3. **2018 marked the 40th anniversary of China's "reform and opening up"—a period of high growth and poverty reduction.** China's rapid development was made possible by a wide range of reforms that worked to transform a state-dominated, planned, and closed economy into a more market-based, and open economy using a gradual learning-by-doing approach described by Deng Xiaoping as "crossing the river by feeling the stones." Gross domestic product (GDP) growth has averaged almost 10 percent a year since 1991; and per capita gross national income (GNI Atlas Method) reached US\$9,470 in 2018, classifying China as an upper-middle income country.¹ At market exchange rates, China is the second largest economy in the world.

4. **China has made major social development gains although per capita income and other economic and social indicators still lag those of advanced economies.** More than 850 million people were lifted out of poverty as China's poverty rate fell from 88 percent in 1981 to 0.7 percent in 2015.² China reached all the Millennium Development Goals (MDGs) and made a major contribution to the achievement of MDGs globally (the first MDG target—to halve the proportion of people in the world whose income is less than US\$1.25 a day—was achieved five years ahead of schedule due to China). At the same time, China's per capita income is still only about a quarter of the average for high-income countries and ranked about 71st in the world.³ China also lags in labor productivity and human capital. For example, when Chile and Korea obtained high-income status (in 2011 and 2001, respectively),

¹ Upper middle-income economies are those with a GNI per capita (2018) between US\$3,996 and US\$12,375.

² <http://iresearch.worldbank.org/PovcalNet/povOnDemand.aspx>

³ Among World Bank member countries. *World Development Indicators*, The World Bank.

their labor productivity levels were, respectively, almost 2 and 2.5 times that of China in 2015.⁴ Human capital levels in Chile and Republic of Korea were a quarter and a third higher, respectively.⁵

China's Shift to a New Growth Model

5. **China has now entered a new stage in its development—a transition to slower but more balanced and sustainable growth.** China's double-digit growth based on resource-intensive manufacturing, exports, and cheap labor has largely reached its limits and has led to economic, social, and environmental imbalances. Reducing these imbalances requires shifts in the structure of the economy from low-end manufacturing to higher-end manufacturing and services, and from investment to consumption.

6. **Growth has gradually slowed since 2012.** Over the past five years, growth decelerated from 7.8 percent in 2013 to 6.6 percent in 2018. Growth is projected to slow down further to 6.1 percent this year and fall below 6 percent during the remainder of the forecast period (see table 1). The slowdown primarily reflects structural constraints to growth. China's labor force growth is slowing, the gains from reallocation of labor from agriculture to industry and services are increasingly exhausted, and productivity growth has fallen since the 2008 Global Financial Crisis. China partially offset this slowdown through high levels of public investment, but this was associated with rapidly growing debt and declining returns on infrastructure investment. Between 2017 and 2018, the authorities tightened credit policy to deleverage and contain growing financial risks. Since mid-2018, and in response to weaker external and domestic demand, China's fiscal policy has become more proactive, as reflected in a widening of the augmented fiscal balance.

Table 1: China: Selected Economic and Social Indicators and Projections, 2015-2021

	2015	2016	2017	2018	2019f	2020f	2021f
Real GDP growth, at constant market prices	6.9	6.7	6.8	6.6	6.1	5.9	5.8
Private Consumption	7.4	8.6	6.4	9.1	6.8	6.8	6.7
Government Consumption	9.9	8.8	9.5	9.4	8.4	8.2	8.1
Gross Fixed Capital Formation	7.0	6.8	5.2	4.9	4.5	4.3	4.2
Exports, Goods and Services	-1.5	1.8	8.9	4.0	2.5	1.7	1.8
Imports, Goods and Services	-1.3	5.7	6.6	7.5	1.0	1.2	1.3
Real GDP growth, at constant factor prices	6.9	6.7	6.8	6.6	6.1	5.9	5.8
Agriculture	3.9	3.3	3.9	3.5	3.3	3.3	3.3
Industry	6.2	6.3	5.9	5.8	5.5	5.2	5.0
Services	8.2	7.7	7.9	7.6	7.0	6.7	6.7
Inflation (Private Consumption deflator)	1.4	2.0	1.6	2.1	2.4	2.5	2.5
Current account balance (% of GDP)	2.8	1.8	1.6	0.4	0.7	0.6	0.5
Financial and capital account (excl. reserves) (% of GDP)	-4.0	-3.7	0.9	1.0	0.9	0.9	0.9
Net Foreign Direct Investment (% of GDP)	0.6	-0.4	0.2	0.8	0.9	1.0	1.1
Fiscal Balance (% of GDP) a	-2.4	-3.1	-2.5	-3.9	-5.9	-5.5	-5.4
Primary Balance (% of GDP) a	-1.3	-2.0	-1.2	-2.7	-4.7	-4.2	-4.1
Official Government Debt (% of GDP)	37.1	36.9	36.5	37.1	39.9	42.5	44.9
GDP per capita (current US\$)	8,033	8,079	8,759	9,771	9,958	10,318	10,889

Source: World Bank staff estimates. Notes: f = forecast.

(a) World Bank staff calculations. The augmented fiscal balance (narrow definition) adds up the public finance budget, the government fund budget, the state capital management fund budget, and the social security fund budget. The primary balance is the difference between revenue and non-interest expenditures. The Government publishes data for the public finance budget deficit, which was 2.4%, 2.9%, 2.9% and 2.6% between 2015-2018 and is expected to reach 2.8% in 2019.

⁴ World Bank. 2019. *A Resurgent East Asia*.

⁵ *ibid*

7. **There has been some progress on rebalancing towards a more sustainable economic structure.** External rebalancing has been rapid, with the current account surplus shrinking from almost 10 percent of GDP in 2007 to less than 1 percent in 2018. At the same time, domestic rebalancing has progressed more gradually. On the supply side, services have replaced industry as the largest contributor to growth, accounting for nearly 60 percent of GDP growth in recent years; and the share of services in employment increased from 32 percent in 2007 to 45 percent in 2017. Services now likely account for most employment in China given their high share in informal jobs. On the demand side, a transition from investment-led growth to consumption-led growth is also underway, with real consumption growing in the range of 7-9 percent in recent years, as opposed to 6 percent fixed capital investment growth. Final consumption as a share of GDP has grown steadily to 54 percent in 2018. Nonetheless, compared to peers, China still stands out for an exceptionally high share of investment in GDP (45 percent) and a relatively underdeveloped and restricted services sector.

8. **Tensions in relations with some major trade and investment partners have added headwinds to China’s growth prospects.** Resolution of these tensions will be important for the economic prospects of China and its partners alike. Likewise, a smooth shift to sustainable and higher-quality growth is important for China—and the world economy. As the world’s second-largest economy and largest external trading nation, China’s economy has global importance, contributing around 30 percent of global growth in the past eight years.

Trends in Poverty, Inequality, and Environmental Sustainability

9. **Reducing poverty and inequality remain important challenges** (see box 1). As of 2015, there were still about 10 million Chinese living below the US\$1.90-a-day per capita international poverty line (in 2011 PPP terms).⁶ China is on track to eliminating the “last mile” of extreme poverty by end of 2020⁷, although many of the remaining poor are dispersed in rural and remote areas. In addition, while a large number of people has been lifted out of absolute poverty, many remain vulnerable. In 2015, there were 95.5 million people below a poverty line of US\$3.20 a day (in 2011 PPP terms) and 372.8 million people below US\$5.50 a day.⁸ Income inequality has improved since around 2010 but remains relatively high.

10. **Inequality mainly reflects significant spatial disparities and the associated disparities in access to public services.** Urban-rural inequality accounts for the largest share of total inequality, and disparities between regions and provinces are also high—the average income per capita in the richest province is almost four times that of the poorest province.⁹ The quality of public services in rural and lagging regions is often significantly worse than in coastal urban areas, reflecting different fiscal capacities. Moreover, the hukou household registration system has barred the migrant population from access to the same social (health and pension) insurance and public services than those available to permanent urban residents. While the hukou system has been partially relaxed and some progress has been made in pooling social insurance systems at the provincial level, the poor would benefit from greater opportunities to access quality education and health services.

11. **Economic and social gains have come with the problem of pollution and natural resource depletion.** And while pollution and resource scarcity affect all citizens, the poor are usually most affected and least able to cope. China’s environmental performance is also of global importance—due

⁶ World Bank. 2018. *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle*.

⁷ Official data shows that poverty in rural areas continued to decline from 5.7 percent in 2015 to 3.1 percent in 2017. See *2018 China Statistical Yearbook*, National Bureau of Statistics. China’s official poverty threshold (known as the “2010 standard”) corresponds to a rural poverty line of 2,300 yuan per person per year at 2010 prices.

⁸ World Bank Poverty and Equity data portal: <http://povertydata.worldbank.org/poverty/country/CHN>

⁹ Data for 2017. *2018 China Statistical Yearbook*, National Bureau of Statistics.

to its size and high share of coal in its energy mix, it is the largest emitter of greenhouse gas (GHG) emissions in the world.

Box 1: Poverty and Inequality in China

China's economic reforms, starting with the introduction of the household responsibility system in agriculture in 1978, have lifted more than 850 million Chinese people out of poverty.¹ From 1979 to 1997, the flow of labor from agriculture to manufacturing and services was accompanied by rapid urbanization, increased labor productivity, higher living standards, and a significant boost in incomes. China's poverty rate fell from 88.1 percent in 1981 to 0.7 percent in 2015, an achievement unprecedented in scope and scale.² The absolute number of poor people over this period fell from 877.8 million to 10 million, accounting for about 70 percent of global poverty reduction.³

The Chinese government has continued to prioritize poverty reduction. In 2015, the government announced the goal of eliminating extreme poverty by 2020. Most of those remaining in extreme poverty in China are likely to be rural inhabitants—it is estimated that the incidence of poverty in urban areas fell from 59.1 in 1981 to 0.3 percent in 2015, while it fell from 95.4 to 1.3 percent in rural areas. The remaining poor are harder to reach, given that many are dispersed in remote areas. Nevertheless, eliminating extreme poverty by 2020 is within reach.

Vulnerability to poverty may remain a significant problem. If vulnerability is defined as living between US\$1.90 and US\$3.20 a day, there would have been 85.5 million people vulnerable to poverty in 2015. The main income shocks are thought to be illness, unemployment (for urban households), and natural disasters. The aging of the population is likely to increase vulnerability to poverty. There is a need to better understand how households face and manage risks to better protect vulnerable households from falling back into poverty. Improving the understanding of urban poverty, particularly among the migrant population, is also important.

China's growth has not benefitted all income groups equally. Median consumption per capita in China grew at an average of 6.3 percent per annum during 1990-2010, slightly below the corresponding growth rate of mean consumption per capita (7.0 percent). During 2010-2015, median consumption grew by 10.2 percent per annum, faster than the 8.7 percent annual growth in mean consumption.

The persistence of income inequality reflects disparities between urban and rural areas and among provinces. Data from China's National Bureau of Statistics indicate that per capita disposable income in rural areas in 2017 was 37 percent of the urban level. The eastern coastal region has enjoyed rapid growth owing to its geographical location and early introduction of reforms. As a result, the eastern coastal region, home to 38 percent of the population, has a GDP per capita of at least 68 percent higher than that of the central, western, and northeastern regions. The poorest province has a per capita income of a quarter of the richest province.⁴

¹ The household responsibility system allowed farm households to freely dispose of their surplus production, resulting in productivity increases. It was gradually scaled up, becoming the prototype for China's "learning-by-doing" approach to reform.

² Using the international poverty line of US\$1.90 per day in 2011 PPP.

³ Data from *Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle*; World Bank, 2018.

⁴ Data for 2017. *2018 China Statistical Yearbook*, National Bureau of Statistics.

Access to External Markets

12. **China has favorable access to capital markets and is able to borrow at reasonable terms.** The stock of official central and local government debt has remained stable from the end of 2013 to the end of 2018 at about 37 percent of GDP, of which official government debt owned by external creditors is equivalent to just 1.4 percent of GDP. While the stock of direct government debt is moderate and foreign exposure very low, off-budget borrowing by some local governments remains an issue. In 2017, S&P and Moody's lowered China's credit rating to A+ and A1, respectively (Fitch has maintained A+ since 2007), citing increasing risks from a rapid build-up in debt. Borrowing costs rose with the increase in financial risks, with the 10-year government bond yield up 100 basis points (bps) between the end of 2015 and the end of 2017. Since then, yields have declined by about 70 bps to 3.2 percent for the 10-year maturity. As the authorities undertook measures to rein in credit growth, local government bond spreads also rose, peaking at 80 bps in mid-2017. They have since declined to

slightly below 50 bps. Since 2015, China’s US dollar-denominated Credit Default Swap spread has declined by more than 50 bps to 52 bps on June 12, 2019.

B. China’s Medium-Term Challenges and Strategy

Development Challenges and Institutional Assessment

13. **The WBG’s SCD for China identified challenges and opportunities for achieving the “twin goals” of ending extreme poverty and boosting shared prosperity in a sustainable manner.**¹⁰ The priorities identified by the SCD centered on managing the transition to slower growth, including economic and social instabilities that may result from the transition to a new growth model; promoting greener growth and more efficient use of natural resources, and reducing disparities in accessing quality public services and between rural and urban areas.

14. **As the SCD notes, governance and institutional reforms are at the core of addressing China’s development priorities.** China’s exceptionally rapid growth exceeded the pace of institutional development, and there are important institutional and reform gaps that China needs to address to ensure a high-quality and sustainable growth path. China views institutional reform as an important element of its further development. The IMF has also emphasized the need for institutional reforms and reforms in policy frameworks as the key challenge for China in its next phase of development.¹¹ The World Economic Forum, which ranks countries on factors determining their competitiveness, ranks China overall 28th out of 140 countries, while it ranks the country’s institutional strength at 65th.¹² The institutional assessment below is organized around the three priority areas identified in the WBG’s SCD. In addition to the SCD, the assessment draws on recent studies and analytical work, including *Innovative China: New Drivers of Growth* and analysis from outside the WBG. The main institutional and policy reform priorities are summarized in box 2.

15. **China’s key medium-term challenge is to manage an orderly transition to slower but more balanced and sustainable growth.** This requires the development of institutions that support more market-driven, productive, sustainable, and equitable growth. In the past 40 years, China has developed institutions that have been effective in fostering growth by mobilizing financial and human resources and in fostering structural transformation. Now, China needs to focus on strengthening those institutions that will enhance productivity and innovation of the economy and support an economy in which the market plays the decisive role in the allocation of production factors. This requires a different role of the government—one that is more market supportive and less market interventionist. Given that China wants state-owned enterprises (SOEs) to retain an important role in China’s economy, fair competition between SOEs and non-SOEs would be needed to ensure that the markets select the most productive enterprises regardless of their ownership structure by exposing SOEs to competitive pressure. While China has made progress, much remains to be done on this complex and wide-ranging reform agenda, the success of which, because of China’s sheer size, has important implications for the rest of the world.

¹⁰ In 2013, the World Bank Group adopted “twin goals” to guide its work: ending extreme poverty (reducing extreme poverty in the world to less than 3 percent by 2030) and boosting shared prosperity (fostering income growth of the bottom 40 percent of the population in each country).

¹¹ International Monetary Fund. 2017. *Modernizing China: Investing in Soft Infrastructure*. Washington, DC.

¹² World Economic Forum. 2018. *The Global Competitiveness Report*. <https://www.weforum.org/reports/the-global-competitiveness-report-2018>.

Transition Toward More Sustainable Growth

16. **China’s macroeconomic management is already well developed, but important institutional challenges remain.** Since the global financial crisis, high investment rates have resulted in rapid accumulation of domestic debt. Given the large role that subnational governments play in government spending and borrowing, current reforms aimed at containing off-budget debt accumulation and achieving greater fiscal sustainability at the subnational level are key to controlling the growth in debt. While the 2015 budget law aims among others at better regulating local government borrowing, implementation needs to be further improved. The confluence of on- and off-budget borrowing has also complicated the evaluation of China’s overall fiscal stance. China’s fiscal policies can gain a more prominent role in macroeconomic management by further developing automatic fiscal stabilizers and stronger national social safety nets. To manage the tradeoff between economic growth, public service delivery, and prudent debt policy, China needs to build institutional mechanisms and capacity to coordinate policies both vertically and horizontally. Key institutional priorities include: hardening budget constraints, linking development plans with finance, more clearly separating government and non-government entities, implementing medium-term expenditure frameworks, and developing accounting and reporting systems that fully capture government activities and contingent liabilities.

17. **In monetary and exchange rate policies, China has made progress in developing a more market-based system,** but further increasing exchange rate flexibility and moving to a price-driven system for implementing monetary policies remain important goals. Further gradual opening up of the capital account would allow for higher yields on China’s abundant domestic savings and for diversification of funding for domestic investment. Financial sector liberalization (including interest rates and the elimination of loan-to-deposit ratios) has advanced significantly over the past few years. At the same time, a rapidly changing financial landscape and rapid development of new financial products create vulnerabilities. While China has made good progress since 2016 in curbing the risks from growing commercial bank exposures to sub-standard shadow bank products, stronger financial sector regulation and better coordination and information sharing among regulatory agencies remain a priority.¹³

18. **In the short term, addressing the vulnerabilities that have built up in recent years, remains a priority.** Accelerating reforms to address financial vulnerabilities and implementing the new supervisory arrangements in the financial sector to prevent new vulnerabilities from arising would help avoid the risk of financial turbulence and a greater slowdown in growth. As part of this challenge, the government’s efforts to reduce excess capacity in some industries needs to continue. In doing so, it will be critical to address the social implications of industrial restructurings through targeted temporary income support, active labor market programs, and robust social protection programs (see below).

19. **China’s economy can further gain efficiency by increasing market competition in hitherto restricted sectors.** China has moved to a “negative list” system of sectors with restrictions or prohibitions for investment from private and foreign investors. Investments in most manufacturing is liberalized, and remaining restrictions, such as joint venture requirements, are being phased out. Average import tariffs are low with further reductions announced. The new foreign investment law consolidates these advances and will reduce uncertainty for foreign investors. However, regulations on service trade continue to be restrictive. According to the OECD Services Trade Restrictiveness Index, China’s restrictions in service trade are higher than the OECD average.

¹³ IMF 2017 *op. cit.*

20. **Further improving the business environment is key to fostering entrepreneurship and competition.** Since the “Mass Entrepreneurship” policy announced in 2014, China has implemented reforms to improve the ease of doing business. As a result, the number of new enterprises registered increased from 3.7 million in 2014 to 6.7 million in 2018. On average, 18,900 enterprises registered daily in the first half of 2019, compared to 2,376 in 2013. China’s Doing Business ranking improved from 78 in 2017 to 31 in the 2020 DB Report, and reforms to further improve are underway. Yet weaknesses remain, as illustrated by China’s performance on paying taxes (105), getting credit (80), and trading across borders (56). Also, the exit of inefficient firms is key for productivity gains, and although the use of the bankruptcy act is increasing, China’s rate of insolvent firm exits from markets is still lower than most developed economies. To ensure that noncompetitive firms exit markets, China needs a more active market-led bankruptcy and corporate restructuring regime that distinguishes viable and unviable companies and addresses them accordingly by reorganizing the former and liquidating the latter, including zombie firms.

21. **Continued state enterprise reforms will be important for raising productivity in China’s economy.** SOEs play a major role in key areas of the economy, and, for a variety of reasons, many have been less efficient than the private sector. By some measures, SOEs still enjoy advantages in access to finance and more direct government support. China had more than 170,000 SOEs in non-financial sectors in 2016, and the financial sector is dominated by state-owned financial institutions. Together, financial and non-financial SOEs accounted for around a quarter of GDP and 15 percent of employment in 2017.¹⁴ Among industrial enterprises with annual revenues of 20 million yuan or more, SOEs accounted for 39 percent of total assets, 23 percent of revenues from main business operations, and 18 percent of employment in 2017. China is moving towards a system of “state capital management” that would require SOEs to deliver market-compatible rates of return on capital invested. Further liberalizing the economy and opening up markets will allow more growth and private-sector investment in some key sectors, such as oil and gas, electricity, finance, and telecommunications, and could strengthen SOE performance by exposing them to greater competition. Following the principle of competitive neutrality to ensure equal treatment to enterprises under different ownership would further support a level playing field and help address concerns of China’s trading partners.

22. **China’s innovation policies need to become market-enhancing rather than market-replacing.** In the past few decades, China has rapidly developed its innovation capabilities, and it spends already a larger share of GDP on R&D than the average OECD country. At the same time, China needs to better target government support for innovation to those areas for which no market finance is available. It also needs to develop the institutional framework that prevents inefficient competition among regions. And it needs to further strengthen protection of intellectual property for domestic and foreign enterprises alike.

Greener Growth

23. **China faces a range of environmental and climate change challenges unique in scale, complexity, and global significance.** Though much progress has been made in the past two decades, environmental damage continues to harm China’s economy through several channels—it affects health, degrades ecosystems and natural resources, and causes losses to agriculture and industry. The government introduced the Air Pollution Prevention and Control Action Plan in 2013 and has reported declines in the average PM10 and PM2.5 concentrations in many municipalities and cities. Going forward, the government can leverage markets and use market-based tools, such as pricing and taxes, to boost green innovation and further reduce environmental costs and waste. In addition, private sector

¹⁴ World Bank staff estimates, based on official Chinese government data, show that SOEs account for a range of 23-28 of GDP and 5-16 percent of employment.

innovations could be harnessed to combat air, water, and soil pollution, and creative structures such as PPPs and green finance could be used to crowd in private financing to help reduce GHG emissions or reclaim polluted areas. China accounts for over a quarter of annual global CO₂ emissions¹⁵; thus, implementing China's Nationally Determined Contribution (NDC) targets will help achieve the goals of the Paris Agreement and will also have significant local benefits in reducing air pollution, the costs of natural disasters, and boosting agricultural productivity.

24. **Strengthening China's environmental institutions and management capacity is key to meeting the country's objectives.** China needs to further develop a comprehensive system of environmental charges and taxes. Operationalizing the national carbon market and expanding its application beyond the energy sector is key to achieving China's climate goals. Developing a more efficient energy market and expanding the institutional infrastructure for renewable energy, including pricing, storage, transmission, and distribution of renewables would further increase access to and production of renewable energy and reduce China's carbon footprint. China has developed a large green finance market and has adopted corresponding policies and regulations, including "Green Credit Guidelines," "Green Credit Statistics System," and "Key Green Credit Performance Indicators." China's green credit system has leveraged significant private investment for renewable energy and energy efficiency. However, some aspects of the green finance system are still under development, including a coherent institutionalized system for standard setting and verification of environmental impact. Strengthening the capacity of the Ministry of Ecology and the Environment and regional institutions for monitoring, preventing, and controlling pollution is needed. Accelerating the reduction in coal use in line with China's objectives would additionally require policies and strategies to mitigate the social impact in China's coal-producing regions.

25. **A particular challenge in improving the management of natural resources and the environment arises from China's decentralized governance arrangements.** The central government has the authority to define policies and regulations and set targets for local administrations. However, few institutions exist to help coordinate policy implementation across jurisdictions. Such coordination is vital to managing common resource pools, such as watersheds, but also critical in planning, building, and maintaining infrastructure, such as advancing low-carbon urban mobility and logistics solutions in China's greater metropolitan areas and city clusters. Beyond the improvement in local governments' technical capacity to monitor and enforce resource and environmental regulations, regional institutions and regional coordination mechanisms need to be developed. China would also benefit from increased public participation in monitoring and from investing in the capacity of city and county offices to gather and publicly report accurate natural resource, ecological, and environmental information.

More Equitable Growth

26. **Reducing income inequality and the "opportunity gap" are important for both social stability and sustainable growth.** While some of the rural-urban and regional disparities are a natural consequence of rapid development, institutional factors also play a large role in inequality. In recent years, China has provided urban residency to an increasing number of rural migrants who are able to find stable employment opportunities and live in urban areas. Further reforms to the *hukou* household registration system would increase labor mobility and offer greater job opportunities for rural migrants, who are poorer than the average citizen. Improvements in the intergovernmental fiscal system to enhance fiscal equalization across all levels of government and reforms to the social security system and social safety net would need to underpin further *hukou* reforms. The private sector also has an important role to play in reducing income inequality. By investing in projects that promote

¹⁵ <https://data.worldbank.org/indicator/EN.ATM.CO2E.KT?view=map>.

inclusiveness and in lagging regions, the private sector can help develop human capital and increase incomes of those who have not yet fully benefitted from China's development. Narrowing the rural-urban gap also requires reforms to increase farm productivity while emphasizing more sustainable and greener agricultural development.

27. **An opportunity gap exists in the education sector.** Increasing education attainment played a critical role in the reallocation of labor from China's agricultural sector to nonagricultural sectors and the development of a thriving private sector. However, reducing the inequities in access to quality education will be important for the country's future prosperity. The education sector requires a paradigm shift where the government should consider learning outcomes as part of its policy objectives and financing should focus on learning-enhancing investments and addressing inequitable learning outcomes.

28. **China has made remarkable progress in expanding its social insurance and social protection system.** However, the system is still fragmented, split in urban and rural components, and public spending remains relatively low by international standards. China has made major progress in health insurance coverage, and more than 95 percent of the population is now covered. Out-of-pocket health spending has been reduced to below 30 percent, but catastrophic health events remain a major cause of poverty. Total health spending stood at 6.4 percent of GDP in 2018, but cost pressures are rising and will require continued reforms. China has established two major basic pension insurance schemes, one for urban employees and one for rural and urban residents respectively, which together cover 86 percent of the labor force. Given the rapid aging of China's population, one of the most pressing challenges over the coming decades will be to develop a fiscally sustainable and less fragmented pension system with wider coverage, particularly for rural, migrant, and urban informal-sector workers. Systemic reforms are needed to create the right incentives, which would help expand coverage, improve portability of benefits, establish an appropriate mechanism for increasing pension benefits, and maintain affordability and financial sustainability. Developing an efficient, equitable, and sustainable aged care system is also a priority for China, and the experience in developing such a system could yield useful lessons for other aging countries.

29. **China's urban and rural *dibao* (means-tested social assistance) program has become the backbone of social protection in China and plays an important role in poverty alleviation,** with some 45 million recipients (or 3.2 percent of the population in 2018). Overall, the program is strong in minimizing inclusion errors, but has some way to go in reducing exclusion errors and in outreach, given that income thresholds have increased significantly in recent years. In particular, eligibility for certain social benefits depends on place of *hukou*, not residence. Moreover, coordination with other means-tested benefits could be improved and eligibility thresholds may come under review as China's average income increases. The social assistance system should be modernized to strengthen its role in reducing income inequality and absolute and relative poverty.

Box 2: Key Development Priorities, Underlying Institutions, Reform Challenges

Key Development Priorities	Underlying Institutions	Reform Challenges
Transitioning towards more sustainable growth	Institutions for Macroeconomic Management	<ul style="list-style-type: none"> • Move from growth targets towards indicative growth projections • Address the significant overhang of debt in the financial and corporate sector; control local government off-budget borrowing
	Market Structure and Competition	<ul style="list-style-type: none"> • Improve regulation and supervision of financial sector, diversify ownership of financial institutions • Harden budget constraints on state enterprises and improve bankruptcy framework • Promote market entry in all competitive sectors, level the playing field and reduce red tape • Promote innovation and strengthen the protection of intellectual property rights
	Public Sector Governance	<ul style="list-style-type: none"> • Harden local government budget constraints—strengthen fiscal and debt management frameworks and capacity, improve transparency, and separate government and non-government entities; eliminate unfunded expenditure mandates • Shift local government performance criteria towards sustainable development • Strengthen local government accountability for consistent enforcement of regulations, top-down and bottom-up (through information disclosure and participation channels) • Improve local government revenue mobilization, in part by introducing taxes controlled by local governments
	Institutions for Social Inclusion	<ul style="list-style-type: none"> • Address excess labor from SOE reforms with social security and active labor market policies
Move towards greener growth	Market Structure and Competition	<ul style="list-style-type: none"> • Continue market reforms and promote competition in energy sector • Promote greater use of market instruments to combat pollution and climate change • Adjust resource and energy prices to reflect environmental costs • Establish efficient and sustainable climate-smart agriculture systems with subsidies targeting green/ecological benefits • Mobilize private financing and encourage private sector participation in green growth, including pollution clean-up and restoration; improve standard setting and verification to enhance impact of green finance
	Public Sector Governance	<ul style="list-style-type: none"> • Strengthen focus on environmental sustainability in cadre management system, including defining trade-offs with economic growth targets • Strengthen public participation, governance, and institutions for environmental management, including stronger enforcement of laws and regulations • Improve availability of critical environmental information for planning, decision making, and public disclosure
	Infrastructure and Regional Development	<ul style="list-style-type: none"> • Improve coordination of and create integrated management of land, water and air resources across jurisdictions • Improve integrated planning of transport and urbanization to minimize carbon emissions and environmental impact
Pursue more equitable growth	Market Structure and Competition	<ul style="list-style-type: none"> • Continue reform of <i>hukou</i> system and reduce barriers to labor mobility • Develop system of rural land transfers, increase farm scale and allow for specialization and professionalization of agriculture to improve productivity and close urban-rural income gap • Promote application of new technologies, including ICT to agriculture
	Public Sector Governance	<ul style="list-style-type: none"> • Make inter-governmental fiscal transfers more progressive and needs-based and clarify and rebalance revenue and expenditure assignments • Create incentives for local governments to focus on service delivery and human capital investments, not just on economic growth and physical capital
	Institutions for Social Inclusion	<ul style="list-style-type: none"> • Deepen coverage and extend benefits of social safety net • Reduce disparities in spending on education and improve capacity for quality education including ECE; implement quality assurance system • Improve availability of quality healthcare, especially in rural areas, and strengthen health insurance for the poor; increase efficiency of health care delivery through integrated system management • Build comprehensive policy and institutional framework for elderly care

Source: SCD and other analysis

China's Development and Reform Strategy

30. **China's 13th Five Year Plan (FYP, 2016-2020) and other strategy documents address many of the challenges and institutional constraints outlined above.** Ratified by the National People's Congress in March 2016, the FYP seeks to remedy China's "unbalanced, uncoordinated, and unsustainable growth" and create a "moderately prosperous society in all respects." It outlines a "comprehensive deepening of reforms" to support rebalancing, innovation, and more inclusive and greener growth. It aims to meet these objectives while still maintaining average annual GDP growth of 6.5 percent. It calls for a development philosophy of innovative, coordinated, green, open, and shared development. (Selected quantitative indicators of the 13th FYP are shown in table 2.)

Table 2: Selected Targets in the 13th Five-Year Plan

Indicator	Actual 2015	Target 2020	Target Type ^{1/}
<i>Economic Development</i>			
GDP growth rate (% , 5-year average)	--	>6.5	A
Share of services in GDP (%)	50.5	56	A
Labor productivity (10,000 RMB per employed person)	8.87	>12	A
Urbanization rate (permanent urban residents) (%)	56.1	60	A
<i>Innovation-Driven Development</i>			
Research and development expenditures (% of GDP)	2.1	2.5	A
Innovation patents per 10,000 people	6.3	12	A
Nine-year compulsory education completion rate (%)	95.0	93.4	O
Senior secondary school gross enrollment rate (%)	90.0	87.5	A
<i>Resources and Environment</i>			
Reduction of water use per unit of GDP (%)	--	23	O
Reduction in energy use per unit of GDP (%) ^{2/}	5.6	15.0	O
Share of non-fossil energy in total energy consumption (%)	12.1	15	O
Reduction in CO ₂ emissions per unit of GDP (%) ^{2/}	--	18.0	O
Reduction in emissions of major environmental pollutants:	--	--	
Sulphur dioxide - SO ₂ (%) ^{2/}	--	15.0	O
Chemical oxygen demand (%) ^{2/}	--	10.0	O
Ammonia nitrogen (%) ^{2/}	--	10	O
Nitrogen oxides - NO _x (%) ^{2/}	--	15	O
Total forest cover (%)	21.66	23.04	O
<i>Wellbeing of the People</i>			
Growth in household disposable income per capita		>6.5	A
Average years of schooling of working-age population	10.23	10.8	O
Increase in urban employment in 5 years		>50	A
Rural poverty reduction (million)		55.75	O
Coverage ratio of basic pension insurance (%)	82	90	O
Re-built housing in run-down urban areas (million) ^{2/}	--	20	O

Sources: China's authorities, National Bureau of Statistics, and staff estimates.

^{1/} A = Anticipated; O = Obligatory

31. **Based on these core strategy documents, the government's development and reform strategy prioritizes several key themes that are consistent with the Bank's SCD and institutional assessment.** First, the government recognizes the importance of improvements in innovation and economic efficiency to underpin growth sustainability. The WBG and the Development Research Center of the State Council collaborated on the study *Innovative China—New Drivers of Growth* to develop policy options to promote productivity-led growth based on innovation, entrepreneurship, and market competition during the 14th FYP period. Second, improving the environment and reducing pollution and GHG emissions are top priorities for the government and have global importance. The 13th FYP includes dual binding targets (targets for quantity and intensity) for key environmental parameters.¹⁶ Third, the government has prioritized eliminating absolute poverty by 2020 and

¹⁶ The 19th Party Congress further highlighted the importance of environmental sustainability, calling for an "ecological civilization."

deepening reforms to improve access to quality services—including health and education—for all citizens.¹⁷

32. **China’s policy directions provide strong entry points for the WBG’s strategic engagement with China.** China’s leadership recognizes the centrality of institutional change to achieving sustained progress toward the objectives in the 13th FYP. The WBG is providing input into the 14th FYP to suggest options for further institutional reform.

33. **China is also playing an increasing role in global development.** China is increasing its engagement abroad, including support for other developing countries, engagement in international organizations, engagement in global governance, and through the Belt and Road Initiative. In 2018, China set up the China International Development Cooperation Agency, which is responsible for formulating strategic guidelines, plans, and policies for foreign aid; coordinating and offering advice on major foreign aid issues; and identifying major programs and supervising and evaluating their implementation (specific foreign aid programs will still be implemented by the relevant agencies in accordance with their respective mandates).

¹⁷ The FYP also emphasizes gender equality. For the first time, the 13th FYP included a separate chapter (chapter 66) to safeguard the basic rights and interests of women, minors, and persons with disabilities. China is implementing the Plan for Women’s Development in China (2011-2020) and will work to eliminate discrimination and bias and to ensure that women enjoy equal rights and opportunities, including with respect to education, employment, and land-related rights of women in rural areas.

II. THE WORLD BANK GROUP TRACK RECORD AND LESSONS LEARNED

34. **The 2012 Country Partnership Strategy (CPS) supported China’s efforts to put the economy on a more sustainable growth path.** It emphasized knowledge sharing, including through projects as platforms for knowledge exchange. Many IBRD projects and IFC investments introduced innovations or piloted new approaches and advisory services and analytics (ASA) helped introduce policy reforms. The WBG program also placed a major emphasis on the environment and climate change (see box 3).

35. **The Completion and Learning Review (CLR) rated WBG program performance as satisfactory.** (For the full CLR, see annex 2). The WBG focused its financial resources and ASA on two strategic themes—supporting greener growth and promoting more inclusive development—and one cross-cutting theme—advancing mutually beneficial relations with the world. The WBG also provided client-driven knowledge services to help underpin reforms needed to reenergize the drivers of growth. Six of the ten CPS objectives, as revised and updated in the Performance and Learning Review, were achieved and four were mostly or partially achieved.

36. **Overall, the CPS period was marked by deepening cooperation in analytics, financing, and global cooperation.** Cooperation deepened in producing joint studies linked to China’s reform program. During the last few years of the CPS period, annual IBRD financing increased to address reform priorities, such as energy conservation and renewable energy, urban air pollution, subnational fiscal reform, and health service delivery; and IBRD lending included Program-for-Results (PforR) and Development Policy Financing (DPF) for the first time. There was also increased cooperation in the global arena and China established a China-WBG Partnership Facility Trust Fund.

37. **IBRD portfolio performance has remained strong.** As of September 20, 2019, China had the largest number of active IBRD-financed projects (79) and the second largest amount, after India, of net IBRD commitments (US\$12.3 billion). IBRD investment from FY13 to FY19 amounted to US\$12.5 billion for 80 new investment operations, averaging US\$1.79 billion per year over the seven years. The Independent Evaluation Group (IEG) evaluated 60 of the 65 projects that exited the portfolio from FY13 to FY18 and rated 88 percent of them moderately satisfactory or above for outcomes achievement, above Bank and regional averages. Trust fund resources helped leverage IBRD impact, especially for environmental objectives.

38. **ASA included joint flagship studies linked to China’s reform program, underpinning investments and setting the course for the Bank’s future engagement.** The experience of jointly producing *China 2030* led to a high-level government request for a flagship study on urbanization. *Urban China* was prepared jointly with the Development Research Center of the State Council (DRC) in 2014, and many of the recommendations have been adopted by the government. A third flagship study, *Healthy China: Deepening Health Reform in China, Building High Quality and Value-based Service Delivery*, was completed in 2016, in partnership with the Ministry of Finance, National Health and Planning Commission, Ministry of Human Resources and Social Security, and World Health Organization. A fourth flagship study produced jointly with DRC—*Innovative China: New Drivers of Growth*—was launched in September 2019.

39. **IFC’s sizable and strong portfolio focuses on the green economy, balanced and inclusive growth, and increasing access to capital for private sector growth.** As of the end-FY19, IFC’s committed exposure in China had reached US\$3.6 billion (of which US\$298 million in syndications with participant banks) across 104 active client companies. IFC’s portfolio in China ranks third among countries by both committed and outstanding exposure, and second in both committed and outstanding equity (\$1.5 and \$1.4 billion, respectively). IFC’s equity portfolio in China has been the largest contributor to IFC’s capital gains historically, with US\$2.3 billion over the last ten years in realized

capital gains, 21 percent of IFC’s total. IFC’s loan portfolio in China remains strong, with a low level of non-performing loans. The composition of the portfolio reflects IFC’s strategic focus on green growth, balanced and inclusive development focused on lagging regions, and a strong drive to promote international standards and access to capital for the private sector. The share of investments supporting green growth in IFC’s portfolio as of end-FY19 exceeded one-third. The share of investments aiming to promote greater inclusion and helping address rural-urban divide and inequality across provinces (including access to finance for MSMEs, agribusiness, utilities, health and education) are estimated at around two-thirds of IFC’s total portfolio in China. Reflecting China’s increasing role as IFC’s financing partner, syndications by Chinese banks in IFC’s global syndicated portfolio surged from US\$92 million at end-FY2013 (corresponding to one percent of IFC’s total syndicated portfolio) to US\$2.6 billion or 16 percent of IFC’s total, placing China as the top source country in IFC’s global syndicated portfolio.

40. **IFC’s advisory program was very active during the CPS period**, including expanding the China Utilities Energy Efficiency program (CHUEE) to provide billions of dollars of commercial bank financing for green projects, and working with the People’s Bank of China to help establish the world’s largest credit registry (covering 950 million people by 2017) and a database of secured transactions and movable assets, which helped facilitate financial transactions worth trillions of dollars.

41. **During the 2012 CPS period, the improving investment climate in China limited the demand for inbound political risk insurance, but MIGA supported one investment in the water sector**—the Aqualyng Cangzhou Seawater Desalination Project, approved in December 2015 for US\$10 million.

Box 3: Examples of Climate Change-Related Results During the 2012 CPS

Mitigation

- **7 million tons of coal equivalent (cumulative) saved and nearly 22 million tons of GHG emissions avoided** through complementary World Bank and IFC programs to promote energy efficiency and green energy lending in the banking sector.
- **31 successful low-carbon urban transport corridors in 17 cities implemented**, increasing public transit ridership, reducing travel time, and improving safety.
- **Pollution clean-up measures implemented** to reduce persistent organic pollutants (POPs), non-point source (NPS) pollution, phase out ozone-depleting substances (ODS), emissions of greenhouse gases by 88 million tCO₂ equivalent.
- **400,000 ha forest and range-land area rehabilitated and restored** through successful demonstration of sustainable forest management models.

Adaptation

- **Agricultural productivity and farmers’ incomes increased while reducing GHG emissions** through pilots of climate-smart agriculture practices in six provinces.
- **40 percent of pilot villages in Henan, Shaanxi, and Chongqing have successfully completed village assessments** and resource mapping and identified adaptation needs.
- **Reconstruction and appropriate expansion of infrastructure services** in 16 counties in Sichuan and 7 counties in Gansu with 100 percent of facilities built to applicable government standards for flood and seismic hazards.
- **Reduction of water use by 29 million cubic-meter/year in 20 industrial facilities**, which include more than 100 factories. This would translate into a reduction of more than 500,000 tons of GHG per year.

Lessons Learned

42. **The FY20-25 CPF takes into consideration lessons identified in the CLR and during CPS consultations.** Key lessons include:

- (i) **Joint studies can be important for deepening the dialogue on policies and Bank programs, but there is room to improve the overall strategic planning of ASA.** *China 2030*, *Urban China*, and *Healthy China* helped deepen policy dialogue and provided a solid foundation for lending. The approach has inspired joint studies in other countries, such as *Vietnam 2035*. But care needs to be taken that the time and resources required for joint studies do not crowd out other relevant analytical work.
- (ii) **IBRD lending is leveraged when it helps introduce and test new approaches for replication using the government's own resources.** Since the 1980s, China had deployed a pragmatic, learning-by-doing approach to development, testing reforms at the village or provincial level before rolling them out. Provincial authorities are encouraged to experiment. China has intentionally used IBRD-financed projects to pilot new approaches—such as health care reform and subnational fiscal reform during the CPS period. Respondents to the China Country Survey in FY19 identified the WBG's greatest value as piloting innovations that can be scaled up (see box 4). Reform pilots have tended to proceed step by step, building on one another to develop a comprehensive reform path.
- (iii) **There is synergy between projects and ASA.** In some cases, ASA have led to lending—such as in aged care and early childhood development. In other cases, lending has led to ASA; for example, the Bank's engagement in the transport sector led to analytical work on railway governance (Transport Paper Series) and sustainable low-carbon city development. Lending provides the Bank with an inside view of policy and institutional constraints and also helps establish trust and credibility conducive to effective ASA.
- (iv) **DPF and PforR instruments, which were used during the CPS period for the first time, helped deepen cooperation around policies and reforms.** For example, although the World Bank had long engaged with subnational governments on budget reforms through ASA, the two subnational fiscal sustainability DPF approved in FY17 far exceeded the ASA in generating knowledge and having impact. Both DPF were implemented successfully, helping Hunan Province and Chongqing Municipality place public finance on a more sustainable path. In addition, they enhanced the Bank's own knowledge, deepening the Bank's ability to engage with the central government on budget reform. A number of the practices pioneered in the operations as well as policy recommendations made by the Bank informed by the operations have been echoed in budget reform initiatives of the central government.
- (v) **Systematic use of social assessments helped mainstream gender in the lending and analytical work program.** As a result, 98 percent of all projects approved during the CPS period (55 projects) addressed gender in at least one of the following dimensions: analysis, design, and/or monitoring and evaluation framework; and 65 percent of projects addressed gender in all three of these dimensions, compared to 33 percent at the start of the CPS in FY12. Social assessments are systematically carried out during project preparation to analyze a range of potential social impacts—including gender impacts—and relevant findings are used to inform project designs. For example, social assessments for several rural road projects led to new design measures to address road safety issues involving women and children. In addition, the Bank undertook five gender assessments, funded by the EAP Umbrella Facility for Gender Equality, to inform ongoing and pipeline operations and the policy dialogue, including in aged care, forestry, urbanization, and transport. These studies also contributed to WBG global knowledge.

- (vi) **The structured process used to develop the IBRD pipeline worked well in the past, but a more flexible and iterative process is now needed.** Each year, the National Development and Reform Commission (NDRC) solicits project proposals from China’s provinces, vets them against government priorities, and discusses them with the World Bank. The World Bank, NDRC, and the Ministry of Finance (MOF) then agree on a three-year lending program, which is submitted to the State Council (China’s cabinet) for approval, after which the projects are prepared and implemented without material changes. This bottom-up process results in a stable three-year rolling lending program with strong government ownership, especially at the local government level, but makes it more difficult to develop projects that address national-level institutional reform priorities. Going forward, a more flexible and iterative process that allows more engagement with national-level institutions is needed to ensure that IBRD lending meets national priorities, strengthens management and policy implementation capacity, and is consistent with the capital package policy commitments.
- (vii) **Support for South-South knowledge exchange would benefit from a more programmatic approach.** The WBG provided substantial support for South-South learning, but its ad hoc nature made it difficult to track and evaluate. A programmatic approach would help ensure that activities take place within a more strategic framework and are appropriately coordinated, supported, tracked, and evaluated.

Box 4: FY19 China Country Survey

A China country survey in FY19 invited 535 stakeholders to provide their opinions on the WBG’s work, of which 157 stakeholders (29 percent) responded. The largest number came from project management offices at the local level (21 percent), followed by academia (20 percent), and local government officials (13 percent). Other respondents included central government officials, consultants, and representatives of media, NGOs, and SOEs. Overall, the FY19 survey findings suggest that views among this small sample of opinion leaders have remained fairly consistent since the last survey in FY15.

Survey Results

- **Development Priorities.** Nearly half of the survey respondents point to governance/government effectiveness as the top development priority in the country. Environmental improvement/sustainability continues to be the second most important priority (25 percent), but has shifted downward since FY15, when more than a third viewed this as the top development priority. However, 86 percent of respondents see climate change as either a somewhat serious or very serious problem. Economic growth, the quality of growth, and access to education were identified as the next biggest development priorities (17 percent each).
- **WBG Role.** The areas that stakeholders believe would most benefit from WBG support include environmental improvement (30 percent) and poverty reduction (29 percent), followed by reducing inequality and access to education (20 percent each), and governance (19 percent). Respondents indicated that the WBG should continue to play a significant role in China’s development in the next five years (7.8 on a 10-point scale, with 1 being not a significant role and 10 being very significant role).
- **Perceived Value of the WBG’s Work.** Respondents indicated that the WBG’s greatest value to China was to bring new concepts and innovations, pilot innovations that can be scaled up and transfer international best practices. When looking forward and considering how the WBG can add value in China, more than half said that the quality of experts should be improved and the WBG should offer more innovative knowledge services.
- **WBG Effectiveness.** Views on the WBG’s overall effectiveness remain high (8.0 on a 10-point scale with 1 being not very effective and 10 being very effective). The WBG is seen as a long-term partner (a rating that has been consistently high in China country surveys over time), straightforward, and honest. Its collaboration with civil society and private sector (7.2 and 6.9) are rated the lowest across the survey, but even these rates are relatively high. Nearly half of respondents report that the WBG’s greatest weakness is that its processes are too complex, followed by one fifth of respondents who reported that the processes are too slow. Concerns about complexity have increased significantly since the FY15 survey.

III. THE WORLD BANK GROUP STRATEGY

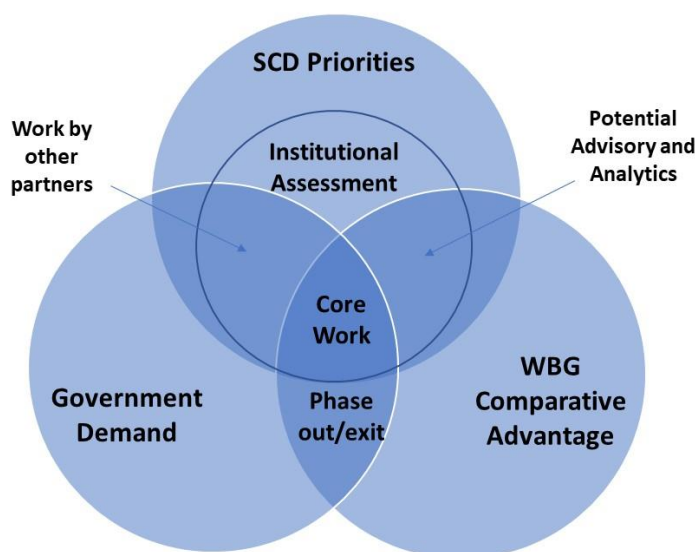
43. The WBG’s FY20-25 CPF reflects a reorientation of the WBG program to pursue a strong yet increasingly selective engagement as lending declines. This is appropriate for China’s level of development.¹⁸

A. Framework for World Bank Group Engagement in China

Prioritizing WBG Engagement

44. The WBG program will support China’s development priorities aligned with the identified institutional constraints and in areas where the WBG has the capacity and knowledge to engage. The relationship between SCD priorities, the institutional assessment, government demand, and WBG comparative advantage is shown in figure 1. The CPF program is aligned with China’s development and reform strategy; and it is informed by the WBG’s SCD and other analytical work that identifies areas where reforms and institutional strengthening are needed for China’s sustainable growth and graduation from IBRD. The CPF was further informed by consultations with government, academia/think tanks, CSOs, and development partners to review the results of the previous CPS and discuss priorities for future WBG engagement.

Figure 1: Prioritizing WBG Engagement



Areas of Engagement

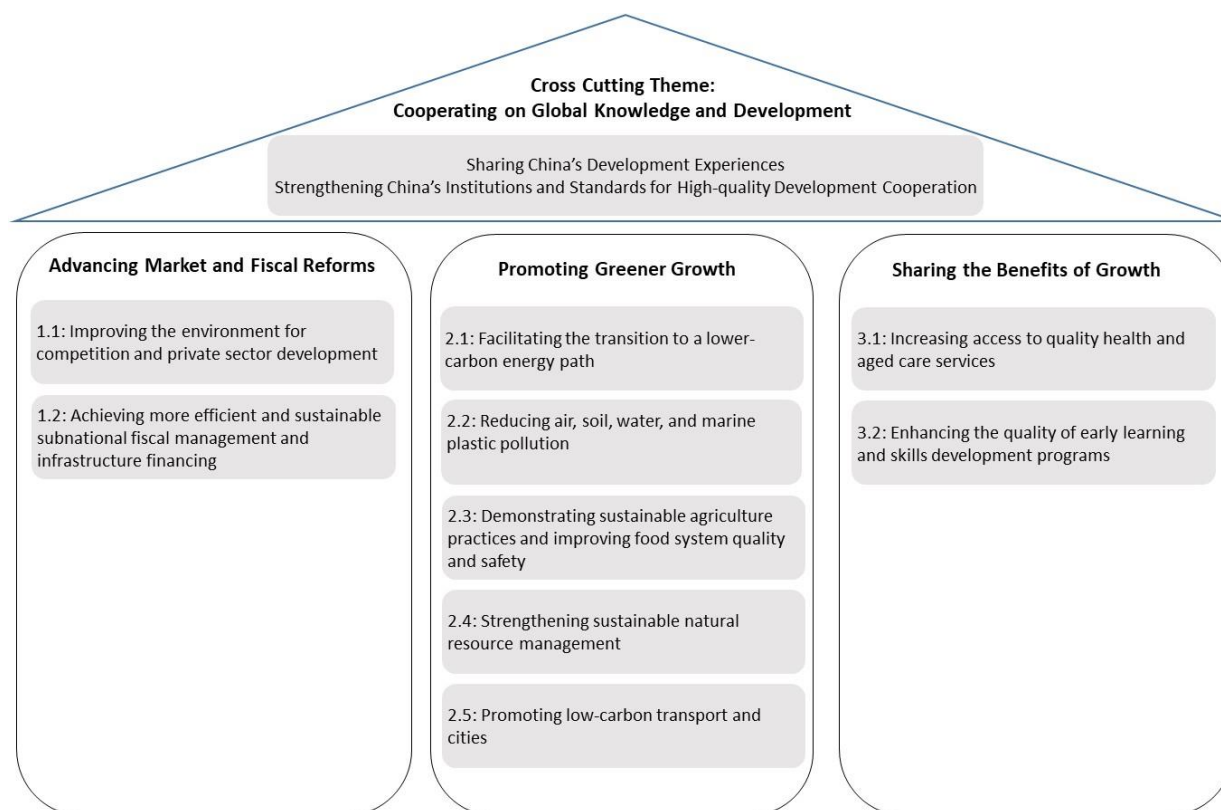
45. The CPF is organized around three engagement areas that correspond to China’s key development challenges identified in the SCD. The priorities identified by the SCD centered on managing the transition to slower growth; promoting greener growth and more efficient use of natural resources; and reducing disparities in accessing quality public services and between rural and urban areas. As discussed in section I.B., there are critical institutional and reform gaps underlying these challenges. Accordingly, the CPF engagement areas are: (i) advancing market and fiscal reforms; (ii)

¹⁸ It is also consistent with the *Sustainable Financing for Sustainable Development: World Bank Group Capital Package Proposal*, prepared by the WBG for the April 21, 2018, Development Committee Meeting.

promoting greener growth; and (iii) sharing the benefits of growth. In addition to the three engagement areas, the CPF includes a cross-cutting theme: cooperating on global knowledge and development.

46. **The WBG program will focus on nine objectives linked to China’s institutional constraints.** (The links between the objectives and main institutional constraints are summarized in tables 4, 5, and 6.) The CPF objectives cover both the ongoing and planned programs—as with all CPFs, a considerable share of the results achieved by the end of the CPF period will be derived from projects and investments approved during the previous strategy period. Going forward, however, IBRD and IFC financing will be subject to selectivity criteria (see section below). Figure 2 lays out the CPF engagement areas and objectives. A CPF Results Matrix (annex 1) lays out the logical relationship between WBG interventions (ongoing and planned), outputs, and outcomes, including milestones and indicators to measure progress.

Figure 2: CPF Engagement Areas and Objectives



Selectivity Criteria for New IBRD and IFC Financing

47. **New IBRD and IFC financing will be subject to selectivity criteria.** IBRD will primarily focus on China’s remaining gaps in policies and institutions for sustainable IBRD graduation. WBG operations will also emphasize at least one of the following four criteria: addressing regional and global public goods, supporting critical services in lagging regions, fostering the private sector, and strategic piloting of approaches that address development priorities, especially in areas relevant to other developing countries. IBRD financing for infrastructure will be minimized and used to deliver institutional reform and strengthening or innovative solutions to poverty and shared prosperity that generate lessons for other countries.

48. **The new approach and selectivity criteria will result in several shifts in the IBRD program.** Projects that finance purely infrastructure with little or no institutional strengthening will be

phased out, which will especially impact engagement in the transport, urban, and water sectors. New engagement in these areas will be reoriented toward the priorities above and investment volumes will likely decline over time. New or expanding areas for IBRD financial support include green finance, climate change, food safety, river basin environmental management/marine plastics, and public-private partnerships (PPPs). There are important institutional gaps in these areas, and many of them also deliver global public goods and opportunities for global learning. In some areas, IBRD will take a more sector-wide approach—using several coordinated projects to address different aspects of a complex institutional or reform area. IBRD operations will continue to shift towards policy and results-based programs, which offer effective platforms for strengthening government programs and addressing institutional and capacity gaps.

Box 5: IBRD Lending to China

Background on IBRD in China:

- **China is the fourth largest borrower of IBRD over the past decade, and it is one of the smallest IBRD borrowers on a per capita basis.** China has borrowed US\$17.9 billion in IBRD financing from FY2008-2018, ranking fourth after India (US\$24.3 billion), Indonesia (US\$21.7 billion), and Brazil (US\$20.2 billion).
- **IBRD-financed projects in China have special characteristics.** In most cases, the Bank works directly with China's subnational governments; the projects are implemented by provinces and municipalities, which are responsible for loan repayment.

Lending to China has Benefits...

- **...for China.** The Chinese government values projects as platforms for knowledge, reform, and institution building, and for introducing and piloting new approaches that can be replicated in China using their own resources (see para. 42(ii)). Projects typically enable a deeper and more sustained engagement than technical assistance, with a 4-to-8-year partnership over the course of project preparation and implementation. Projects give the Bank an inside view of institutional challenges, allowing the Bank to provide better advice on how to overcome roadblocks and adjust project activities to realities on the ground to achieve the development objective. The government also appreciates that when the Bank's own resources are at stake, the Bank is fully vested in ensuring project success. The hands-on-learning and capacity building over a sustained period is especially valued by towns and small cities.
- **...for the World Bank.** Working on projects in China enriches the Bank's knowledge base. Many developing countries want to learn from China's development experiences. Bank learning from its direct involvement in designing and implementing projects in China is important for the Bank's global knowledge and can be shared with other Bank members that face similar challenges.
- **...and for the world.** IBRD-financed projects addressing the environment and climate change have important global benefits. Given its size, China is essential to global efforts to improve environmental management and address climate change. In addition, as noted in the 2018 capital package, IBRD (and IFC) engagement in upper middle-income countries such as China supports WBG financial sustainability and the ability to engage in less financially sustainable environments, such as fragile and conflict-affected states and low-income IDA countries.

But engagement will shift going forward:

- **This is the first CPF for China since it passed the GDI in 2016 and since the Capital Package Proposal agreed in April 2018.**¹ Going forward, IBRD-financed projects will be platforms for reform, institution building, and knowledge transfer, and volume will gradually decline. IBRD will primarily focus on China's remaining gaps in policies and institutions for sustainable IBRD graduation. WBG operations will also emphasize at least one of the following four criteria: addressing regional and global public goods, fostering the private sector, supporting critical services in lagging regions, and strategic piloting of approaches that address development priorities, especially in areas relevant to other developing countries.

¹ The GDI is the threshold for initiating discussion of graduation. China is one of 30 IBRD-eligible countries whose GNI per capita exceeds the graduation discussion income (GDI) threshold of US\$6,975 in 2018 (atlas methodology). In addition to the GDI, there are two non-income factors for continued access to IBRD: (i) ability to access external capital markets on reasonable terms; and (ii) progress in establishing key institutions for economic and social development.

49. **The World Bank and Government of China have worked together to restructure the lending pipeline to align with the CPF selectivity criteria.** The tentative IBRD lending program for FY20 and lending engagement areas for FY21-22, including selectivity criteria, are shown in annex 6. As noted in “lessons learned” (para. 42), China has a structured process of developing a three-year IBRD pipeline, which results in a stable and predictable lending program with strong ownership, especially at the sub-national level, but makes it challenging to change the program in a short period of time. During a process that stretched over several months, MOF, NDRC, and the World Bank used the CPF selectivity criteria to review the three-year lending pipeline and agreed to drop more than a dozen projects and reorient the portfolio.

50. **IFC’s engagement will also evolve to reflect China’s changing development challenges and institutional constraints.** China’s development has been accompanied by increasing flows of private capital. However, these flows have been volatile, and have not reached all sectors and provinces. In addition, capital has tended to flow to the state-owned sectors rather than to private companies. IFC will work to create competitive markets and attract private investment to areas where it is lacking. IFC’s engagement in China will continue to concentrate on strengthening capacity to meet international standards, and on developing a competitive private sector. IFC’s program will become more selective and the focus—both sectoral and geographic—will shift to align with China’s emerging development needs, in line with the CPF selectivity criteria. The IFC program is complementary to that of IBRD and will contribute to achieving the CPF objectives by focusing support to the private sector on (i) strengthening environmental sustainability and resilience; (ii) deepening inclusion and reducing inequality in lagging regions; and (iii) crowding in private investment to create a more competitive market environment.

51. **In keeping with the capital package commitments, IFC will apply a rigorous additionality assessment to its investments.** On the non-financial side, IFC additionality is focused on propagating international standards in the Chinese market, including bringing expertise and standards in climate and green financing and food and drug safety, and spreading best practices in risk management, sustainability, corporate governance, and transparency. On the financial side, such additionality includes the promotion of longer tenors, RMB-denominated products, or other unique terms on its debt products. In addition, IFC can help attract investors to areas that they otherwise would not consider by providing swaps, hedges, and other risk-mitigation tools and mobilizing other investors to join a financing package based on IFC’s presence.

52. **IBRD and IFC will work together wherever possible, leveraging their resources to help China address institutional gaps and deliver global public goods.** Collaboration is currently focused on four areas: climate change, financial inclusion, PPPs, and the business environment (see box 6.) Future areas of collaboration could include aged care, food safety, and marine plastics.

Financial Resources

53. **IBRD.** IBRD lending will average about US\$1.0-1.5 billion per year and gradually decline during the CPF period. Lending levels may fluctuate up and down from year to year due to normal pipeline management based on project readiness. The average represents a decrease from the previous period: IBRD lending averaged about US\$1.8 billion per year from FY13 (the beginning of the previous CPS) to FY19. IBRD lending rose to US\$2.42 billion in FY17 after the Performance and Learning Review (PLR), discussed by the Board in February 2016, increased the lending envelope to address China’s reform priorities. The Chinese government has requested to continue using IBRD-financed projects and programs during this CPF period as platforms for reform, institution building, and knowledge transfer.

Box 6: One World Bank Group in China

IBRD and IFC are collaborating in China across several areas to create markets, deliver global public goods, and help China move toward a sustainable development path:

- **Climate change.** IFC and IBRD provide complementary support for renewable energy and energy efficiency lending in the banking sector. IFC's China Climate Finance Advisory Program has catalyzed over US\$100 billion of lending from its member banks for energy efficiency and renewable energy projects. IFC is now pursuing a major new initiative—the Green Commercial Bank Framework. Based on the successful pilot with Ma Anshan Rural Commercial Bank, IFC is now rolling the framework out to other Chinese banks. The IBRD, building on its 20-year engagement in the energy efficiency and renewable energy sector, is financing a PforR operation to increase energy efficiency and clean energy in the Beijing-Tianjin-Hebei region. Building on these experiences, IBRD and IFC are jointly exploring the development of a China green investment fund.
- **Financial inclusion.** IFC and IBRD have a long history of coordinating their technical assistance and supporting policies and institutions in China that expand access to financial services. Most recently, IBRD and IFC are collaborating in Gansu, China's poorest province, to strengthen the credit market for microenterprises and SMEs.
- **Public Private Partnerships (PPPs).** Since 2014, a joint IBRD-IFC team has provided support to China's PPP program. IBRD has been working with China's PPP Center to develop regulations for PPPs, build capacity, and identify potential projects. IFC is providing PPP transaction and advisory services, including capacity building for local PPP advisory firms. IFC and multiple WBG global practices are working together to identify a pipeline of bankable PPP projects and help develop institutional capacity to structure and implement PPPs. Together, the World Bank and IFC have identified two potential PPPs that could be best practice pilots in China.
- **Improving the business environment.** IBRD and IFC are working jointly to support improvements to the business environment, which is a top government priority. At the request of government, both institutions have been providing advice on how to improve the Doing Business indicators.

54. **IFC.** The IFC investment program is expected to remain roughly stable but will follow a rigorous additionality assessment and will focus on the priorities discussed above. Total commitments are expected to be in the range of US\$800-1,200 million per year (including mobilization) in 15-25 projects. IFC will continue to employ the full array of financial instruments, from equity and preferred equity to senior and subordinated debt instruments. It will also maintain its extensive knowledge and advisory program to support China's efforts to develop competitive markets.

55. **MIGA.** MIGA will pursue projects that support investment in the lesser developed western parts of China or that help expand PPPs. However, China's investment climate is expected to continue to limit demand for inbound political risk insurance.

56. **Trust funds.** Recipient-executed trust funds are moderate in number and volume (22 grants, US\$536 million in commitments as of September 2019) but integral to the Bank's operations in China, especially in the environmental sector, where the trust funds help bring technical solutions to complex problems. Most of China's trust fund portfolio comprises the Global Environmental Facility (GEF) and Montreal Protocol (MP) (for ozone-depleting substances). GEF engagement in China covers all thematic areas of the GEF—climate change, biodiversity, chemicals and wastes, and international waters. Over 70 percent of GEF commitments in China address climate change, reflecting its importance for China and the world. China has the largest MP program in the world (76 percent of all World Bank commitments), reflecting the country's status as the largest producer, consumer, and exporter of ozone-depleting substances and the government's efforts to phase them out. Current MP funding (about US\$141.5 million) is helping to phase out the next generation of hydrochlorofluorocarbons (HCFCs). This support will continue during the CPF with a new component to help China avoid hydrofluorocarbons (HFCs) (in accordance with the 2016 Kigali Amendment to

the Montreal Protocol), which will make a notable contribution to climate change mitigation. In addition, through the Partnership for Market Readiness, the Bank is supporting key elements of China's Emissions Trading Scheme (ETS), and this engagement will deepen to expand the ETS to other sectors of the economy.

Knowledge Services

57. **Reimbursable Advisory Services (RAS).** China approved its first RAS in December 2018. One RAS is already completed, another two are under implementation, and several more are under discussion, all in the area of Doing Business-related reforms. The government and the Bank will continue to explore using RAS where appropriate. As the RAS program expands, the government and the Bank will establish a process to ensure a strategic approach and effective coordination, implementation, and impact.

58. **Other Advisory Services and Analytics (ASA).** In addition to RAS, ASA will include: (i) demand-driven knowledge services, which includes both analytical work and technical advice; (ii) the Bank's standard due diligence—economic and social monitoring, updates of the country gender action plan, and analytical work that generates sector knowledge required for investment projects; and (iii) IFC advisory services to help create sustainable markets and promote better standards while focusing on access to finance, climate change, agribusiness and food safety, and corporate governance. Key ongoing and planned ASA by area of engagement are shown in table 3.

Table 3: Key Advisory Services and Analytics by Area of Engagement

CPF Areas of Engagement	Name of ASA and Expected Completion Date
Cross-Cutting	<ul style="list-style-type: none"> • Inputs to the 14th FYP (FY20) • Poverty Reduction in China: Lessons for the World and Challenges Ahead (FY21)
Advancing Market and Fiscal Reforms	<ul style="list-style-type: none"> • Various RAS on Doing Business Reforms (FY20/FY21) • China Innovation Promotion Policy (FY20) • Institutional Reform for Fiscally Sustainable and Efficient Subnational Governments (FY22) • Strengthening Digital Finance Foundations: Development of a Data Regime; and Building up an Electronic Warehouse Receipts System (IFC) • FinTech/Digital Banking Advisory with Micro-Credit Companies (IFC)
Promoting Greener Growth	<ul style="list-style-type: none"> • China Green Industries (IFC/WB) (FY20) • Programmatic Urban ASA (sustainable cities, etc.) (FY20) • Programmatic: Energy Transformation / Power Sector Reform (FY21) • Developing a Green Finance Framework (FY21) • Transport Transformation & Innovation Knowledge Platform (TransFORM) Phase 3 (FY21) • China Water Sector Support Program (FY22) • Environment and Climate Change Programmatic ASA (FY22) • Greening Agriculture and Food Systems (FY23) • Supporting Marine Plastic Debris Solutions (FY23) • China Green Commercial Bank Framework from Pilot to Operational (IFC) • Agribusiness Efficiency and Food Safety Advisory (IFC)
Sharing the Benefits of Growth	<ul style="list-style-type: none"> • Programmatic: Poverty and Inequality in China (FY20) • China Health Reform PforR Implementation Support (FY21) • Programmatic: Promoting Inclusive and Quality Education in China (FY22)

B. Engagement Area One: Advancing Market and Fiscal Reforms

59. **Advancing market and fiscal reforms will be key to completing the transition to a more sustainable growth trajectory and maintaining financial stability, which are important for the global economy.** China’s high investment rates to support economic growth resulted in lower productivity growth, declining returns to investment, and rising debt. Sustaining growth will depend on accelerating productivity growth and containing risks. For that to happen, as recognized by China’s government, the market needs to play a decisive role in the allocation of resources, and institutional reforms are needed to achieve this. The joint WBG-DRC study *Innovative China: New Drivers of Growth* identifies policies and reforms to promote sustainable productivity-led growth, including reforming financial, labor, and land markets; creating a more open, business friendly, and globally integrated economy; and hard budget constraints (see box 7).

60. **The WBG will engage in selected areas to help strengthen markets and competition, contain debt, and manage financial risks** (see institutional constraints in table 4). As outlined in the two objectives below, the WBG will expand support, especially through RAS, to improve the environment for private sector development and will help China achieve more effective and sustainable fiscal management. In addition to these two objectives, the WBG is carrying out programmatic ASA in the financial sector focusing on financial sector reform, financial stability, financial inclusion/digital finance, and green finance.

Table 4: Engagement Area 1--Institutional Constraints

Objective 1.1: Improving the Environment for Competition and Private Sector Development
<ul style="list-style-type: none"> • Fragmentation of regulatory frameworks and policies supporting business environment reforms. • Regional differences in the quality of the business environment, driven by weak monitoring mechanisms, coordination challenges, and uneven administrative capacity. • Relatively weak coordination of innovation policies resulting in fragmentation, duplication, and misallocation of resources. • Weaknesses in corporate governance and compliance.
Objective 1.2 Achieving More Effective and Sustainable Subnational Fiscal Management and Infrastructure Financing
<ul style="list-style-type: none"> • Need for better management of subnational debt, including reduced reliance on off-budget financing. • Lack of incentives and accountability in local public finance management (PFM) and need for stronger PFM capacity at the local level. • Lack of sustainability of (often excessive) local public investment programs. • Limited local government tax autonomy and revenue mobilization capacity leading to excessive reliance on land-based financing vehicles and resulting in increased off-budget debt and urban sprawl. • Need for market-driven green infrastructure financing mechanisms to move away from land-based financing for urban development.

Objective 1.1: Improving the Environment for Competition and Private Sector Development

61. **A high-quality business environment is critical for supporting productivity growth.** Although the overall business environment in an economy depends on many factors, regulations that are transparent and efficiently implemented are key for growth and job creation. In 2017, China began stepping up its efforts in this area. With WBG support, Shanghai and Beijing (the two cities covered by Doing Business) undertook a number of reforms in seven out of ten Doing Business areas, from starting a business through construction permits and getting electricity to paying taxes and registering property. Owing to these reforms, in 2018 China became the second fastest Doing Business reformer in the world. WBG support will include the following:

- World Bank support will expand, including through RAS, to **reduce the costs of doing business to create a more competitive and dynamic business environment** at the national and local levels, in line with the Doing Business methodology and international good practice.
- To assist in the shift to more innovation-led growth, the Bank will also provide advice, through programmatic ASA, on **improving China’s innovation policies** and maintaining compatibility with an open international trade and investment system and competitive markets.
- The WBG (IFC and the Finance, Competitiveness, and Innovation Global Practice) will help **strengthen the foundation for digital finance (fintech)** by supporting the development of a regulatory regime for the expanding data and analytics industry, developing or adapting regulations in selected fintech areas, and building up the necessary institutional elements for an electronic warehouse receipts finance system.
- Building on the Bank’s policy work, **IFC will support private sector investors** who introduce new technologies that help improve efficiency and productivity, address regional and social disparities, and promote greater resource efficiency and environmental sustainability. The focus will also be on boosting financial inclusion of underserved populations.
- IFC will continue **fostering entrepreneurship and MSME growth and development**, especially among women, by providing credit lines, advisory services, and investing with partners focused on supporting women-owned businesses.

Box 7: The 3 D’s—Reducing Distortions, Accelerating Diffusion, Fostering Discovery

Recognizing that innovation and productivity will be central to China’s next phase of growth, China and the WBG agreed to a joint study, *Innovative China: New Drivers of Growth*. Undertaken by the Development Research Center (DRC) of the State Council, Ministry of Finance and the World Bank Group the study recommends structural, governance, and institutional reforms to promote new drivers of growth and it compares China’s key policies and reforms with international practices.

The main conclusion of the study is that promoting productivity is the key to China’s future growth to a high-income country. It can achieve this through a comprehensive program of reforms in three areas—the three D’s:

- **Removing *Distortions* to strengthen market competition and enhance the efficient allocation of resources in the economy.** Reducing distortions in the allocation of resources will allow China to achieve its current production potential. The first D requires reforms of the financial, labor, and land markets for greater market-oriented resource allocation.
- **Accelerating *Diffusion* of advanced technologies and management practices in China’s economy, taking advantage of the large remaining potential for catch-up growth.** Accelerating diffusion extends China’s current production frontier to the global frontier. The second D requires science and technology (S&T) policies that emphasize the promotion of technology diffusion, reforms of the education and training system to update the workforce, and a more open and globally integrated economy to access global technologies.
- **Fostering *Discovery* and nurturing China’s competitive and innovative capacity as China approaches OECD incomes in the decades ahead and extends the global innovation and technology frontier.** The third D requires a more open, bottom-up, and collaborative S&T system; more basic “blue sky” research; world class universities; and strengthened intellectual property rights.

All three D’s are underpinned by policies and institutional reforms that promote market competition and a state that is more supportive of markets. China also needs to strike the right balance between the three D’s. While recent policies have focused on the third D, fostering discovery and new innovations, the first and second D’s are likely to produce significant payoffs for China’s immediate future and remain the main drivers of growth for some time.

Objective 1.2: Achieving More Effective and Sustainable Subnational Fiscal Management and Infrastructure Financing

62. **Reforms to increase productivity need to be complemented by changes in the fiscal system at the national and subnational levels.** The motivation of subnational governments in China to mobilize resources for rapid investment played an important role in China's remarkable economic development of previous decades. However, recent years of slower growth have witnessed a rapid build-up in debt and a less efficient allocation of credit. China's economic transition requires important changes in the orientation and capacity of subnational governments toward more efficient and sustainable fiscal management and infrastructure financing. For this purpose, China approved amendments to its budget law, which came into effect in January 2015, that delegate responsibility for fiscal sustainability to subnational governments, while also introducing fundamental institutions for debt management and more strategic and efficient medium-term budgeting and measures that aim to put local governments on a more fiscally prudent and sustainable infrastructure financing path. At the same time, the need for infrastructure, especially green infrastructure, remains significant and cannot be financed solely from public sources. In the past, local governments commonly used off-budget financing vehicles known as urban development infrastructure corporations (UDICs) to borrow from commercial banks. Under the revised budget law, local governments can no longer access UDICs and are encouraged to use PPPs (but with centrally determined limits on local government commitments) to develop urban infrastructure. The WBG can support government efforts by:

- **Assisting with implementation of the revised budget law and with achieving fiscal sustainability at the subnational level.** Operations in Hunan Province and Dadukou District in Chongqing Municipality, which closed in December 2017, piloted new approaches for achieving debt sustainability, rationalizing public investment, and monitoring local governments, while also enhancing transparency and accountability. Possible follow-up operations focusing on the effectiveness of earmarked transfers and improved focus of local government spending on quality of services are under discussion. Also, through an ongoing TA project, the Bank will continue to help strengthen key elements of China's public finance system at the national and subnational levels.
- **Helping to establish a policy environment and guidelines conducive to PPPs** and supporting selected local governments in establishing PPP projects that follow international good practices. IBRD is supporting preparation of two demonstration PPP projects that can be replicated by other local governments. The first one supports an inter-municipal urban transport operation and the second one, structured with IFC transactional support, involves a PPP for a water utility, helping establish a robust contractual, tariff and regulatory framework in a sector characterized by historical difficulties in attracting private investment. The WBG will explore additional opportunities among the pipeline of potential PPPs to demonstrate the value of project finance and proper risk allocation mechanisms on project costs, quality, and local government debt management. In addition, IFC will invest in private infrastructure, connectivity, and logistics companies, particularly to increase competition and introduce more efficiency.
- Through an operation approved in FY19, the Bank will help **establish an urban infrastructure financing facility** to raise funds in capital markets and on-lend for green infrastructure in small towns, the first such facility in China. The project builds on previous Bank-financed operations and analytical work and draws lessons from international experience in pooled financing facilities.

C. Engagement Area Two: Promoting Greener Development

63. **China’s environmental and climate change challenges are unique in scale and complexity and of global importance.** Due to its large size, the growth in energy demand, and the reliance on coal, China accounts for almost a quarter of global CO₂ emissions¹⁹, with per capita CO₂ emissions less than the United States and on par with the European Union. Global environmental problems cannot be solved without China’s engagement. China also needs to prepare for climate shocks and make its economy more climate resilient.

64. **The government is committed to environmental sustainability and to building an “ecological civilization.”** The 13th FYP includes dual binding targets (targets for quantity and intensity) for key environmental parameters, such as energy consumption, carbon emissions, main pollutant discharge, air quality, water resource consumption, construction land, and forest coverage, as well as measures to strengthen enforcement, build environmental administrative capacity, and boost incentives for polluters to comply with environmental regulations and switch to cleaner technologies. Under the NDCs of the Paris Agreement, the Chinese government committed to the peaking of CO₂ emissions around 2030 and to making best efforts to peak early; reducing carbon intensity by 40-45 percent from 2005 to 2020 and 60-65 percent from 2005 to 2030; and increasing the share of non-fossil fuels in the primary energy mix to 15 percent by 2020 and 20 percent by 2030. After piloting low-carbon cities and carbon trading programs in seven provinces, the government launched a nationwide carbon cap and trade scheme in December 2017. The NDCs also commit to the development of low-carbon agriculture, including zero growth of chemical fertilizers and pesticides after 2020 and control of methane emissions from rice fields and nitrous oxide emissions from farmland.

65. **Climate change and environmental sustainability are cross-cutting issues mainstreamed across the WBG work program and will continue to deepen and expand.** Over 70 percent of the IBRD/GEF portfolio in China has environmental objectives; and IFC continues to help clients identify and address environmental considerations in their operations and primary supply chains. Over 30 percent of IFC’s investment commitments in China are climate positive, while all IFC investment operations require clients to adhere to environmental standards, including resource efficiency and pollution abatement. Using the joint multilateral development bank climate finance tracking methodology, IBRD lending during FY15-17 averaged 31 percent climate co-benefits, giving the EAP region the highest percentage of climate co-benefits Bank-wide. The China IBRD pipeline (FY20-22) is expected to be an important contributor to meeting EAP and corporate targets. Going forward, engagement in China could include cross-cutting ASA, climate-oriented DPF to drive policy actions to achieve NDC goals, and climate mainstreaming—supporting China in integrating climate considerations into its development and territorial spatial planning, policy development, and investment design, including China’s overseas investments.

66. To promote green development, the WBG will focus on the five objectives below, addressing the institutional constraints shown in table 5.

¹⁹ <https://data.worldbank.org/indicator/EN.ATM.CO2E.KT?view=map>

Table 5: Engagement Area 2--Institutional Constraints

Objective 2.1: Facilitating the Transition to a Lower Carbon Energy Path
<ul style="list-style-type: none"> • At the provincial level, lack of institutional framework for policy coordination and implementation to transition away from coal, in particular with respect to coal mine closure, reclamation, repurposing and associated social and reconversion support to laid-off coal mine workers. • At national and regional levels, inadequate regulation and policy frameworks to ensure local utilization and effective integration of renewable energy and create incentives for private sector-led, market-based expansion of RE capacity.
Objective 2.2: Reducing Air, Soil, Water, and Marine Plastic Pollution
<ul style="list-style-type: none"> • At the local level, variable capacity to monitor and enforce environmental regulations; advisory, regulatory, executive and judicial roles poorly defined, leading to discretionary decision making. • Limited capacity to gather, share, and report adequate environmental information; limited data transparency • Lack of institutions for coordinated pollution management and land-use planning across jurisdictions. • Limited valuation of natural capital undermines the potential for realization of market-based mechanisms and instruments for addressing pollution measures.
Objective 2.3: Demonstrating Sustainable Agriculture Practices and Improving Food System Quality and Safety
<ul style="list-style-type: none"> • Need for stronger coordination between the Ministry of Agriculture and Rural Affairs (MARA) and subnational governmental agencies to develop harmonized policies and regulations and ensure green growth in agriculture. • Weak capacity at local levels to monitor and enforce green policies and regulations in agriculture and create incentives for private green agriculture investment. • Need for enhanced coordination and implementation capacity of the MARA and new State Administration for Market Regulation for food safety policies, absence of risk-based and value-chain-based collaborative approaches across the food safety system.
Objective 2.4: Strengthening Sustainable Natural Resource Management
<ul style="list-style-type: none"> • Need to build capacity of new Ministry of Natural Resources—responsible for managing China’s natural resource assets, overseeing the use of China’s territorial space, protecting and restoring the ecological environment, and establishing an integrated spatial planning system. • At the local level, need to strengthen ecological function zones by establishing ecosystem service assessment standards. • Poor incentives and limited institutions for coordination across jurisdictions leading to increasing competition over resources rather than effective management of common resource pools. • Limited use of market-based mechanisms for resource management (tiered pricing, water rights trading etc.) and associated financing mechanisms.
Objective 2.5: Promoting Low-Carbon Transport and Cities
<ul style="list-style-type: none"> • Insufficient attention of local governments to asset management and maintenance and excessive focus on construction. • Urban traffic congestion and inefficient distribution systems lead to increased logistics costs and CO₂ emissions; absence of multimodal transport planning and poor integration of transport solutions across the supply chain. • Need for urban planning systems that do not lock cities in carbon-intensive and high-energy consumption growth patterns. • Need for new metropolitan (multi-jurisdiction) institutions and city cluster arrangements to foster collaboration to increase resilience and sustainability of socioeconomic development.

Objective 2.1: Facilitating the Transition to a Lower-Carbon Energy Path

67. **China is in the process of transforming its energy sector, which is the country’s single largest contributor to air pollution and climate change.** Over the past 35 years, China has reduced energy intensity (the amount of energy consumed per unit of GDP) by over 70 percent. China has the world’s largest renewable energy capacity, including installed wind and solar PV capacity. Nonetheless, coal still accounts for about 60 percent of primary energy consumption. China’s energy transformation requires the reduction of coal consumption and the scale-up of natural gas, renewable energy, and energy efficiency. To do so, China needs to overcome policy, institutional, and other barriers. For example, institutional barriers underlie the serious curtailment of renewable energy in

recent years, such as insufficient incentives to promote inter-provincial power exchange. WBG support will transition from specific project investments to a programmatic approach that helps China address the policy, institutional, and pricing barriers that limit the development and use of renewable energy. The WBG will support China's energy transformation by:

- The WBG will continue to help **scale up energy efficiency and renewable energy** by supporting power sector reform, creating an enabling environment and a market for local utilization of renewable energy and energy storage applications, and building the capacity of local financial institutions for green finance. IFC support for renewable energy companies and independent gas distribution companies expanding into rural areas will allow consumers to switch from coal heating to gas heating.
- The Bank, through the GEF and Partnership for Market Readiness, will continue to **help introduce and increase use of market-oriented mechanisms to address carbon emissions**, including supporting China's national emissions trading scheme launched in December 2017 and helping China share its experience with other countries.
- The Bank has been requested to provide policy-based financing and technical assistance to **support the province of Shanxi in its transition to a green development path**. IBRD will help design policies to accelerate the transition of the energy mix from coal to clean energy, and mitigate the impacts of the energy transition away from coal production on jobs, communities, and the environment.
- Beyond the energy sector, the WBG will support the **streamlining of national guidelines and standards for green finance** and explore the establishment of a green investment fund that would leverage WBG finance with domestic and international private finance. This will include work to harmonize Chinese regulations, policies, and guidelines among various agencies and institutions; come to a common definition of what counts as "green;" and promote the adoption of international best practices. IBRD will support the creation of a demonstration green industrial zone in Jiangxi province using guidelines jointly developed with GIZ and UNIDO, aiming to set a standard for other zones to emulate and attract green financing.
- In addition to joint WBG work to **establish a green investment fund** to pool demand for green assets, IFC also plans to invest in multiple **green bonds based on international standards** issued (with IFC's assistance) by existing or prospective mid-sized clients from various sectors to make the green bond market more accessible to smaller private companies. WBG analytical work could also support the development of strategies for a green transformation of China's industrial sector.
- IFC will **promote greater adoption of scalable low-carbon and resource-efficient solutions among selected industrial sectors in China** via technical advisory services and investments (for example, in new industry sectors or technical intervention areas such as distributed renewable energy generation) and create a pipeline of bankable projects for financing.
- IFC will **help Chinese banks to incorporate sustainability in their domestic and overseas lending** via globally-accepted standards such as the Equator Principles and Green Credit Guidelines and platforms such as the Sustainable Banking Network. Following its successful pilot with Ma Anshan Rural Commercial Bank, IFC will also leverage the newly established Green Commercial Bank Framework to encourage Chinese commercial banks to mainstream green finance and green practices more broadly. IFC will also support existing and future mid-size clients in issuing green finance instruments—green bonds, green loans, and green mobilizations—based on international standards and best practices to broaden and deepen Chinese green capital markets.

Objective 2.2: Reducing Air, Soil, Water, and Marine Plastic Pollution

68. **Pollution harms China’s economy and people’s health and has global spillovers.** Due to concerted government efforts, air quality has improved over the past few years. However, levels of pollution remain high and economic costs from health impacts are rising, partly due to higher exposure levels in areas with growing populations. Water pollution is a serious problem compounded by acute water scarcity. Soil contamination—affecting the food chain and ground and surface waters—is another serious threat to health and the environment; and even with steps to prevent new soil pollution, China must still contend with a large legacy of pollutants that have accumulated over decades. The WBG can help China strengthen its environmental policies and institutions in several areas:

- The Bank is supporting government efforts to **reduce urban air pollution**, including through an ongoing PforR operation in Hebei, which is responsible for about 70 percent of the emissions in the Beijing-Tianjin-Hebei region. Going forward, the Bank will continue working with key regions requiring air pollution control, helping to introduce regional approaches and integrated plans to reduce both air pollution and GHG emissions.
- Several ongoing Bank-financed projects **demonstrate risk-based approaches to remediate contaminated industrial and agricultural land** and introduce and pilot new remediation technologies, creating more flexible and cost-effective models for local governments to redevelop contaminated sites or restore contaminated farmland and reduce public exposure to heavy metals and persistent organic pollutants (POPs).
- **As a new area of engagement, the Bank will support efforts to tackle marine plastic pollution** by developing roadmaps for plastic pollution control to inform policies with support from the PROBLUE multi-donor trust fund, which supports healthy and productive oceans. This engagement could evolve into financial support to selected Chinese provinces to help them reduce plastics and microplastics leakage into rivers and oceans and strengthen the circular economy. China’s Waste Free Cities initiative could also provide important lessons on the reduction and recycling of solid wastes around the world.
- Through an ongoing operation, the Bank is also **helping to reduce pollutant discharge into Poyang Lake**, which is the largest freshwater lake in China and of global biodiversity significance, while introducing international best practice and piloting a modern environmental monitoring system.
- Ongoing GEF-financed operations will **support the development of a national strategy on mercury and related action plans** to manage the production, use, and disposal of mercury and mercury-related products to reduce releases and emissions of mercury to the environment and reduce public exposure to mercury-related pollution, as per the Minamata Convention. China is one of the highest contributors to atmospheric mercury emissions.
- The Bank will continue to **accelerate the phase-out of ozone-depleting substances (ODS)**, including hydrochlorofluorocarbons (HCFC), which are powerful greenhouse gases, as per the Montreal Protocol and the 2016 Kigali Amendment. China is the world’s largest producer, consumer, and exporter of chemicals associated with ODS.
- **IFC will continue working with private sector clients on pollution abatement** by assessing the risk and potential impacts of their operations, recommending actions to mitigate them, and tracking performance through regular Performance Standards monitoring. IFC will also continue to support and invest in clean technologies and companies engaged in pollution abatement, safe and responsible recycling of potentially hazardous or precious materials, water conservation, wastewater treatment, and solid waste management.

Objective 2.3: Demonstrating Sustainable Agriculture Practices and Improving Food System Quality and Safety

69. **The agriculture and food sector in China is transitioning from an emphasis on quantity to greater quality, safety, and environmental sustainability.** China's agriculture, while providing food security to the country, has also brought major environmental challenges, especially due to excessive use of chemical fertilizers and pesticides. Ammonia emissions from inefficient use of nitrogen fertilizers contribute around 10 percent of the air pollution (PM2.5) over the North China Plain and Pearl and Yangtze River deltas; and agriculture accounts for 7.9 percent of China's total GHG emissions, making China the largest producer of GHG emissions from agriculture in the world. Also, chemical overuse in agriculture, and other agricultural and industrial pollution cause soil and water contamination and affect food safety. Addressing these challenges requires a shift from a resource-intensive production system to a sustainable, climate-smart, and more knowledge-intensive production system. It also requires changes in farm scale, transformation of rural factor markets, and upgrading of food supply chains. To address these challenges, the government is placing a priority on modernizing agricultural production systems while reducing their environmental footprint. Bank support for policy reforms will help open the way for IFC investments in agribusiness and rural supply chains. The WBG can help strengthen policies and institutions:

- The Bank will continue to **demonstrate climate-smart agriculture technologies and practices that increase efficiency while reducing air and non-point source agriculture pollution.** These include improved fertilizer (nitrogen) use efficiency, improved soil management, and improved livestock waste management practices. Bank operations are also **strengthening institutions needed to transform the agriculture and food production systems**, such as the development of farmer cooperatives and partnerships with agribusinesses and other stakeholders along food value chains and the channeling of green financing towards smart agricultural applications. A proposed new IBRD financial intermediation loan to Henan province will seek to mobilize commercial funding for green technology applications in agriculture, which has so far not benefited substantially from China's large green finance market, by helping set standards and providing technical assistance and risk reduction instruments.
- The WBG expects to **expand support for strengthening agriculture product quality and food safety systems in China** through supporting development of food distribution and logistics systems and working with regulatory agencies at the national and provincial levels to address capacity constraints and move towards risk-based monitoring, thereby helping to implement the Agriculture Product Quality and Food Safety Law.
- Building on IBRD-supported institutional reforms in the agricultural sector, IFC will continue **investing in smart agribusiness companies and supply chains to enhance their productivity, encourage food safety, improve water conservation in agriculture, and/or create new market access routes and sales outlets for farmers and smallholders, particularly in frontier regions.** IFC's approach to agribusiness globally focuses on enhancing food safety and security, ensuring inclusive growth and shared prosperity, and making sustainability and energy/water efficiency a business driver. Of these priorities, food safety is a particular concern that IFC is working to address. This engagement will also prioritize increasing female participation in agribusiness and the value chain from farms to markets.

Objective 2.4: Strengthening Sustainable Natural Resource Management

70. **China's rapid economic growth has been coupled with a degradation of its scarce natural resources.** China is one of the most water-scarce nations in the world—per capita water resources are less than one-third the global average. Water scarcity has become a constraint to economic

development in parts of China, and scarcity is worsening due to increasing demand, water pollution, and the effects of climate change. China adopted policies in the mid-1980s that have successfully doubled forest coverage, although total forest coverage remains relatively small and the quality of forests varies. Forests sequester enormous quantities of CO₂ and figure prominently in China's NDCs; and they are also important for income and employment in poorer rural areas. Desertification affects over one quarter of China's land area and about 400 million people and impedes development in northwest China. Chinese policy makers and society are giving sustainable natural resource management high priority; and income and living standards have reached a level where China can afford and is also willing to shift its policies. The WBG can help China strengthen its policies and institutions in this area:

- The Bank will continue to **provide policy advice on water governance issues**, building on the 2018 report, *Watershed: A new Era for Water Governance in China*, jointly prepared by the WBG and the DRC of China's State Council. Several ongoing projects are **demonstrating integrated water resource management**. The Bank will also help **implement market approaches** to water scarcity and pollution challenges, including use of economic instruments to promote efficiency and productivity in water use and its quality. Going forward the Bank will seek ways to incentivize coordinated water governance across jurisdictions through new financial modalities, leveraging and improving the efficiency of public spending in water resource management and pollution control, with a focus on the Yangtze and Yellow River basins. A new analytical study is also planned on water valuation and its integration into economic planning and decision making.
- Ongoing IBRD-financed operations are **demonstrating ways to better manage and restore ecosystems and conserve biodiversity**, including wildlife conservation in northeast China and controlling desertification in Ningxia Hui Autonomous Region, a national demonstration area for desertification control.
- A proposed forestry operation will help China **enhance forest ecosystem resilience to natural disasters and climate variability**, complementing a parallel operation by the European Investment Bank. A planned GEF operation will pilot climate-smart **grassland** management practices.
- IFC will **support private-sector investments in water and sanitation projects**. IFC is focusing on improving municipal and industrial water efficiency and water quality, working with private sector firms in water-intensive sectors, especially in water-scarce areas of the country.
- Through a combination of advisory services and investments, IFC will **crowd in more private investment** in sectors so far dominated by the public sector but with potential for risk-sharing and private service provision, including in water, waste water management, and waste to energy.

Objective 2.5: Promoting Low-Carbon Transport and Cities

71. **GHG emissions from the transport sector continue to grow, adding urgency to the development of low-carbon transport.** Although the transport sector contributes less to China's overall GHG emissions than energy and industry, it is one of the fastest growing contributors due to the rising numbers of private vehicles, inadequate traffic management systems, and inefficiencies in freight transport. Given that car ownership will likely continue to grow, China needs to scale up its efforts to develop low-carbon and efficient transport systems. While China has developed basic public transport infrastructure, it needs to promote market-based policies to manage transport demand, develop integrated urban transport systems in large metropolitan regions to reduce traffic congestion and carbon emissions, and shift from an emphasis on construction to greater focus on asset management and maintenance, including by involving the private sector. There is also a need to improve the quality and efficiency of freight transport, which is dominated by highly polluting trucks

and accounts for a large share of vehicular CO₂ emissions in China. A decentralized and fragmented logistics industry and underdeveloped multi-modal transportation result in a reliance on trucks for freight and an underutilization of greener modes of transport, such as railways and inland water transport. It is important to reduce GHG emissions from China's maritime fleet, the world's third-largest, which mainly uses heavy fuel oil and is a main contributor to air pollution in many Chinese port cities.

72. **China is shifting to a new sustainable model of urbanization that will require new urban planning approaches and institutional capacity building, particularly in secondary cities.** An additional 300 million people will be moving to China's cities by 2030, taking the country's urbanization rate from about 50 percent currently to about 70 percent—about one billion people in cities. This continued urbanization will drive growth and raise living standards, but it will be important to establish urban planning systems that do not lock cities into carbon intensive and high energy growth patterns. In 2015, the government launched a “National Plan on New Urbanization” that emphasizes more people-friendly and sustainable cities, transit-oriented development, and the provision of basic urban services to all residents, including migrants. China's city governments are interested in learning from other countries and adopting innovative urban planning approaches that mitigate pollution, conserve energy and natural resources, and build resilience to natural disasters exacerbated by climate change.

73. **WBG support in the transport and urban sectors will transition from infrastructure-intensive investments to a more focused approach on the institutions and systems needed to minimize carbon emissions and environmental impact.** Ongoing and future WBG support includes:

- Through GEF grants, the Bank is **supporting the Ministry of Transport in developing national policies and guidelines for green and efficient freight transport** and to select representative regions to demonstrate reduction of energy consumption and carbon emissions from the freight transport sector.
- Through ongoing city-specific transport investment operations, the Bank is **increasing the use of public transport and improving transport efficiency**, especially supporting pilot cities for both the Transit Metropolis and the Smart City Program. Investments are complemented by TA to pilot and demonstrate institutional and technological innovations, such as intelligent transport systems, public transport integration, and transit-oriented development. Ongoing projects are also helping to **develop models for integrated multimodal (waterway, rail, and road) transport and logistics hubs** and helping to **build the systems needed for better asset management of the road network**, important for reducing fuel consumption and avoiding costly and environmentally harmful road rehabilitation. Going forward, the Bank will seek opportunities to expand engagement on asset management to create space for private investment, thereby reducing the high burden of transport-related debt on local government balance sheets.
- The Bank will build on its previous support (through trust funds and ASA) and continue to help **reduce air pollution and GHG emissions from maritime transport**.
- IFC could potentially **invest in warehousing and logistics companies** that are focused on reducing supply chain costs, introducing best international practices and green building standards, and making transportation companies more efficient to reduce carbon emissions.
- The Bank will help **scale up the Transport Transformation & Innovation Knowledge Platform (TransFORM)**—a knowledge platform to share Chinese and international urban transport experiences and facilitate city-to-city peer learning. TransFORM will expand from sharing knowledge within China to sharing China's experiences with other countries.
- Through both ongoing and potential future operations, **the Bank will help cities build resilience to natural disasters, especially floods**; and support the shift in focus from natural disaster recovery and construction to introducing risk reduction in socio-economic planning,

including by financing an innovative pilot multi-hazard risk information platform that will enable knowledge sharing across districts, counties, and municipalities in Sichuan Province.

- IFC will **invest in green buildings**, including adoption of EDGE standards, encouraging the use of green materials and design of green buildings in new construction, and capital expenditure projects of IFC investees and mobilizing the local capital market to invest in green city projects across China. IFC and the World Bank are collaborating to encourage the use of international green building standards.

D. Engagement Area Three: Sharing the Benefits of Growth

74. **Addressing the inequalities that have emerged during China’s rapid development is a key social challenge and priority for the government.** The disparities are both spatial (between urban and rural areas and between coastal and inland provinces) and between different social groups (most notably migrants and local urban residents). Spatial disparity arose as a natural consequence of economic development—export-oriented manufacturing grew mainly in coastal and urban areas. However, institutional factors have also contributed, such as barriers to rural-urban migration caused by the *hukou* system and disparities in local government spending caused by the decentralized fiscal system. The government is putting a stronger emphasis on integration between urban and rural areas, including facilitating mobility of people and economic activity and through policies that gradually harmonize social entitlements. The government is also beginning to respond to the new challenges of a rapidly aging population, such as developing a policy framework for aged care. In addition to reducing inequality, reforms to enhance equality of opportunity will also help facilitate China’s shifting growth model—investments in human capital and a healthier and more secure population will enhance consumption and contribute to rebalancing. They will also ensure that China has the quality of workers to navigate the ongoing decline in the labor force due to rapid aging and move up the value chain in production.

75. **The WBG will help promote shared development by geographically focusing on less developed regions and small towns and by supporting policies, institutional reforms, and demonstration projects that address inequalities** (see table 6 for key institutional constraints). In the human development sectors—health and aged care, social protection, early childhood education, basic education, and skills development—the Bank will help introduce and pilot new approaches at the subnational level while supporting policy reforms through dialogue and ASA at the national level. The Bank could also provide analytical support to help strengthen measurements of poverty and to inform China's poverty reduction policies. Building on Bank-supported policy reforms, IFC will support efforts to increase private sector investment and the deployment of new technologies to provide more inclusive and effective health and aged care and reduce spatial disparities. IFC will especially target companies that provide digital and connected healthcare, thereby enhancing patients’ access to quality and affordable health services. Many of the social sector innovations being supported in China are ones with strong relevance for other developing countries and can provide lessons and models globally. WBG-supported activities can be mapped to the two objectives below.

Table 6: Engagement Area 3--Institutional Constraints

Objective 3.1: Increasing Access to Quality Health and Aged Care Services
<ul style="list-style-type: none"> • Fragmented and hospital-centric health services delivery system; lack of integration across levels of care. • Need for strengthened capacity of the recently established National Health Security Administration for strategic purchasing from health service providers; need for broader use of performance incentives. • Need for a comprehensive policy and institutional framework for elderly care, including to build the stewardship function of the state, engage the private sector; and develop a sustainable financing model.
Objective 3.2 Strengthening the Quality of Early Learning and Skills Development Programs
<ul style="list-style-type: none"> • In rural areas and poorer provinces, limited institutional capacity for early childhood education and basic education and underdeveloped policies for accommodating “left behind” and special-needs children. • Nascent institutional mechanisms for promoting a high-quality teaching force. • Limited capacity, especially in lesser developed areas, to develop technical and skills development programs relevant for the job market. • Availability of reliable and comparable data on learning outcomes to drive policy.

Objective 3.1: Increasing Access to Quality Health and Aged Care Services

76. **Deepening health sector reform is important for China’s future social and economic success.** Despite major gains in health, including a round of reforms launched in 2009, China faces new challenges, especially a rapidly aging population and an increase in non-communicable diseases. China’s fragmented, hospital-centric, and volume-driven health delivery system contributes to escalating health expenditures, raising concerns about future affordability. To expand current reforms, the government, WBG, and World Health Organization worked together during 2014-2016 on a major study, *Healthy China—Deepening Health Reform in China, Building High-Quality and Value-Based Service Delivery*, that proposed a comprehensive package of measures to deepen health reform and establish a system for better health at affordable costs. The study informed the government’s health sector development plan, which lays out an agenda to provide affordable, equitable, and effective health care for all by 2020.

77. **To cope with rapid aging, China needs a sustainable, efficient, and high-quality aged care system.** Due to declining fertility and longer life expectancy, a quarter of the population will be 65 and older by 2040. At the same time, the traditional family care system for the aged has eroded because there are fewer adult children to provide informal care and internal migration has reduced inter-generational co-residence. The formal aged care industry and market are underdeveloped except for high-end services catering to the wealthy urban elderly and public aged care services for some indigent elderly. In response, the government is developing a framework to build a market for elderly care services tailored to individual needs and resource constraints. The envisaged system will have three tiers: home-based care supported by community-based care and supplemented by institutional care. It will be important to define the roles of providers and the role of the state as regulator, part financier, and overall sectoral steward. Population aging also poses challenges for China’s social protection system, particularly the pension system and the social assistance system, which focuses on the frail and elderly poor. WBG support for government reforms in healthcare, aged care, and social protection will include:

- The Bank will continue **supporting reforms needed for the transformation of China’s health service delivery model**, including through an ongoing PforR operation that helps implement healthcare reforms in Anhui and Fujian provinces and a planned new operation in Hainan province deepening reforms in integrated care and pooled health insurance to increase quality of care and efficiency of service delivery. Knowledge generation and learning components will ensure that lessons at the provincial level are mainstreamed nationally and shared with other countries. The Bank will also work with the new National Healthcare Security Administration to help strengthen policy and regulatory capacity.

- IFC will **support private sector provision of affordable health care in areas where it can be more efficient and effective than public provision**, and where it can help alleviate some of the stress in the public healthcare system. For example, IFC will look for investments and advisory assignments in private clinics and hospitals in frontier areas, where a market gap may exist in public provision of such health services. More broadly, IFC will look for opportunities to engage with companies focused on the diagnosis, treatment, and prevention of disease, illness, and injury, including companies producing and distributing medical devices, pharmaceuticals/biopharmaceuticals, and those engaged in new markets such as biotechnology and digital/mobile healthcare.
- The Bank will **support China’s development of an aged care system**. There are two ongoing operations—one in Anhui to develop an aged care masterplan and one in Guizhou to promote aged care sector reform. They build on recent ASA on China’s aged care sector and the financing of aged care. The Bank may consider an additional modest financial engagement in this area to deepen reform efforts and promote knowledge sharing about policy reforms among provinces. In close coordination with the Bank, IFC will promote private sector participation in aged care by tapping into its domestic and international network of providers to bring best practices to the Chinese market.
- The Bank will continue to **support institutional strengthening of social protection programs**, building on the Bank’s long-term engagement on pension and social protection reform in China.

Objective 3.2: Strengthening the Quality of Early Learning and Skills Development Programs

78. **China has made remarkable progress in improving access to education, but there remain large educational disparities between rural and urban areas, especially in learning outcomes.** China has practically achieved universal access to compulsory education (grades 1-9) and is on its way to achieving the same for senior secondary education (grades 10-12). Yet, the Human Capital Index for China shows that a child born today will be only 67 percent as productive when she grows up as she could be if she enjoyed complete education and full health. Children in China can expect to complete 13.2 years of preprimary, primary, and secondary school by age 18; but when years of schooling are adjusted for quality of learning, this is only equivalent to 9.7 years. This learning gap of 3.5 years is a result of multiple factors. Access to early childhood education (preschool) in rural areas is low, putting rural and migrant children at a disadvantage. In addition, due to inequalities of basic education and costs associated with continuing education, rural children are learning less in compulsory school and less likely to progress to higher levels of education. Despite reforms that require local governments to admit migrant children in local schools, migrant children still face difficulties enrolling in urban public schools due to capacity constraints and other factors. As a result, learning outcomes in select urban counties and rich provinces are among the best in the world, while rural areas and poorer provinces lag far behind. The government is addressing educational disparities, including through a fund guarantee system to improve compulsory education in poor areas. The government is also promoting technical and vocational education and training (TVET) to help develop a workforce with the competencies needed for more complex local industries, especially in less developed areas. The WBG will assist through pilot interventions in a few key areas:

- Through an ongoing operation, the Bank is **piloting improvements to improve the quality of and access to early childhood education (ECE) in Yunnan, one of China’s least developed provinces**. This first-time IBRD investment in ECE in China is informed by two World Bank

studies.²⁰ Future Bank involvement could help address other ECE challenges and the inequalities in access to quality education, especially in the least developed provinces.

- An ongoing Bank operation is **piloting ways to decrease educational disparities in Guangdong**, including addressing the needs of the “left-behind” children of migrant families and mainstreaming children with disabilities in primary and junior secondary school classrooms. Evidence from the pilot will be useful for informing other developing countries on how education systems can help reduce inequality. A programmatic ASA to assess effective teaching practices and understand local policies and perceptions about mainstreaming children with disabilities will help inform the pilot. Also, the Bank is supporting national teacher education and support policies through the ongoing China Economic Transformation and Institutional Capacity Building Project.
- The Bank has several ongoing operations that **support reforms and investments that improve the quality and relevance of TVET**. The experience of Bank-supported TVET projects provides a solid evidence base for China to reform the TVET system through its domestic resources. The Bank will therefore move away from traditional TVET projects but remain engaged with the skills development reform agenda.
- IFC will **support employment-driven and skill-based affordable private tertiary and vocational education with an emphasis on education for women** to help expand access to quality and affordable education and meet the skill gap as China’s economy shifts towards a service- and skill-based economy. Apart from direct investment and advisory support to educational and training institutions, IFC will promote affordable private tertiary and vocational education through its partner financial institutions that also offer financing for education. IFC will also focus on projects that provide exceptional job and job-training opportunities in frontier areas, for example in high value-added manufacturing, raising the skill and income levels of these underserved populations. The IFC and the World Bank will collaborate in analyzing policy and institutional reforms in the tertiary and vocational education sectors.

E. Cross-Cutting Theme: Cooperating on Global Knowledge and Development

79. **Cooperating with China on global development issues has been an increasingly important aspect of the WBG engagement and strategy.** It has been a theme in the WBG-China partnership since 2006. Working in upper-middle-income countries such as China allows the WBG to build its own knowledge and capabilities and to transfer development lessons to other countries. The WBG is well positioned to leverage China’s development experience, given its knowledge and relationships built through nearly four decades of lending and analytical work.

80. **As part of its growing global role, China is strengthening its engagement with international development organizations, including IDA.** China played a key role in the IDA18 replenishment, especially in the creation of the special theme of “Jobs and Economic Transformation.” It will continue to be an important player in the IDA19 replenishment (see box 8). In 2015, China established its first WBG trust fund, the China-WBG Partnership Facility Trust Fund, to contribute to the WBG’s twin goals of eliminating extreme poverty and creating shared prosperity (see box 9). The WBG and China are working together to promote development in Africa, including through the Investing in Africa Forum and the Investing in Africa Think Tank Alliance.

81. **Regional integration, South-South cooperation, and knowledge exchanges are key themes of China’s growing global development role.** China sees ample development opportunities in

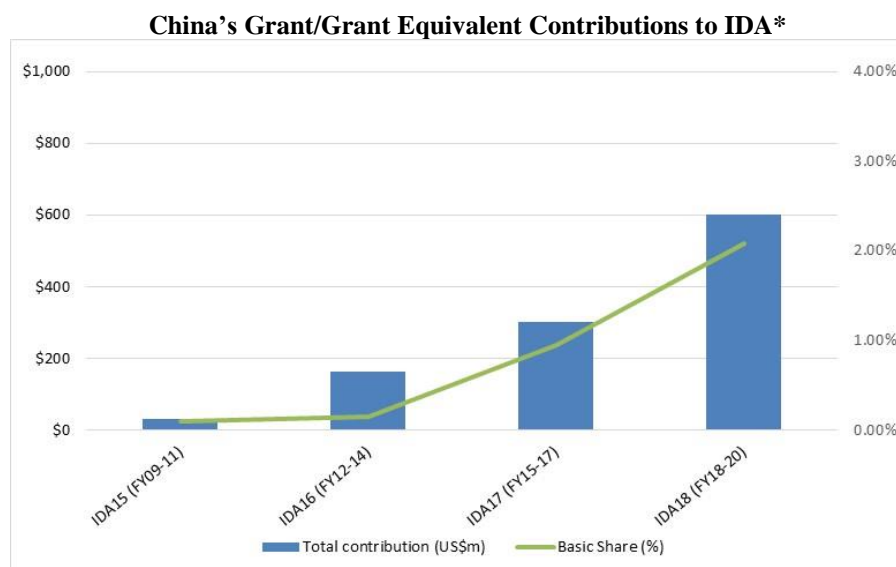
²⁰ World Bank. 2012. *Early Child Development in China: Breaking the Cycle of Poverty and Improving Future Competitiveness*. and World Bank. 2013. *Early Childhood Education in Yunnan*.

growing connectivity and regional integration. A recent (2019) World Bank study, *Belt and Road Economics*, highlights the importance of connectivity for development. It also emphasizes that the potential gains depend on ensuring best practices in debt management and transparency, sound procurement and anti-corruption provisions, and environmental and social risk management. As with many middle-income countries, China’s recent development successes offer many lessons of potential relevance to other developing countries, even if these need to be adapted from one context to another. These are themes that will continue to feature prominently in the WBG-China cooperation on international development.

Box 8: China as an IDA Contributing Partner

Since 2007, China has been an important contributing partner to IDA—its financial contributions have grown over the past four replenishments to US\$600 million in IDA18 (see figure below). In addition to grant contributions, China contributed through contractual acceleration of its credit repayments and through voluntary credit prepayments in IDA16 (which contributed US\$1.3 billion and US\$1 billion of additional resources respectively), and through a Concessional Partner Loan (CPL) of US\$1 billion in IDA17. In IDA18, for the first time, China’s contribution was made in *renminbi*, which joined the Special Drawing Rights (SDR) basket in 2016. China is the 11th largest contributor to IDA18.

Alongside its financial contributions, China has participated in shaping IDA’s policy framework during replenishment discussions. During the IDA18 replenishment, China played a key role in formulating the Jobs and Economic Transformation special theme. It continues to engage closely in the ongoing IDA19 replenishment process.



* The IDA17 contribution of US\$300 million includes the grant elements from the US\$1 billion CPL.

82. **This CPF will take a more strategic and coordinated approach to cooperation on global development, focusing on two areas:**

- Harnessing China’s development experience and knowledge to benefit other developing countries.** WBG-financed operations in China and analytical work will be more systematically designed to distill and transfer lessons to other developing countries. More broadly, the WBG will work with China’s government and knowledge institutions to analyze and document key practices, policies, programs, and institutions of interest to other countries; distill lessons; and develop an approach to learning and exchanges related to China’s development experience. The 40th anniversary of the WBG-China partnership in 2020 offers an opportunity to draw lessons more systematically and inform knowledge sharing activities going forward, including through the proposed study on lessons from China’s poverty reduction. The interest in China’s

experience is considerable. The value added of the WBG will be to help put development experience into context and forge sustainable knowledge partnerships.

- **Strengthening China’s development assistance institutions and standards for development assistance and finance.** The WBG will strengthen cooperation with China’s development assistance institutions, including its newly established development cooperation agency, and exchange experiences in development assistance and aid effectiveness. The WBG will work with China’s agencies and financial institutions and with international partners to support standards for sustainable development assistance, including environmental and social standards, procurement standards, governance and anti-corruption good practices, and debt sustainability analysis. Part of this work may be funded by a multi-donor trust fund, which will operationalize the Multilateral Cooperation Center for Development Finance (MCDF), a platform for promoting high-quality infrastructure and connectivity in developing countries. MOF and eight international agencies, including the WBG, signed a MOU in March 2019 to collaborate through the MCDF. IFC will support Chinese agencies and banks in further building their capacity to implement the Equator Principles and Green Credit Guidelines. IFC will also work with other bilateral and multilateral financial and development institutions that focus on private sector development in China to harmonize approaches and encourage using global best practices with regard to transparency and sustainability.

Box 9: The China-WBG Partnership Facility Trust Fund

The China-World Bank Group Partnership Facility (CWPF) was established in July 2015 to enhance China-WBG cooperation and contribute to the WBG’s twin goals of eliminating extreme poverty and creating shared prosperity. The CWPF consists of four funding windows: (1) investment projects and operations; (2) knowledge development and South-South learning; (3) human resource cooperation; and (4) financing for global and regional programs. China has contributed US\$50 million to the CWPF.

Two calls for proposals have been issued for funding through windows 1 and 2, resulting in 28 projects approved for US\$16.4 million in funding. In addition, China has contributed US\$20 million to the Global Infrastructure Fund through CWPF window 4.

Projects approved to date include:

- **Green investment in Asia.** Building on the lessons of the IFC’s China Utility-Based Energy Efficiency Finance Program (CHUEE) to encourage green investment, the CWPF supported the conclusion of four IFC climate investments in India, Sri Lanka, and Vietnam for a total of US\$175 million and a private sector investment in green projects of US\$1.9 billion by the Agricultural Bank of China (ABC), which the IFC supported with technical support and advice.
- **Transit-oriented development in Mumbai.** In support of a larger World Bank-financed project on urban rail in Mumbai, the CWPF financed activities to help Indian officials learn from China’s experience with urban transit development, especially transit-oriented development, metro, and station development.
- **Use of evapotranspiration measurement systems in the MENA region.** A regional workshop was held with North African and Middle Eastern beneficiary countries and the Arab Water Council in Cairo in May 2017 to study how the evapotranspiration measurement system in China can be replicated in other countries.
- **Public health capacity in West Africa.** In response to the Ebola crisis, the CWPF funded a project to increase public health capacity in African countries to improve disease surveillance, including through a visit by the Chinese Center for Disease Control and Prevention to Sierra Leone.
- **Climate-Smart Agriculture in Mozambique.** The CWPF is financing a project to demonstrate how climate-smart solutions developed in China could benefit agriculture in Mozambique.
- **Agriculture value chain in Senegal.** The CWPF supported research on agricultural value chains in peanuts and rice production to promote private-sector partnerships.
- **Capacity building in Ethiopia.** The CWPF supported trainings in China for Ethiopian government officials and project managers on irrigation technologies for small-scale farmlands.

83. A new “China-WBG Program for International Development” will allow more effective coordination. Although cooperating on global development issues has been a theme in WBG country partnership strategies for China since 2006, activities have been predominantly driven by opportunities and initiatives involving multiple parts of the WBG, loosely coordinated, and not systematically tracked or evaluated. The China-WBG Program for International Development, supported by a small secretariat located in the World Bank office in Beijing, will provide an umbrella that ensures that activities take place within a strategic framework and are appropriately coordinated, prioritized, supported, tracked, and evaluated. Cooperation with China on global development issues is expected to become the mainstay of the relationship over time. The Program will provide for continuity in knowledge generation and sharing as WBG lending to China declines.

IV. DELIVERING THE WORLD BANK GROUP PROGRAM

84. The WBG office in Beijing will play a central role in program delivery and monitoring. The World Bank office currently comprises about 125 staff. Since 1992, IFC has maintained an office in Beijing co-located with the World Bank office, with currently about 50 staff. In September 2000, a joint IFC/World Bank regional office for private sector development was established in Hong Kong SAR, China. MIGA has Asia offices in Singapore and the Republic of Korea as well as a presence in Beijing, co-located with IFC.

85. The WBG will continue to work closely with national partners and international partners to leverage knowledge and financing. When possible, the WBG will coordinate with local agencies, research institutes, and universities. The WBG will leverage its financial resources through partnerships with other development partners. The World Bank and the Asian Development Bank (ADB) exchange information and collaborate at the program level. The ADB’s country partnership strategy for 2016-2020 focuses on: managing climate change and the environment; promoting regional cooperation and integration; supporting inclusive economic growth; fostering knowledge cooperation; and supporting institutional and governance reform.

86. A CPF Results Framework presents the results chain for the WBG’s program of support (Annex 1). CPF indicators will be monitored over the CPF period. Most supplemental indicators are expected to be completed by the PLR around FY22. Results during this CPF period will come from existing operations and quicker-disbursing operations included in this CPF; many of the new operations to be undertaken during this CPF will not be completed by the end of the CPF (FY25).

87. Continued strong support will be provided to ensure compliance with World Bank fiduciary and environmental and social (E&S) safeguard policies (see also paras. 94 and 95). Challenges include: the geographic span of the portfolio and new projects with implementing agencies unfamiliar with World Bank procedures, especially the Procurement Framework and the new Environment and Social Framework (ESF), which was launched October 1, 2018. Also, given that firms from China are competitive and active in procurement in Bank-financed projects worldwide, the Bank will continue to engage regularly with business associations in China on key E&S safeguard issues.

88. The Bank will also continue to support the strengthening of country systems. A key feature of the new ESF is its focus on using and strengthening country E&S management systems. The World Bank and ADB are helping China incorporate features of the 2016 Procurement Framework into the Chinese Model Procurement Documents for National Open Competitive Procurement of Works and Goods. The Bank is providing TA to NDRC and MOF to further strengthen China’s legislative instruments and systems for public procurement and for accelerating the process of China’s accession to the World Trade Organization Agreement on Government Procurement. The Bank’s procurement team will continue to provide periodic training to government auditors and is increasingly relying on

the China National Audit Office and subnational audit offices to carry out procurement post reviews of Bank-financed operations using a risk-based approach. The Bank will also continue to facilitate South-South cooperation in accounting, auditing, financial reporting, and safeguards management to benefit other countries in the region

89. **The WBG will continue to ensure that gender gaps, when present, will inform the preparation and design of projects and results frameworks.**²¹ As per corporate commitments, the CPF sets a target of at least 55 percent of new operations addressing relevant gender gaps.²² For example, IBRD will aim to reduce existing inequalities between males and females in regard to access to credit services (Gansu Revitalization and Innovation Project); access to participation in the New Professional Farmer Development Program (Guangxi Poverty Reduction Program); and reduce the elder care burden for women and promote formal job opportunities for care workers (Anhui Aged Care System Demonstration Project; Guizhou Aged Care System Development Program). IFC will continue to deepen its work on gender in both its investment and advisory work, with a focus on supporting women-owned businesses and facilitating better targeting of women clients in the banking and education sectors, among others.

90. **The WBG will prepare a PLR at CPF midpoint.** The PLR will evaluate progress toward CPF objectives and adjust the strategy and program as needed in accordance with the 14th FYP (2021-2025) and based on lessons learned during the first half of CPF implementation. The PLR will also provide an update of the key elements of the graduation policy, notably the strengthening of key institutions for economic and social development.

V. MANAGING RISKS

91. **Risks to the WBG’s development effectiveness in China are moderate overall.** The risks reflect the shift in China’s economic model, including those arising from potential resistance to the required reforms and uncertainties in the global environment. Also, the shift in WBG engagement to address key policy and institutional challenges is expected to result in greater risk taking. On the other hand, China has good design and implementation capacity, has displayed strong ownership of the WBG program in the past, and has a track record of high performance. The summary risk table (see table 7) uses the Systematic Operations Risk-rating Tool (SORT).²³

92. **Given the CPF’s shift to primarily focus on key policy and institutional constraints, WBG development effectiveness will depend to a greater extent on strong sector strategies and policies in difficult reform areas.** Therefore, the risk category “sector strategies and policies” is rated substantial. Some provincial governments may view this shift as less demand driven than when the IBRD program was determined mainly through a bottom-up process, which could also increase risk. When working at the provincial level, it will be important to ensure that support for key policy and institutional reforms is matched at the local level by commitment and need for implementation support.

93. **China’s complex development issues require sophisticated solutions, making project design and implementation challenging.** For example, projects that address air pollution and land contamination require technically and institutionally complex designs and flexibility during

²¹ A China Gender Assessment (FY17) was undertaken to inform the SCD and the CPF, including data from *Gender Equality in China’s Economic Transformation*, UN Women, 2014; and *Gender Equality and the Labor Market*, Asian Development Bank, 2017.

²² In FY18, WBG corporate monitoring shifted to reporting the percentage of projects approved each year that meet the new gender tag. The FY17 baseline for China was 23 percent and in FY18 this increased to 30 percent.

²³ A definition of risks and a rating guide are provided in the SORT Guidance Note, available at: <http://pubdocs.worldbank.org/en/972311473706061935/SORTGuidanceNote2014.pdf>

implementation. “Technical design of project or program” is therefore also rated “substantial.” The WBG must ensure that staff with high levels of expertise remain engaged with China.

94. **During the CPF period, the World Bank will give due attention to the management of social and environmental risks.** These include risks related to issues such as resettlement, labor conditions, community health and safety, biodiversity, resource efficiency and pollution as well as vulnerable groups such as the elderly, disabled, women and ethnic minorities. The Bank has various ongoing projects with high safeguard risk ratings given their complexity and scale and also operates in some areas with a significant share of vulnerable groups. Risk management for new Investment Project Financing (IPF) projects with Concept Note meetings on or after October 1, 2018 follows the new Environmental and Social Framework (ESF), which enables the World Bank and borrowers to better manage environmental and social risks of projects and to improve development outcomes, particularly for vulnerable groups. The ESF makes important advances in areas such as transparency, non-discrimination, public participation and accountability. However, its implementation will require additional training for clients and project management units.

95. **Although risks are moderate for “institutional capacity for implementation” and “fiduciary,” continued capacity building will be needed.** Many operations focus on central and western provinces and smaller cities, where counterparts are less experienced and may require more support during preparation and implementation. World Bank fiduciary staff will continue to provide training to project management office staff, implementing agencies, and other relevant groups, such as procurement agents, auditors, and finance bureaus. Also, the Bank’s fiduciary teams are working closely with clients to carry out assessments of client systems under PforR operations, and to provide recommendations to improve their systems and mitigate risks.

Table 7: Summary Risk Table

Summary Risks (H: High; S: Substantial; M: Moderate; L: Low)

Risk Categories	Rating
1. Political and governance	L
2. Macroeconomic	M
3. Sector strategies and policies	S
4. Technical design of project or program	S
5. Institutional capacity for implementation and sustainability	M
6. Fiduciary	M
7. Environment and social	S
8. Stakeholders	M
Overall	M

ANNEXES

Annex 1: China Country Partnership Framework Results Matrix

Engagement Area 1: Advancing Market and Fiscal Reforms

Objective 1.1: Strengthening the Environment for Competition and Private Sector Development

Intervention Logic

China’s slowdown in growth places a premium on policies to increase productivity-led growth by promoting market competition and the private sector (SCD, 2018). This entails, among others, structural reforms to strengthen the foundation of a market-based economy, including fewer barriers to entry and exit and increased competition in all sectors (China 2030). A strong regulatory framework and consistent and predictable application of regulations are needed to reduce the regulatory uncertainty identified by both foreign and domestic investors in China. The government has emphasized its commitment to strengthen the business environment and gave this topic priority during State Council meetings in January and February 2018. Reform momentum has also picked up at the subnational level, including Beijing and Shanghai. The government has implemented a range of reforms to improve the regulatory environment for private sector and reduce transaction costs; however, the regulatory environment still varies substantially among different regulatory areas and regions/cities. The WBG has supported the government through policy advice since 2017. During the CPF period, the WBG will provide TA to the federal and subnational government to support a program of reforms to improve the business environment. In 2018, the government signed the first RAS agreement for advice on improvements in China’s secured transaction and insolvency frameworks, followed by RAS agreements with Shanghai and Beijing. Several more potential RAS are under discussion.

Indicators	Supplementary Progress Indicators	WBG Program
<p>1.1.1 Doing Business composite measure (for Beijing and Shanghai) of the cost of doing business and quality of the regulatory environment Ease of Doing Business Score (Highest/frontier = 100): - Baseline: 77.9 (2020) - Target: 80 (2025)</p> <p>1.1.2 Number of MSMEs provided with financing by IFC’s fintech and financial intermediary partners - Baseline: 0 (2018) - Target: 10 million MSMEs (IFC: CFPA Microfinance Management Co., Ltd. (32523, 33268, 38028); Chongqing Baidu Microloan Co Ltd (38237, 40399); Jiangsu Financial Leasing</p>	<p>Business Environment</p> <ul style="list-style-type: none"> • Reduction in composite time to comply with regulations in Beijing and Shanghai (time to start a business, deal with construction permitting, get electricity, register property) from 207 to 150 by 2022. • Improvements in quality of regulations and institutions to secure property and investor/creditor rights (property registration, secured transactions, resolving insolvency) by 2023. <p>Competition/Innovation</p> <ul style="list-style-type: none"> • Competitive neutrality principles (as noted in the Government Work Report, March 2019) implemented by 2022. • New policy measures to strengthen technology diffusion (as discussed in the <i>Innovative China</i> report) implemented by 2022. 	<p>Ongoing: <u>IBRD:</u> Gansu Revitalization and Innovation Project (P158215, 6/19-6/25)</p> <p><u>RAS:</u> Shanghai: DB Construction Permitting and Trading Across Borders Reforms (P170611, FY20); Beijing: DB Construction Permitting and Property Registration Reforms (P170908, FY20).</p> <p><u>ASA:</u> Innovation Promotion and 13th & 14th FYP Support (P168758, FY19-20); Financial Inclusion Global Initiative (FIGI) Country Support Program (P167514, FY18-21); Financing Instruments for Green Development (P171164, FY19-21); Financial Stability and Development Programmatic Approach (P170820, FY19-22); Strengthening China’s Investment Environment through FDI and Competition Reform (P171096, FY19-22)</p>

<p>Co., Ltd. (30850, 35255; 41668); Chongqing Xiaomi Microfinance Co., Ltd. (40334); Lionbridge Financing Leasing (China) Co Ltd (41378); Simple Credit (42086))</p>	<p>Financing for MSMEs</p> <ul style="list-style-type: none"> • 2 “participating financial institutions” in Gansu have completed and executed their institutional development plans with project support by 2023. (Gansu Revitalization and Innovation Project) • Non-performing loan ratio (in Gansu) is less than 5% in 2022 and 2023 in new MSME portfolio financed under the project as a result of increased capacity of participating financial institutions. (Gansu Revitalization and Innovation Project) 	<p>IFC Investment: CFPA Microfinance Management Co., Ltd. (32523, 33268, 38028); Chongqing Baidu Microloan Co Ltd (38237, 40399); Jiangsu Financial Leasing Co., Ltd. (30850, 35255; 41668); Microcred China Limited (25940, 28915, 28916, 36287); Postal Savings Bank of China (35461); Urumqi Tianrong Micro Credit Co Ltd (30345); Tianjin Binhai Rural Commercial Bank (25511; 29038); Chongqing Liangjiang New Area Shengji Micro-Loan Co., Ltd. (40226); Chongqing Xiaomi Microfinance Co., Ltd. (40334)</p> <p>IFC Advisory: Postal Savings Bank of China AS (601814); Simple Credit Digital Agrifinance Project (603905); China Rural Collateral Reform (598367)</p> <p>Pipeline: IBRD: Infrastructure PPP Demonstration (FY21/22)</p> <p>RAS: Potential engagements with Guangzhou Free Trade Zone, China Southern Power Grid, Shenzhen, and Xiamen.</p> <p>IFC Investment: Active pipeline includes projects and early leads with a number of microcredit and microfinance (including digital finance) companies, leasing and insurance companies e.g. CFPA Gansu Loan (41879); Lionbridge Financing Leasing (China) Co Ltd (41378); Simple Credit (42086).</p> <p>IFC Advisory: Data Market Development Project (602791); Digital Financial Inclusion (603628)</p>
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Objective 1.2: Achieving More Effective and Sustainable Subnational Fiscal Management and Infrastructure Financing

Intervention Logic

China’s economic transition requires important changes in the orientation and capacity of subnational governments toward more efficient and sustainable fiscal management and infrastructure financing. For this purpose, China approved amendments to its budget law, which came into effect in January 2016, to delegate responsibility for fiscal sustainability to subnational governments while also introducing fundamental institutions for debt management and more strategic and efficient medium-term budgeting and measures that seek to put local governments on a more fiscally prudent and sustainable infrastructure financing path. The World Bank will assist with the implementation of the 2016 budget law by: supporting China’s fiscal reforms through ASA; two ongoing IBRD-financed TA projects to strengthen key elements of China’s public finance system at both national and subnational levels; and potentially through a new IBRD operation, building on the work of two subnational DPLs that closed at the end of 2017, to help local governments establish a forward-looking, comprehensive, and transparent public finance regime that integrates budget, public investment, and debt management. The

WBG will also support the establishment of demonstration PPPs and China's first pooled financing facility for green infrastructure, thereby helping China establish new financing strategies at the local government level.

Indicators	Supplementary Progress Indicators	WBG Program
<p>1.2.1 Annual rate of growth in total liabilities of local government financing vehicles. - Baseline: 2015: 25.2% 2016: 23.3% 2017: 16.1% 2018: 11.1% Target: Slower than the rate of nominal GDP growth (annually, 2020-2025). (Measured by WIND database that includes all corporations that issue bonds)</p> <p>1.2.2 Successful establishment and operationalization of innovative and transparent green financial intermediary institution (demonstrated by total private direct mobilization of World Bank loan for selected green urban investments of participating local governments in the Yangtze River Delta). - Baseline: 0 (2018) - Target: \$800 million (2025) (Green Urban Financing and Innovation)</p> <p>1.2.3 Number of innovative infrastructure financings or demonstration PPP projects successfully established - Baseline: 0 - Target: 2 PPPs (IBRD/IFC) and 5 private infrastructure companies (IFC: Beijing GeoEnviron Engineering and Technology, Inc. Green Bond (41819); Canvest Environmental Protection Group Company Ltd. (39889;40570); China Everbright Water Ltd. (35266);Penyao</p>	<p>Fiscal Reform</p> <ul style="list-style-type: none"> Dissemination of 20 fiscal policy reform proposals to decision makers by 2021 to inform the design and implementation of the central government's fiscal reform program. (Building a Modern Fiscal System.) Capacity and skills in core budget management systems in the Ministry of Finance enhanced (as measured by percent of staff who, according to a follow up survey, use concepts and skills from training activities). Baseline: 0 (2018); Target: 75% of staff (2021). (Building a Modern Fiscal System.) 28 Targeted Poverty Counties in Guangxi have adopted annual program-based Budgeting Plans and annual program-based Expenditure Reports for consolidated poverty reduction program management in Guangxi by 2020. (Guangxi Poverty Reduction PforR) Guangxi has institutionalized participatory approach to poverty reduction program by 2020. (Guangxi Poverty Reduction PforR) <p>Infrastructure Financing and PPPs</p> <ul style="list-style-type: none"> Shanghai Green Urban Financing and Services Co., Ltd on track to obtain green bond principles certification by 2025. (Green Urban Financing and Innovation) Shanghai Green Urban Financing and Services Co., Ltd on track to obtain credit rating by 2025. (Green Urban Financing and Innovation) 	<p>Ongoing</p> <p>IBRD: Economic Transformation and Capacity Building (P144270, 5/14-10/21); Building a Modern Fiscal System (P154694; 4/16-7/21); Guangxi Poverty Reduction PforR (P163138; 6/18-12/21); Green Urban Financing and Innovation Project (P158124, 5/19-6/25).</p> <p>ASA: China Institutional Reform for Fiscally Sustainable and Efficient Subnational Governments (P168929, FY19-22); China Fiscal Interbudgetary Reform and Debt Sustainability (P168842, FY19-22).</p> <p>IFC Investment: Beijing GeoEnviron Engineering and Technology, Inc. Green Bond (41819); Canvest Environmental Protection Group Company Ltd. (39889;40570); China Everbright Water Ltd. (35266);Penyao Environmental Protection Co. Ltd. (39279)</p> <p>IFC Advisory: Deyang City Jingyang District Water Environment Treatment PPP project (603119)</p> <p>Pipeline</p> <p>IBRD: Sichuan Water Supply and Sanitation PPP Project (P168025, FY20); Chuzhou-Nanjing Intercity Railway PPP Project (P168181, FY20); Hunan Institutional Enhancement for Rural Revitalization PforR (P172325, FY21); Provincial Fiscal Governance and Reform (FY21/22).</p> <p>IFC Investment: Active pipeline includes a number of potential investments and early leads in Transportation & Logistics, Gas Distribution, Waste Management, Water/Wastewater Utilities, Waste-to-Energy, Renewables, e.g. Best Logistics (41906); Bestsun (41796)</p> <p>IFC Advisory: Yichang Municipality PPP MOU (601776)</p>

Environmental Protection Co. Ltd. (39279); Deyang City Jingyang District Water Environment Treatment PPP project (603119); Bestsun (41796))		
Engagement 2: Promoting Greener Growth		
Objective 2.1: Facilitating the Transition to a Lower-Carbon Energy Path		
<p>Intervention Logic</p> <p>Over the past ten years, China has reduced both energy and carbon intensity measured per unit of GDP. With the support of the WBG, China developed its energy efficiency and the renewable energy industries, which are now world leaders. Currently, however, the structure of China’s energy market is preventing an efficient use of renewable energy, resulting in curtailment rates that are high by international standards, and limiting the effectiveness of further energy efficiency improvements. Moreover, China’s central and provincial authorities have committed to ambitious targets to improve air quality and mitigate the cause of climate change, which requires an energy transition to far higher shares of clean energy and a substantial reduction of the reliance on coal. The World Bank will help the substitution of coal with clean energy by supporting the improvement of the efficiency of energy markets and facilitating the removal of regulatory and institutional barriers that lock-in the high dependency on coal. This will include technical assistance and loans to improve the institutional and regulatory frameworks of the different energy markets at both the central and provincial levels; the development of innovative green finance instruments to scale-up the adoption of disruptive innovations like battery storage, decentralized renewable energy (DRE) and complex EE segments; and the design of policies and standards to facilitate a sustainable transition of coal-dependent provincial economies.</p>		
Indicators	Supplementary Progress Indicators	WBG Program
<p>2.1.1 Reduction in GHG emissions from renewable energy and energy savings (tons of CO2, cumulative) - Baseline: 2.9 million (2019) - Target: 15.5 million (2025) (IBRD: Hebei Clean Heating Project; Innovative Financing for Air Pollution Control in Jing-Jin-Ji; Hebei Rural Renewable Energy Development Project; Developing Market-Based Energy Efficiency; Improving Efficiency and Promoting Reform for Renewable Energy in China; GEF: China Distributed Renewable Scale Up Program)</p> <p>2.1.2 Reduction in GHG emissions from renewable energy and energy efficiency</p>	<p>Energy Efficiency (EE)</p> <ul style="list-style-type: none"> • Development by 2022 of a market-based EE trading mechanism. (Developing Market-Based Energy Efficiency). <p>Renewable Energy (RE)</p> <ul style="list-style-type: none"> • Demonstrate and scale-up the Renewable Energy Service Company (RESCO) model for market-based roof-top solar photovoltaic systems. Target: 400 RESCO contracts signed by 2021. (Beijing Rooftop Solar Photovoltaic Scale-Up Project) • Development of 7 new or revised policies, regulations, and standards related to grid integration of distributed renewable energy by 2023. (Distributed Renewable Energy Scale-up Project) • Increase in RE absorption by the grids (Gigawatt hour). Target: 120 (2022). (China Renewable Energy and Battery Storage Project.) 	<p>Ongoing</p> <p>IBRD: Beijing Rooftop Solar PV Scale-up (P125022, 3/13-12/19); Shanxi Gas Utilization (P133531, 3/14-6/20); Hebei Clean Heating Project (P148599, 1/16-6/21); Innovative Financing for Air Pollution Control in Jing-Jin-Ji (P154669, 3/16-6/22); Hebei Rural Renewable Energy Development Project (P132873, 3/15-12/20); China Renewable Energy and Battery Storage Project (P163679, 5/19-6/25).</p> <p>TF: China Partnership for Market Readiness (P145586, 6/14-2/20).</p> <p>GEF: China Renewable Energy Scale-up Program Phase II (CRESP II) (P127033, 10/13-12/20); Urban Scale Building Energy Efficiency and Renewable Energy (P130786, 4/13-12/19); Developing Market-Based Energy Efficiency (P132748, 3/17-04/22); Distributed Renewable Energy Scale-up Project (P162299, 5/19-6/23).</p>

<p>advisory assignments and investments (tons/year during the CPF period) - Baseline: 0 (2018) - Target: 10 million (2025) (IFC: Chint Solar (HK) Co. Ltd (38815); Concord New Energy Group Ltd. (30015; 38636); Sanchuan Energy Group Co. Ltd (26586); China Tian Lun Gas Holdings Ltd. (35400); Henan Tian Lun Gas Group Ltd. (36418); Envision Energy Ltd (36094); Microvast Inc. (30599, 37168); Wasion Group Holdings Ltd (36735); Bestsun Energy Co Ltd (41796))</p> <p>2.1.3 Through banks in the China Climate Finance Advisory Program and/or the Green Commercial Bank Framework, GHG emissions expected to be reduced at the banks and their borrowers (tons/year during the CPF period) - Baseline: 0 (2020) - Target: 100 million (2025) (IFC: China Climate Finance Advisory (585507); Environment and Social Risk Management for FIs in China (591367))</p> <p>2.1.4 Deepening of the green bond and green syndication market for private sector issuers/borrowers (metric: # of bonds/syndications during the CPF period) - Baseline: 0 (2020) - Target: 5 bonds/syndications (2025) (IFC: Jiangsu Financial Leasing Co. (32288, 41668); Lionbridge Green (41378); Beijing GeoEnviron Engineering and Technology, Inc. Green Bond (41819); Canvest Environmental Protection Group Company Ltd. (39889;40570); China Everbright</p>	<ul style="list-style-type: none"> • Sustainable biogas production and utilization demonstrated in Hebei by 2021 (demonstrated by over 90,000 rural households gaining access to sustainable biogas supply). (Hebei Rural Renewable Energy Development Project) <p>Green Financing</p> <ul style="list-style-type: none"> • Develop a case study of the Innovative Financing for Air Pollution Control in Jing-Jin-Ji and disseminate knowledge and lessons learned from the program by 2022 for replication in other provinces. (Developing Market-Based Energy Efficiency) • Development of three innovative products for green financing by 2021. Baseline: 2 (2019); Target: 5 (2021). (Developing Market-Based Energy Efficiency and Innovative Financing for Air Pollution Control in Jing-Jin-Ji) • Total investments in eligible EE, RE, and pollution abatement subprojects of \$2 billion by 2021. (Innovative Financing for Air Pollution Control in Jing-Jin-Ji) <p>Coal Mine Closure</p> <ul style="list-style-type: none"> • Development and enforcement by 2022 of Consistent Social and Environmental Planning and Standards for Coal Mines Closure in one coal-dependent province engaged in energy transition. (Pipeline ESMAP-financed ASA: Energy Transition to a Lower-Coal Economy in Shanxi Province, China.) 	<p>IFC Investment: <i>Investment in renewable energy generation assets:</i> Chint Solar (HK) Co. Ltd (38815); Concord New Energy Group Ltd. (30015; 38636); Sanchuan Energy Group Co. Ltd (26586); <i>Investments in cleaner energy:</i> China Tian Lun Gas Holdings Ltd. (35400); Henan Tian Lun Gas Group Ltd. (36418); <i>Investments in banks for EE and RE projects:</i> Jiangsu Financial Leasing Co. (32288, 41668); <i>Investments in energy efficient machinery and engineering companies:</i> Envision Energy Ltd (36094); Microvast Inc. (30599, 37168); Wasion Group Holdings Ltd (36735); <i>Investments in Green Buildings:</i> China Houze (37869, 40174); Carlyle China Rome Logistics L.P. (39046); <i>Green financing:</i> Lionbridge Green (41378); Beijing GeoEnviron Engineering and Technology, Inc. Green Bond (41819); Canvest Environmental Protection Group Company Ltd. (39889;40570); China Everbright Water Ltd. (35266); Penyao Environmental Protection Co. Ltd. (39279)</p> <p>IFC Advisory: China Climate Finance Advisory (585507); Environment and Social Risk Management for FIs in China (591367).</p> <p>ASA: CWPf: Sharing China's Clean Energy Experiences (P166673, FY19-20); China Green Finance Development Program (P168899, FY19-21); China Energy Revolution Programmatic ASA (P172281; FY20-23)</p> <p>Pipeline IBRD: Shanxi Energy Transition and Green Growth DPO (P170663, FY20)</p> <p>GEF: China Distributed Renewable Scale Up Program (Phase III).</p> <p>IFC Investment: Potential investments in green financing through banks and leasing companies: Lionbridge Financing Leasing Co Ltd. (41378); potential investment in gas distribution: Bestsun Energy Co Ltd (41796); renewable energy generation companies; energy efficiency projects</p>
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Water Ltd. (35266);Penyao Environmental Protection Co. Ltd. (39279))		<u>IFC Advisory</u> : China Green Building Phase II (602733); early stage AS on Green Growth for Industry (602940)
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Objective 2.2: Reducing Air, Soil, Water, and Marine Plastic Pollution

Intervention Logic
 Due to concerted government efforts, air quality has improved over the past few years. However, levels of pollution remain high and economic costs from health impacts are rising, partly due to higher exposure levels in areas with growing populations. Water pollution is a serious problem compounded by acute water scarcity in certain areas. Soil contamination—affecting the food chain and ground and surface waters—is another serious threat to health and the environment; and even with steps to prevent new soil pollution, China must still contend with a large legacy of pollutants that have accumulated over decades. The WBG will help China to strengthen its environmental policies and institutions. The Bank will continue working with key regions requiring air pollution control, helping to introduce regional approaches and integrated plans to reduce both air pollution and GHG emissions. It will further continue its support to phase out ozone depleting substances (ODS) and help to remediate contaminated industrial and agricultural land. The Bank is also helping to reduce pollutant discharge into Poyang Lake and as a new area of engagement, the Bank will support efforts to tackle marine plastic pollution by developing roadmaps for plastic pollution control and through potential projects to help reduce plastics leakage into rivers and oceans and strengthen the circular economy. The Bank’s efforts will be complemented by IFC, which will continue to invest in clean technologies and companies engaged in pollution abatement, safe and responsible recycling of potentially hazardous or precious materials, water conservation, wastewater treatment, and solid waste management.

Indicators	Supplementary Progress Indicators	WBG Program
<p>2.2.1 Reduction of NOx and SO2 emissions in Jing-Jin-Ji attributable to projects (tons) - Baseline: 1,400 tons NOx; 865 tons SO2 (2018) - Target: 190,000 NOx (2022); 225,000 SO2 (2022) (Innovative Financing; Shanxi Energy Transition and Green Growth DPO)</p> <p>2.2.2 Contaminated land managed through innovative remediation approaches (ha) - Baseline: 52 (2019) - Target: 8,284 (2023) (Huainan Mining Area Project; Zhuzhou Brownfield Project; China Contaminated Site Management Project; Hunan Integrated Management of Agriculture Land Project)</p>	<p>Air Pollution</p> <ul style="list-style-type: none"> • Approval of a Cost-effective Comprehensive Plan on Air Quality Control for the next 5 years by 2020 (Hebei Pollution Prevention and Control Program) • Case study for the Hebei PforR developed and lessons learned summarized by 2021 (GEF Developing Market-Based Energy Efficiency) • Training is provided to no less than 480 monitoring and enforcement staff at the Environmental Protection Bureaus at all levels by 2020. (Hebei Pollution Prevention and Control Program) • National strategy for mercury developed and submitted for approval and mercury flow tracked by a fully functional MIS by 2021. (China Minimata Convention on Mercury Project) <p>Soil Pollution and Contaminated Sites</p> <ul style="list-style-type: none"> • Updated spatial zoning plan for Qinghuitang Core Area tailored to remediation concepts and brownfield redevelopment requirements by 2022. (Zhuzhou Brownfield Remediation Project) 	<p>Ongoing <u>IBRD</u>: Hebei Pollution Prevention and Control Program (P154672, 6/16-12/19); Innovative Financing for Air Pollution Control in Jing-Jin-Ji Project (P154669, 3/16-3/22); Zhuzhou Brownfield Remediation Project (P147381, 3/16-12/21); Huainan Mining Area Rehabilitation Project (P133000, 5/15-6/21); Poyang Lake Water Environment Management Project (P153604, 3/17-12/22); Hunan Integrated Management of Agricultural Land Pollution Project (P153115, 8/17-12/23); Guangdong Agricultural Pollution Control (P127775, 12/13-6/21); Zhejiang Qiandao Lake an Xin’an River Basin Water Resources and Ecological Environmental Protection Project (P159870; 6/18-6/24); Shaanxi Sustainable Towns Development Project (P162623, 5/19-12/25).</p> <p><u>MP</u>: China HCFC Phaseout Project Stage II (P156397, 12/18-12/27).</p> <p><u>GEF</u>: Municipal Solid Waste Management Project (P126832, 11/14-12/19) ; Contaminated Site Management</p>

<p>2.2.3 Volume of Chemical Oxygen Demand (COD) pollution load reduction (tons/year) - Baseline: 18,400 (2018) - Target: 55,700 (2024) (Poyang Lake Basin Town Water Environment Management; China Guangdong Agricultural Pollution Control; CN-Jiangxi Poyang Lake Basin and Ecological Economic Zone Small Town Development; Mainstreaming Integrated Water and Environment Management Project)</p> <p>2.2.4 Persistent Organic Pollutants (POPs) and POPs waste destroyed, disposed, and contained in environmentally sound manner (metric ton) - Baseline: 0 (2018) - Target: 79,000 (2021) (China Contaminated Site Management Project)</p> <p>2.2.5 Reduction of Production of Ozone Depleting Substances Emissions (in ton) - Baseline: 0 (2019) - Target: 16,745 (2027) (China HCFC Phaseout Project Stage II)</p> <p>2.2.6 Lake and river basin treatment/restoration (number of projects) - Baseline: 0 - Target: 3 (IFC)</p> <p>2.2.7 Volume of recycled lead by lead-acid battery recycling facilities (metric: tons/year)</p>	<ul style="list-style-type: none"> • Technical guidelines and policy recommendations for prevention and control of site contamination at the national level and in Chongqing and Liaoning developed by 2020. (China Contaminated Site Management) • National database of POPs contaminated sites developed by 2021. (China Contaminated Site Management) • Risk-based approach successfully established: safety risks of agriculture production areas in participating counties classified in 2023 (Hunan Integrated Management of Agricultural Land Pollution Project) <p>Water Pollution</p> <ul style="list-style-type: none"> • 16 newly established water quality monitoring stations/sites at Poyang Lake by 2021. (Poyang Lake Water Environment Management Project) • Lake Management Platform (LMP) for Poyang Lake established and operational by 2023. (Poyang Lake Water Environment Management Project) • Shanxi Province Han River Corridor regional water pollution monitoring system on track for operation by 2024. (Shaanxi Sustainable Towns Development Project) 	<p>(P145533, 4/15-12/21); Capacity Strengthening for Implementation of Minamata Convention on Mercury Project (P151281, 9/16-4/21); Developing Market-Based Energy Efficiency (P132748, 09/17-04/22); Reduction and Phaseout of PFOS in Priority Sectors (P152959, 4/17-3/23); Guangdong Agricultural Pollution Control (P127815, 12/13-6/21).</p> <p><u>IFC investment:</u> Camel Group (41128); BGE Green Bond (41819); Alpha Feed (41835); GEM Co Ltd. (43250)</p> <p><u>ASA:</u> Pollution Management and Environmental Health in China (P159873, FY21); Watershed: A New Era of Water Governance - Advancing Water Quality Markets in China; Evaluating and Realizing the Value of Water in the Construction of an Ecological Civilization for China (P171215, FY21); Developing Green Investment Standards (P170977, FY21); Environment and Climate Change PASA (P168619, FY22) China: Supporting Marine Plastic Debris Solutions (P170079, FY23)</p> <p>Pipeline <u>IBRD:</u> Shanxi Energy Transition and Green Growth DPO (P170663, FY20); Yangtze River Revitalization Program (P171644, FY21), Yellow River Restoration (FY 21 or 22)</p> <p><u>GEF:</u> Reducing Mercury Emission in Non-Ferrous Metal Sector (aiming for 2021 delivery) GEF: Dioxins Reduction and Environmentally Sustainable Development of the Iron and Steel Industry (2021 delivery)</p> <p><u>IFC Investment:</u> Potential investment in waste collection/management company and in ecology restoration companies</p>
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<p>- Baseline: 250,000 (2018) - Target: 710,000 (2025) (IFC: Camel Group (41128); GEM Co Ltd. (43250))</p>		
<p>Objective 2.3: Demonstrating Sustainable Agricultural Practices and Safer and Higher Quality Food Systems</p>		
<p>Intervention Logic China’s approach to agricultural development and rural revitalization is driven by concerns over food security, environmental sustainability and food safety. The strategic direction is laid out in a series of “No. 1 Central Documents”; the National Sustainable Agricultural Development Plan adopted by the Ministry of Agriculture; and Rural Revitalization and Ecological Civilization strategies issued by the State Council. In addition, China has committed to promote low-carbon development in agriculture under the Paris Climate Agreement. However, implementation of these strategies and international commitments has been hampered by fragmented inter-agency coordination mechanisms; weak institutional capacity to ensure that the objectives are being supported by harmonized policies and regulations at different administrative levels; and inadequate monitoring and evaluation of implementation. Current and planned WBG support to China addresses the challenges facing China’s agri-food system by promoting integrated approaches for the development of agricultural and food systems, which recognize the need to address food safety and agriproduct quality, environmental sustainability, and climate change in an integrated and complementary way.</p>		
<p>Indicators</p>	<p>Supplementary Progress Indicators</p>	<p>WBG Program</p>
<p>2.3.1 Farmers adopting innovative sustainable practices (number) - Baseline: 5,700 (2018) - Target: 100,000 (2023) (Integrated Modern Agriculture Project; Climate Smart Staple Crop Production Project; Hunan Integrated Management of Agricultural Land Pollution Project)</p> <p>2.3.2 Area where sustainable agricultural practices have been demonstrated (ha) - Baseline: 54,611 (2018) - Target: 110,000 (2023) (Integrated Modern Agriculture Project; Climate Smart Staple Crop Production Project; Hunan Integrated Management of Agricultural Land Pollution Project)</p> <p>2.3.3 Private farmers reached from IFC investments, or benefitting through adoption of efficient practices and/or improved incomes (metric: number)</p>	<p>Climate Smart Agriculture</p> <ul style="list-style-type: none"> • 100 new varieties and technologies demonstrated by 2020 in project working in five provinces and one municipality. (Integrated Modern Agriculture Project) • Operation of 30 farmer field schools by 2020. (Climate Smart Staple Crop Production) • Reduction in consumption of pesticides in project areas (tons) (Climate Smart Staple Crop Production) Baseline: 48 (2018) Target: 100 (2020) • Mass of COD pollution load reduction achieved under the project (Tones/year) (Guangdong Agricultural Pollution Control Project) Baseline: 17,647 (2018) Target: 45,000 (2021) • Number of livestock waste management facilities constructed. Baseline: 32 (2018) Target: 120 (2021). (China Guangdong Agricultural Pollution Control Project) <p>Food Systems</p> <ul style="list-style-type: none"> • 500 farmer cooperatives with service access provided by the project by 2022. (Jiangxi Farm Produce Distribution System Development Project) 	<p>Ongoing <u>IBRD</u>: Sichuan Wudu Irrigated Agriculture Development Project (P121414, 02/12-10/19); Integrated Modern Agriculture Development Project (P125496, 12/13-12/19); Guangdong Agricultural Pollution Control Project (P127775, 12/13-06/21); Jiangxi Farm Produce Distribution System Development (P147009, 12/17-12/23); Hunan Integrated Management of Agricultural Land Pollution Project (P153115, 10/17–12/23)</p> <p><u>GEF</u>: Guangdong Agricultural Pollution Control (P127815, 12/13-06/21); Climate Smart Staple Crop Production (P144531, 8/14-9/20)</p> <p><u>IFC Investment Portfolio</u>: Anyou Biotechnology Group Co.,Ltd. (31568; 36905; Guangxi Yangxiang Co Ltd (38720); Changyu Group (23745); Hwagain Group Co., Ltd. (30021); Kilcoy Global Foods, Ltd (Atopco) (35839; 40179; 41952); Muyuan Food Co., Ltd. (29089, 39372, 39373); New Hope Singapore Pte. Ltd. (34007); Shandong Hekangyuan Poultry Breeding Inc Ltd (33944);</p>

<p>- Baseline: 500,000 (2018) - Target: 1 million farmers by 2022 (IFC: Anyou Biotechnology Group Co.,Ltd. (31568; 36905; Guangxi Yangxiang Co Ltd (38720); Changyu Group (23745); Kilcoy Global Foods, Ltd (Atopco) (35839; 40179; 41952); Muyuan Food Co., Ltd. (29089, 39372, 39373); Shandong Hekangyuan Poultry Breeding Inc Ltd (33944); Guangxi Fenglin (35042, 39801); Stora Enso (Guangxi) Forestry Co., Ltd. (34978, 34977, 27286); Chenguang Biotech; Alpha Feed Group Limited (41835); Shandong Hekangyuan Poultry Breeding Inc Ltd (40900); Simple Credit Digital Agrifinance Project (603905))</p>	<ul style="list-style-type: none"> • Number of villages with farmer information hubs. Baseline: 87 (2018) Target: 600 (2023) (Jiangxi Farm Produce Distribution System Development) 	<p><i>Forestry:</i> Guangxi Fenglin (35042, 39801); Stora Enso (Guangxi) Forestry Co., Ltd. (34978, 34977, 27286) <i>Food Safety:</i> Henan Xiang Nian Foods Co Ltd (38881); Shanghai Zhengming Morden Logistics Co., Ltd. (34169); Suzhou Jiahe Foods Industry Co., Ltd. (40045); Haid International (39543) <i>Food Security:</i> Kingenta Ecological Engineering Group Co Ltd. (39459)</p> <p><u>ASA:</u> Transforming Rural China (P171518, FY21)</p> <p>Pipeline <u>IBRD:</u> Henan Green Agriculture Finance Fund (P169758, FY20); Hubei Smart, Safe and Sustainable Agriculture Project (P168061, FY20); China Food Safety Improvement Project P162178 (FY21)</p> <p><u>GEF:</u> Hubei Safe, Sustainable, Smart Agriculture Project (P172224, FY21 – complements IBRD project).</p> <p><u>IFC Investment:</u> Potential 2-4 investment projects in agribusiness per year. Active pipeline includes projects in agribusiness and food manufacturing companies Alpha Feed Group Limited (41835); Shandong Hekangyuan Poultry Breeding Inc Ltd (40900); Xiang Nian II (42401); and a potential project in smart irrigation (e.g. Netafim China).</p> <p><u>IFC Advisory:</u> Simple Credit Digital Agrifinance Project (603905)</p>
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Objective 2.4: Demonstrating Sustainable Natural Resources Management

Intervention Logic
China’s rapid economic growth has been coupled with a degradation of its scarce natural resources. China is one of the most water-scarce nations in the world, and water scarcity is worsening due to increasing demand, water pollution, and the effects of climate change. Forest coverage remains relatively small, despite policies that led to a doubling of forest coverage since the 1980s. Forests figure prominently in China’s NDCs and they are also important for income and employment in poorer rural areas. Desertification affects over one quarter of China’s land area and impedes development in northwest China. China is giving sustainable natural resource management high priority, with strong demand for Bank support. The Bank will continue to provide policy advice on water governance issues. Several ongoing projects demonstrate integrated watershed management and new activities are planned to incentivize coordinated water governance and more efficient water resource management across jurisdictions, with a focus on the Yangtse and Yellow River basins. In addition, ongoing operations are demonstrating ways to better manage and restore ecosystems and conserve biodiversity, including wildlife conservation and controlling desertification, and a proposed forestry operation will enhance forest ecosystem resilience. IFC will support investments in

water and sanitation projects, for example to improve municipal and industrial water efficiency and water quality. It will also aim to crowd in more private investment in sectors with potential for risk-sharing and private service provision, including in water, waste water management, and waste to energy.

Indicators	Supplementary Progress Indicators	WBG Program
<p>2.4.1 Targeted forest area rehabilitated and restored through successful demonstration of sustainable forest management models (ha.) - Baseline: 0 (2018) - Target: 142,730 (2024) (Forest Development in the Yangtze River Economic Belt PforR; Zhejiang Qiandao Lake and Xin'an River Basin Water Resources Environment Project)</p> <p>2.4.2. People protected from flooding or benefitting from improved drainage through successful demonstration projects (number) - Baseline: 456,582 (2018) - Target: 760,500 (2024) (Ma'anshan Cihu River Basin Improvement Baseline; Guangxi Laibin Water Environment; Chongqing Small Towns Water Environmental Management; Jiangxi Poyang Lake Basin and Ecological Economic Zone Small Town Development;</p>	<p>Landscape (Ecosystem) Management and Restoration</p> <ul style="list-style-type: none"> • Ecological conditions for recovery of threatened biodiversity created and demonstrated by bringing 369,000 ha. under enhanced biodiversity protection in existing and new nature reserves by 2020. (GEF Landscape Approach to Wildlife Conversation in Northeast China) • Increased average management effectiveness achieved in 4 existing natural reserves by 2020 (METT Baseline 38, Target: 60. (GEF Landscape Approach to Wildlife Conversation in Northeast China) • Integrated cross-provincial ecological monitoring program functional in 2020. (GEF Landscape Approach to Wildlife Conversation in Northeast China) • Institutional and technical framework for implementing inclusive approach to Sichuan provincial forest carbon offset and trade developed (TBD) (Forest Development in the Yangtze River Economic Belt PforR). • Longer-term forest management plan developed (2022) (Forest Development in the Yangtze River Economic Belt PforR) <p>Water Resources Management</p> <ul style="list-style-type: none"> • 4 policy recommendations made under the project incorporated into the policies on water consumption control issued by MWR, and on pollution control issued by MEP, respectively by 2021. (Forest Development in the Yangtze River Economic Belt PforR). • 4 flood risk maps prepared and disseminated for awareness raising in all project counties. (Chongqing Small Towns Water Environmental Management) • Lake Management Platform established and operational by 2022. (Poyang Lake Basin Town Water Environment Management) 	<p>Ongoing</p> <p>IBRD: Ningxia Desertification Control and Ecological Protection Project (P121289, 5/12-1/20); Ma'anshan Cihu River Basin Improvement (P126813, 6/13-7/20); Guangxi Laibin Water Environment (P126817, 5/13-1/20); Poyang Lake Basin Town Water Environment Management (P153604, 3/17-12/22); Chongqing Small Towns Water Environment Management (P133117; 12/14-12/20); Jiangxi Poyang Lake Basin and Ecological Economic Zone Small Town Development (P126856, 3/13-12/19); Jiangxi Wuxikou Integrated Flood Management (P128867, 3/13-6/20); Zhejiang Qiandao Lake and Xin'an River Basin Water Resources and Ecological Environment Protection Project (P159870, 6/18-6/24); Hezhou Urban Water Infrastructure and Environment Improvement Project (P158622, 6/18-6/24); Shaanxi Sustainable Towns Development Project (P162623, 5/19-12/25)</p> <p>GEF: Landscape Approach to Wildlife Conservation in Northeast China (P122383, 2/16-3/20); Mainstreaming Integrated Water and Environment Management Project (P145897, 5/16-12/21)</p> <p>IFC Investment: Guangxi Fenglin (35042, 39801); Stora Enso (Guangxi) Forestry Co., Ltd. (34978, 34977, 27286)</p> <p>ASA: Evaluating and Realizing the Value of Water in the Construction of an Ecological Civilization for China (P171215, FY21); Review on Sustainable Forest Management and Financing in China (P161175, FY20)</p> <p>Pipeline:</p> <p>IBRD: Forest Ecosystem Improvement in the Upper Reaches of Yangtze River Basin PforR (P164047, FY20)</p>

<p>Hezhou Urban Water Infrastructure and Environment Improvement)</p>	<ul style="list-style-type: none"> • Integrated water and environment management approach demonstrated and scaled up to cover MEP defined problem areas in 3 river basins (km²). Baseline: 0 (2018); Target: 125,380 (2021). (Mainstreaming Integrated Water and Environment Management Project) • Women participation to increase water productivity and reduce water pollution through WUAs during IWEMP implementation reaching 50 percent in 2021 (measuring unit: increased percentage of female membership in the WUAs). (Mainstreaming Integrated Water and Environment Management Project) • National Water Environment Technology Extension Platform established at the MEP in 2021. (Mainstreaming Integrated Water and Environment Management Project) • Integrated coordination platform for flood risk management and urban drainage management established and functioning in 2024. (Hezhou Urban Water Infrastructure and Environment Improvement) (Hezhou Urban Water Infrastructure and Environment Improvement) 	<p>GEF: Climate Smart Management of Grassland Ecosystem (P166853, FY20).</p>
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Objective 2.5: Promoting Low-Carbon Transport and Cities		
<p>Intervention Logic China needs to scale up its efforts to develop low-carbon and efficient transport systems to mitigate the effects of rapid motorization and economic growth. Due to growing private car ownership and freight intensity of the economy, the transport sector in China is the fastest growing contributor to overall GHG emissions. Up to 80% of inland freight in China is moved by a highly polluting trucking sector (in 2017 the total number of trucks was estimated at 23 million). An undeveloped and fragmented logistics industry and lack of multi-modal transportation result in an underutilization of greener modes of transport, such as railways and inland water transport. The WBG will support projects that improve integrated planning of transport and urbanization to minimize carbon emissions and environmental impact. While China has developed the basic public transport infrastructure, it needs to promote market-based policies to manage transport demand and develop integrated urban transport systems in large metropolitan regions to reduce traffic congestion and carbon emissions. Projects that promote public transit and demonstrate good practice that can be replicated will be supported. In addition, through the new GEF 6 - Green and Efficient Logistics Project, the results of in-depth analytical work will be used to support policies and measures that accelerate modal shifts and clean up the trucking industry. Also, through the multi-modal pilot projects, digital solutions for freight and passenger mobility demand management will be supported. New projects will focus on two engagement areas: (i) low carbon transport and logistics; and (ii) new urbanization and digitalization.</p>		
Indicators	Supplementary Progress Indicators	WBG Program
<p>2.5.1 Increased public transport ridership annual in million (bus and metro) - Baseline: 18.83 (2018) - Target: 56.89 (2021) (Gansu Qingyang Urban Infrastructure Improvement; Second Urumqi Urban Transport; Wuhan Integrated Transport Development; Jiaozuo Green Transport and Safety Improvement; Tianjin Urban Transport Improvement; Yunnan Honghe Prefecture Diannan Center Urban Transport)</p> <p>2.5.2 Annual number of non-motorized trips within green corridor - Baseline: 11,052 (2018) - Target: 376,500 (2021) (Jiaozuo Green Transport and Safety Improvement; Tianjin Urban Transport Improvement)</p> <p>2.5.3 Floor space of buildings that received green building certification due</p>	<p>Low-Carbon Transport</p> <ul style="list-style-type: none"> • 3 cities incorporate transit-oriented development (TOD) strategies into their future urban and transit plans by 2022. (GEF China Sustainable Cities Integrated Approach Pilot) • Reduced energy consumption by buses along the targeted corridors (Harbin) (Unit: Liter Diesel by Vehicle Kilometers Travel). Baseline: 0 (2018); Target: 0.3 (2020). (Heilongjiang Cold Weather Smart Public Transportation System Project) <p>Green Freight and Logistics in China</p> <ul style="list-style-type: none"> • Percentage of empty trucks in 3 selected projects. Baseline: 50 percent (2018); Target: 40percent (2022) (Hubei Inland Waterway Improvement; Hubei Xiaogan Logistics Infrastructure; Three Gorges Modern Logistics Center Infrastructure) • Adoption of National multimodal freight transport plan (GEF6) • Develop unified technical standards for standardization of vehicles and equipment, units, operational rules and documentations as well as data standards for information sharing among various modes (GEF6) • Develop and adopt <i>Great Urban Freight Index</i> (GEF 6) <p>Green Cities</p>	<p>Ongoing Transport <u>IBRD</u>: Liaoning Coastal Economic Zone Urban Infrastructure and Environmental Management (P126611, 3/13-9/19); Sichuan Chongqing Cooperation: Guang'an Demonstration Area Infrastructure Development (P133456, 3/15-9/20); Yunnan Honghe Prefecture Diannan Center Urban Transport (P101525, 5/14-6/20); Qinghai Xining Urban Transport (P127867, 12/13-9/19); Second Urumqi Urban Transport (P148527, 12/15-12/21); Gansu Qingyang Urban Infrastructure Improvement (P123133, 5/12-11/19); Tianjin Urban Transport Improvement (P148129, 12/15-3/21); Jiaozuo Green Transport and Safety Improvement (P132277, 5/14-6/21); Heilongjiang Cold Weather Smart Public Transportation System (P133114, 3/14-6/20); Wuhan Integrated Transport Development (P148294, 2/16-12/21); HaJia Railway (P117341, 3/14-12/20); ZhangHu Railway (P122319, 3/12-6/20); Zhengzhou Urban Rail (P128919, 12/14-6/21); Nanchang Urban Rail (P132154, 6/13-12/19); Hubei Inland Waterway Improvement (P158717, 5/18-6/23); Hubei Xiaogan Logistics Infrastructure (P132562, 5/16-6/21); Three Gorges Modern Logistics Center Infrastructure (P153473, 6/17-9/23); Yunnan Highway Asset Management (P132621, 3/15-12/20); Anhui Road Maintenance Innovation (P153173, 2/17-12/23) Anhui Rural Road Resilience PforR (P158733, 09/18-6/23).</p>

<p>to IFC's efforts (metric: millions of square meters) - Baseline: 0 (2020) - Target: 1 million of square meters (2025) (IFC: China Green Building Phase II (602733); early stage AS on Green Growth for Industry (602940))</p> <p>2.5.4 GHG emissions expected to be reduced through scale-up adoption of green building standards and implementation of green initiatives in urban areas (metric: tons/year during the CPF period) - Baseline: 0 - Target: 277,920 (2025) (IFC: China Green Building Phase II (602733); early stage AS on Green Growth for Industry (602940))</p>	<ul style="list-style-type: none"> • Urban environmental investments in Shanghai province benefit 10 million people (2025) (Urban Financing and Innovation Project) • Industrial or municipal solid waste reduced or recycled under the project (%) Baseline: 4.7 (2018) and Target: 15 (2020). (Ningbo Municipal Solid Waste Minimization and Recycling Project) <p>Resilience</p> <ul style="list-style-type: none"> • Establishment of an institutional platform for collaboration of towns along the Han River Corridor to support regional development plans; 50% of (project) output indicators achieved by the new platform by 2022. (Shaanxi Sustainable Towns Development) • Regional flood risk management system in operation (2025) (Shaanxi Sustainable Towns Development) • Risk management system developed and operationalized in Shimian County (2021) 	<p><u>GEF</u>: China Sustainable Cities Integrated Approach Pilot (P156507, 7/17-3/23); Efficient and Green Freight Transport Project (P159883, 12/18-12/22).</p> <p><u>IFC Investment</u>: Best Logistics Technologies Ltd. (41037); ESIP HuoCheBang and Full Truck Alliance Co. Ltd. (39207; 41333); China Education Group (40453,41568); Minsheng Education (38573); Eurasia University (37659)</p> <p><u>ASA</u>: Programmatic Urban ASA (FY21); China City Cluster Mobility Institutional Development and Financing Mechanisms (P172388); Transport Transformation and Innovation Knowledge Platform (TransFORM) Phase 3 (FY21).</p> <p>Pipeline</p> <p><u>IBRD</u>: Chuzhou-Nanjing Intercity Railway PPP Project (P168181, FY20); Greening Fuzhou High Tech Zone Demonstration Project (P158079, FY20); Institutional Development and Financing Mechanisms (P172388, FY21); China City Clusters and Low Carbon Mobility (FY21/22)</p> <p><u>GEF</u>: Low carbon and intelligent transport</p> <p><u>IFC Investment</u>: Potential investment in leasing finance services for electric vehicles to truck drivers; other potential green building investments across TRP, services and other sectors</p>
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Engagement Area 3: Sharing the Benefits of Growth

Objective 3.1: Increasing Access to Quality Health and Aged Care Services

Intervention Logic

China's healthcare system is fragmented, hospital-centric, and volume-driven—contributing to rising costs. The ongoing China Health Reform PforR (FY17) is supporting the government's program to implement comprehensive healthcare reforms in Anhui and Fujian provinces to improve quality and efficiency. A knowledge generation and learning component will ensure that lessons are shared countrywide. World Bank ASA will also contribute towards specific reform areas, including provider payment reform and strengthening quality of care. IFC will continue to focus on supporting private sector provision of affordable healthcare in areas where it can be more efficient and effective than public provision.

The WBG will help build a policy and institutional framework for aged care. The ongoing Anhui Aged Care System Demonstration Project (FY18) was the first standalone lending operation for aged care across the Bank. It promotes basic stewardship functions, supports development of a system of home- and community-based care, and takes initial steps to introduce the regulatory model for private sector involvement. The Guizhou Age Care System Development P4R built on this pilot to deepen reforms including financing. Engagement in this area is expected to continue with modest financial contributions and technical assistance at the national level. IFC will seek opportunities to support private sector provision in aged care and bring best practices through international network providers, which will complement World Bank-supported reforms to build a policy framework for private sector provision.

Indicators	Supplementary Progress Indicators	WBG Program
<p>3.1.1 Proportion of (improved) inpatients treated through standardized clinical pathways at all county-level public general hospitals in Anhui and Fujian - Baseline: AH 4; FJ 0 (2017) - Target: AH 50; FJ 50 (2022) (Health Reform PforR)</p> <p>3.1.2 Family doctor empanelment is expanded to the whole population of Anhui and Fujian provinces by 2022 (Health Reform PforR)</p> <p>3.1.3 Number of elderly receiving diversified and three-tier aged care services at the project site in Anhui - Baseline: 59,287 (2018) - Target: 350,000 (2024) (Anhui Aged Care Demonstration)</p> <p>3.1.4. Number of eligible elderly receiving the basic package of aged care services in Guizhou - Baseline: 0 (12/2018) - Target: 400,000 (2024) - Target Female: 200,000 (2024) (Guizhou Aged Care System Development Program PforR)</p> <p>3.1.4. Number of patients served by IFC advisory services or investments in</p>	<p>Health</p> <ul style="list-style-type: none"> Health reform program experience is disseminated and shared within China and with other countries through two national workshops and one international workshop by 2022. (Health Reform PforR) <p>Social Protection/Elderly Care</p> <ul style="list-style-type: none"> The integrated provincial MIS for exchanging social insurance beneficiary data is established and scaled up to cover most prefectures in Guangdong by 2021. (Guangdong Social Security Integration and Rural Worker Training) Volume of health insurance transactions serviced across prefectures through the provincial clearinghouse platform. Baseline: 0; Target: 650,000 (2020) (Guangdong Social Security Integration and Rural Worker Training) 36 aged care standards developed by Anhui Province by 2021. (Anhui Aged Care Demonstration) Government aged care stewardship capacity strengthened by establishing a provincial information system, introducing a needs assessment toolkit, and implementing aged care standards in 22 districts/counties in Guizhou by 2024. (Guizhou Aged Care PforR) 900 aged care facilities in Guizhou comply with new quality standards by 2022. (Guizhou Aged Care PforR) 	<p>Ongoing</p> <p>IBRD: Chongqing Urban-Rural Integration - Health (P126210, 6/12-8/20); Guangdong Social Security Integration and Rural Worker Training (P117596, 6/13-10/20); Health Reform PforR (P154984, 5/17-12/21); Anhui Aged Care Demonstration (P154716, 6/18-12/23); Guizhou Aged Care System Development Program PforR (P162349, 3/19-12/24)</p> <p>IFC Investment: American Pacific Medical Group (32115); Beijing United Family Rehabilitation Hospital (33304); Guangzhou United Family Hospital Limited (35988); Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (32999); Essex Bio-Technology Ltd (38104); Jointown Pharmaceutical Group Co., Ltd. (41947); Shandong Weigao Group Medical Polymer Co., Ltd. (34313)</p> <p>ASA: Programmatic ASA for International ta – china Health Reform PforR Implementation Support (P165204, FY18-21)</p> <p>Pipeline</p> <p>IBRD: Hainan Health Sector Reform Project (P171064, FY20); Aged Care Systems (FY21)</p> <p>IFC Investment: Early stage engagements with health and aged care providers and pharmaceuticals companies</p> <p>IFC Advisory: Potential advisory engagements with private sector companies in elderly care</p>

<p>healthcare in China during the CPF period (number) - Baseline: 89,303 (2016) - Target: 2.5 million patients served by 2025 (IFC: American Pacific Medical Group (32115); Beijing United Family Rehabilitation Hospital (33304); Guangzhou United Family Hospital Limited (35988); Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (32999); Essex Bio-Technology Ltd (38104); Jointown Pharmaceutical Group Co., Ltd. (41947); Shandong Weigao Group Medical Polymer Co., Ltd. (34313))</p> <p>3.1.5 Private elderly care facilities opened or expanded with IFC financing (number) - Baseline: 0 - Target: 5 facilities (2025)</p>		
Objective 3.2: Strengthening the Quality of Early Learning and Skills Development Programs		
<p>Intervention Logic China has large educational disparities between rural and urban areas. Access to early childhood education (preschool) in rural areas is low, putting rural and migrant children at a disadvantage. In addition, due to inequalities of basic education and costs associated with continuing education, rural children are learning less in compulsory school and are less likely to progress to higher levels of education. Through an ongoing operation, the Bank is piloting improvements to improve the quality of and access to early childhood education in Yunnan, one of China’s least developed provinces. Another ongoing Bank operation is piloting ways to decrease educational disparities in Guangdong.</p> <p>Building on successful TVET projects in Guangdong, Liaoning, Shandong, and Yunnan, IBRD is financing two ongoing projects in Xinjiang and Gansu to support reforms and investments to improve the quality and relevance of TVET. The projects are demonstrating how to upgrade equipment for hand-on training, update curricula and connect it to industry requirements, improve teacher skills, and improve management and governance in order to increase the graduates’ employment rate, skill certificate rate, and salary. About 70% of students are from disadvantaged socio-economic backgrounds. TVET projects have been models both within China and for other countries. For example, IBRD has facilitated a partnership between Guangdong, Yunnan, and Bangladesh on teacher training and student exchange programs.</p>		
Indicators	Supplementary Progress Indicators	WBG Program
3.2.1 Number of kindergartens that comply with the new kindergarten quality standards by 2021 - Baseline: 0 (2018)	Early Learning <ul style="list-style-type: none"> • 3-year kindergarten GER in the Yunnan Project counties (percentage). Baseline: 62.4 percent (2018). Target: 69 	Ongoing IBRD: Xinjiang TVET (P147367, 5/15-12/20); Gansu TVET (P154623, 3/17-6/23); Yunnan Early Childhood Education

<p>- Target: 158 (2022) (Yunnan Early Childhood Education Innovation)</p> <p>3.2.2 Percentage of graduates finding initial employment in specialties in which they were trained within 6 months</p> <p>- Baseline: 38 percent (37 percent female) (2018)</p> <p>- Target: 52 (50 percent female) (2022) (Gansu TVET)</p> <p>3.2.3 Students reached by universities and vocational schools that expanded their operations with IFC investments or advisory services (number)</p> <p>- Baseline: 0 (2020)</p> <p>- Target: 500,000 students by 2025 (IFC: China Education Group Holdings Ltd (40453); China Yuhua Education Corp Ltd (40811); Maple Leaf Educational Systems (34950); Minsheng Education Group Co Ltd. (38573); Xi'an Eurasia University (37659); Shanghai Zhangmen Education Technology Co., Ltd. (42177); CEEH (42328); China Education Group Holdings Ltd III (41690))</p>	<p>percent (2022). [what is difference between these 2 bullets?]</p> <ul style="list-style-type: none"> • 3-year kindergarten GER in rural areas in the Project counties (Percentage). Baseline: 54.0 percent (2018). Target: 69 percent (2022) (Yunnan Early Childhood Education Innovation) • Policy paper capturing recommendations on pilots and their evaluation on improving learning facilities and teaching quality in public primary and junior secondary schools developed by 2022. (Guangdong Compulsory Education) <p>Skills Development</p> <ul style="list-style-type: none"> • Number of competency-based training standards developed and adopted (Xinjiang TVET). Baseline: 160 (2018); Target: 210 (2020) • Number of managers and teachers trained domestically and internationally (disaggregated by gender and ethnic group) (Xinjiang TVET) Baseline: 3,441 (2018); 2,132 (female); 848 (ethnic); Target: 4,264 (2020); 2,233 (female); 1,827 (ethnic) 	<p>Innovation (P152860, 12/16-12/21); Guangdong Compulsory Education (P154621, 10/17-6/23)</p> <p><u>IFC Investment:</u> China Education Group Holdings Ltd (40453); China Yuhua Education Corp Ltd (40811); Maple Leaf Educational Systems (34950); Minsheng Education Group Co Ltd. (38573); Xi'an Eurasia University (37659); Shanghai Zhangmen Education Technology Co., Ltd. (42177)</p> <p><u>ASA:</u> China and the World in Education Reforms (FY21) (P166718)</p> <p>Pipeline</p> <p><u>IBRD:</u> Life Cycle Vulnerability and Human Capital (FY21/22)</p> <p><u>IFC Investment:</u> Pipeline projects include potential investments in tertiary education CEEH (42328); China Education Group Holdings Ltd III (41690)</p> <p><u>ASA:</u> Programmatic ASA on education</p>
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Annex 2: WBG Completion and Learning Review

CHINA: COMPLETION AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP STRATEGY FY13 to MID-FY17

Date of CPS: October 11, 2012

Date of PLR: January 6, 2016

Period Covered by CLR: FY13 to mid-FY17 (July 1, 2012—December 31, 2016)

1. INTRODUCTION

1. **This Completion and Learning Review (CLR) assesses implementation of the World Bank Group (WBG) Country Partnership Strategy (CPS, FY13-16) for the People's Republic of China, discussed by the Board in November 2012.** A Performance and Learning Review (PLR), discussed by the Board in January 2016, updated the CPS and extended it by six months to December 31, 2016. This CLR reports on: (i) achievement of the CPS objectives; (ii) WBG performance; and (iii) lessons learned for the preparation of the new Country Partnership Framework (CPF).

2. **The CPS was aligned with China's 12th Five Year Plan (2011-2015) and focused on two strategic themes (supporting greener growth and promoting inclusive development) and one-crosscutting theme (advancing mutually beneficial relations with the world).** The WBG also provided client-driven knowledge services to help underpin reforms needed to reenergize the drivers of growth. The original CPS results framework comprised eleven CPS objectives linked to indicators and milestones. The 2016 PLR extended the CPS to mid-FY17 to allow for time to consult with the government on the 13th Five Year Plan, which was announced in March 2016. The PLR also increased IBRD lending during FY16-17 to address national reform priorities, introduced new lending instruments, and made a few adjustments to the results framework, including dropping one CPS objective.

2. KEY FINDINGS AND RATINGS

3. **Achievement of CPS objectives is rated satisfactory.** Of the 10 CPS objectives, as revised and updated in the PLR, 7 were achieved and 3 were partially or mostly achieved as of December 31, 2016. Out of 28 outcome indicators, 22 were achieved, 4 were partially achieved, and 2 were not achieved or unavailable. The results framework also included 89 milestones of which only 3 were not achieved.

4. **WBG performance is rated good.** The WBG program was well aligned with China's priorities and placed knowledge sharing at its core, including through projects as platforms for knowledge exchange. Given that WBG financial support is modest in comparison to China's own resources, the WBG program was designed to have an impact beyond its size through policy dialogue and analytical inputs and by introducing innovations and demonstrating new approaches that could be scaled up. The program was implemented largely as planned in the CPS and PLR; and in several areas, the program exceeded the expectations of the original CPS (see paragraph below). Over the CPS period (FY13 to mid-FY17), the International Bank for Reconstruction and Development (IBRD) program delivered 55 new projects and US\$7.6 billion in new commitments and the International Finance Corporation (IFC) committed US\$5.2 billion in financing (combined IFC's own account and mobilization) across 107 long-term finance projects. Program delivery and performance were also strong based on portfolio indicators and Independent Evaluation Group (IEG) reviews of projects that exited the portfolio.

5. **Overall, the CPS period was marked by deepening cooperation in analytics, financing, and global cooperation.** The reform program that emerged from China’s Third Plenary Session of the 18th Central Committee of the Communist Party of China (CPC) in November 2013 opened new opportunities for WBG support. Cooperation deepened in producing joint studies linked to China’s reform program, and annual IBRD financing increased to address reform priorities, such as energy conservation, urban air pollution, subnational fiscal reform, and health service delivery. IBRD lending included Program-for-Results (PforR) and Development Policy Financing (DPF) for the first time. IFC investments showed strong and steady growth, exceeding the estimates of the 2012 CPS, and the IFC portfolio demonstrated strong performance both financially and in impact. There was also increased cooperation between China and the WBG in the global arena, including the establishment of China’s first single-donor trust fund with the WBG.

3. DEVELOPMENT OUTCOMES

6. **The overall CPS Development Outcome is rated satisfactory.** Strategic theme one, supporting greener growth, was aligned with six CPS objectives and strategic theme two, promoting more inclusive growth, with four CPS objectives. Fourteen outcome indicators measured progress under strategic theme one and fourteen outcome indicators measured progress under strategic theme two. The rating of each objective is shown in Table 1 and in more detail in Annex 1. In cases where the objective was not fully achieved, there were two main reasons: (i) delays in implementation; and (ii) changes to planned IFC investments and/or to IBRD-financed projects (during preparation or due to restructuring during implementation). The CPS cross-cutting theme, advancing mutually beneficial relations with the world, was not part of the results framework, but cooperation deepened with positive impact in multiple areas, including over 50 learning exchanges between China and other countries; the establishment of China’s first trust fund with the WBG, the China-WBG Partnership Financing Facility; and cooperation during China’s G20 presidency to promote infrastructure financing and universal financial inclusion. In addition, while also not part of the results framework, the WBG provided client-driven knowledge services to help underpin reforms needed to reenergize the drivers of growth.

Table 1: Development Outcome Ratings by Themes and Objectives

Themes and Objectives	Ratings
Strategic Theme 1: Supporting Greener Growth	Satisfactory
Objective:	
1.1: Shifting to a Sustainable Energy Path	Achieved
1.2: Enhancing Urban Environmental Services	Achieved
1.3: Promoting Low-Carbon Urban Transport	Partially Achieved
1.4: Promoting Sustainable Agricultural Practices	Achieved
1.5: Demonstrating Sustainable NRM Approaches	Achieved
1.6: Demonstrating Pollution Management Measures	Partially Achieved
Strategic Theme 2: Promoting More Inclusive Growth	Satisfactory
Objective:	
2.1: Increasing Access to Quality Health Services and Social Protection Programs	Mostly Achieved
2.2: Strengthening Skills Development Program, including for Migrants	Achieved
2.3: Enhancing Opportunities in Rural Areas and Small Towns	Achieved
2.4: Improving Transport Connectivity for more Balanced Regional Development	Achieved
Development Outcome Rating	Satisfactory

Reenergizing the Drivers of Growth

7. **WBG knowledge services supporting China's structural reform program grew in importance during the CPS period, providing a platform for operations and future engagement.** The Third Plenary Session of the 18th Central Committee of the CPC in November 2013 set the stage for far-reaching structural reforms to reenergize and reorient the drivers of growth, including in public finance, the financial sector, innovation, and public-private partnerships (PPPs). Through *Urban China* (2014), a flagship report undertaken jointly with the Development Research Center (DRC) of the State Council, the WBG supported China's National Plan on New Urbanization and provided technical input to fiscal and tax reform, nearly all of which was reflected in China's 2014 Budget Law, which came into effect in January 2015. The Bank has continued to support implementation of the law at both national and subnational levels through advisory work, a fiscal technical assistance loan (FY16), and two subnational Development Policy Operations (DPOs, FY17). A *Financial Sector Reform Strategy* (FY15), also undertaken with the DRC, presented recommendations to address financial sector shortcomings and risks and to build a modern financial system and informed a Financial Sector Assessment Program (FSAP) Update (delivered in FY18). In 2014, a joint Bank-IFC team began supporting China's efforts to promote public-private partnerships (PPPs), sharing global experience to help strengthen the institutional, policy, and regulatory environment for PPPs in China, including guidelines and incentives for subnational governments. *Shanghai 2050* (FY16) provided recommendations on the transition to an innovation-driven growth model at the subnational level. In February 2016, the Government of China asked to make *New Drivers of Growth* the topic of the next joint study between China and the WBG.

Strategic Theme 1: Supporting Greener Growth

8. **Overall progress under Strategic Theme 1 was satisfactory.** This theme represented the bulk of the WBG's portfolio given that over 70 percent of the IBRD/GEF portfolio has environmental objectives and over 25 percent of IFC's total committed volume (own account and mobilization) was in climate-positive investments. The WBG aimed to support China's commitment to improve the environment and address climate change, focusing on the six objectives described below.

Objective 1.1: Shifting to a Sustainable Energy Path [achieved]

9. **The WBG financed innovative investments in renewable energy and energy efficiency in support of China's policy to expand clean energy.** Making energy sustainable in China requires a reduction of its dependency on fossil fuels. The 12th Five Year Plan, with which the CPS was aligned, aimed to reduce energy intensity by a further 17 percent and set a target, for the first time, to reduce carbon intensity by 17 percent. WBG support contributed to cumulative savings of 15 million tons of coal equivalent (World Bank) and 22 million tons of greenhouse gas (GHG) emissions avoided (IFC), exceeding CPS targets. Both World Bank and IFC investments introduced innovative financing mechanisms and leveraged large amounts of commercial financing. In addition, the World Bank and IFC helped develop policies and regulations supporting renewable energy, emission trading schemes, and green credit policy.

10. **World Bank support focused on greater use of commercial programs for energy efficiency and renewable energy.** Programs have featured the expansion of energy service companies (ESCOs) through national financial intermediaries such as Huaxia Bank, the Export-Import Bank of China (EXIM), and Minsheng Bank. The *China Energy Efficiency Financing Project* (CHEEF) leveraged the US\$400 million IBRD loan eight times over, with a total investment

of US\$3 billion in energy efficiency and renewable energy, leading to a reduction of nearly 11 million tons of CO₂ emissions. The project also increased participating banks' capacity in energy efficiency financing and mainstreamed energy efficiency lending as one of their main business lines. Building on the success of the CHEEF program, the Bank financed a US\$500 million *Innovative Financing for Air Pollution Control in Jing-Jin-Ji* in the first PforR operation in China (approved in FY17). The Bank also provided support to ESCOs at the provincial level (Shandong) and helped to build capacity to implement energy efficiency policy and monitor progress towards energy savings goals in three provinces (Jiangxi, Shanxi, Shandong), although China's economic slowdown and restructuring affected the performance of energy efficiency projects in heavy industries, such as iron and steel, cement, and chemicals. Support also focused on developing policies and regulations for the scale up of renewable energy, such as power sector reform, renewable energy pricing and subsidies, and technical studies for grid integration, improving quality and reducing costs for off-shore wind, and developing grid access regulations for distributed energy generation under the *China Renewable Energy Scale-Up Program*. The Bank provided inputs on clean energy for China's 13th Five Year Plan, including setting targets for renewable energy and energy efficiency, developing transparent financial incentive mechanisms to guide the closure of small thermal power plants and the piloting of SO₂ emission trading, and sharing lessons and experience for China's national carbon market. A Partnership for Market Readiness grant supported research and studies that play a key role in informing the design of China's national carbon emission trading scheme, which came into effect in 2018 and will be the largest cap-and-trade system in the world.

11. **IFC engagement included the *China Climate Finance Advisory Services Program*, a successful, innovative, market-based solution to China's energy and environmental challenges.** The program, first established in 2006 and known previously as the *China Utility-Based Energy Efficiency Finance Program*, or CHUEE, stimulated green investment by private banks by demonstrating the technical feasibility and commercial profitability of energy efficiency (EE) and renewable energy (RE) investments. Through workshops and seminars, market studies, and media, the program also raised the awareness of key stakeholders about the environmental and economic benefits of EE and RE projects. IFC also worked with sectoral associations to build a sustainable energy finance platform that supports policy dialogue and information exchange among policy makers, banks, end-users, and technical experts. In addition to guiding investment, the program provided in-depth training for financial institutions, helping banks grow their green portfolios and change their perceptions of risks related to EE and RE lending. By the end of June 2016, the eight commercial partner banks under the *China Climate Finance Advisory Services Program* provided over 231 loans for energy efficiency and renewable energy projects worth US\$924 million under the risk-sharing facilities provided by IFC. In addition, IFC provided support to strengthen green credit policy and make lending by Chinese banks more resource-efficient and environmentally sustainable. IFC's support to private natural gas distribution companies reached, on average, 58 million customers annually while demonstrating the role of the private sector in helping China transition from coal and oil to cleaner energy sources, especially in third-tier cities and frontier regions.

Objective 1.2: Enhancing Urban Environmental Services [achieved]

12. **WBG support helped expand water supply and improve sanitation, solid waste, and other urban services in more than 50 small towns and cities, while reducing pollution and creating models of good urban practices.** China's rapid urbanization over the past few decades has helped drive growth and increases in living standards; but it has also brought challenges to

meeting the growing demand for urban services, especially in lesser developed areas. WBG support has gradually shifted from large cities to more complex projects in smaller cities and towns, which have lower capacity and fewer resources. Investments in urban regeneration, environmental remediation, urban flood management, solid waste, and municipal asset management directly supported small cities and towns to manage urban growth and increase access to water supply, wastewater, and other urban environmental services in a sustainable manner, improving the ability of water resource management authorities to address pollution. IFC supported private-sector investments in water and sanitation projects and launched the China Water Advisory Services Program in 2013 to promote industrial water efficiency and water quality by demonstrating the business case for voluntary savings of water, energy and chemicals.

13. During the CPS period, the WBG helped China formulate a new vision of urbanization. Building on *China 2030*, which advocated for “smart urbanization,” the WBG and Development Research Center of the State Council jointly undertook the flagship study *Urban China: Towards More Efficient, Inclusive, and Sustainable Urbanization*, which informed China’s *National Plan on New Urbanization (2014-2020)*. The WBG urban portfolio has increasingly focused on supporting the government’s New Urbanization Plan—making cities more livable and greener.

Objective 1.3: Promoting Low-Carbon Urban Transport [partially achieved]

14. Through both policy advice at the central government level and demonstration projects in cities, the World Bank supported China in a paradigm shift in urban transport policies and investments. During the CPS period, China invested more than any other country to promote public and non-motorized transport to reduce road congestion, air pollution, and GHG emissions. Through Global Environment Facility (GEF) grants, the Bank worked with the central government to develop policies that incentivize local governments to shift from building roads that accommodate a growing number of cars to development of mass transit systems. For example, the GEF *Urban Transport Partnership Program* supported studies that helped shape the new strategic framework for urban transport development (State Council Directive 64). At the subnational level, the Bank catalyzed low-carbon transport development by supporting urban transport improvements in about ten cities. The demonstration projects increased public transit ridership, reduced travel time, and improved safety. Due to restructuring of Bank-financed projects that altered project design and components, fewer demonstration corridors were completed than anticipated (hence the “partially achieved” objective rating); however, this shortfall did not materially affect the Bank’s objective to support a critical mass of successful demonstration projects, contributing to China’s experience base and helping to mainstream bus public transport corridors. The complementary use of GEF-funded policy support at the central government level and IBRD-funded investments at the subnational level ensured that the national policy framework drew on the experiences of demonstration projects in pilot cities. In addition, the Bank helped China shift from a focus on physical investments to a broader perspective that incorporated road safety, transit oriented development, travel demand management, and sustainable municipal financing mechanisms.

15. China and the World Bank also established TransFORM—a knowledge platform to share Chinese and international urban transport experiences and facilitate city-to-city peer learning. Within China, TransFORM attracted over 2,000 participants to workshops to learn from pilot projects and provided “Leaders in Urban Transport” training to mid- and senior-level managers and policy makers from Beijing, Fuzhou, and Xining. TransFORM also facilitated a

South-South knowledge exchange between Ethiopia and China, leading to the development of Africa's first expressway.

Objective 1.4: Promoting Sustainable Agricultural Practices [achieved]

16. **World Bank-financed projects helped demonstrate the benefits of sustainable agricultural and livestock practices that provide both environmental and economic benefits.** CPS targets measuring the households and farms adopting innovative sustainable practices and the scale on which they were demonstrated were exceeded. More importantly, the demonstration projects are being successfully replicated. For example, China's first household-based Clean Development Mechanism biogas digester project has been replicated in other provinces and outside China. In addition, the Bank supported the multi-province Eco-Farming Project, which piloted approaches that reduced livestock waste and improved the living environment in villages surrounding livestock farms. The Bank also supported integrated watershed rehabilitation models with strong farmer participation to protect the environment in highly degraded watersheds. This program improved farmers' livelihoods with several design features already replicated in government-funded watershed programs. Finally, the Bank supported pilot demonstrations of six mostly low-cost techniques to reduce agricultural and non-point source pollution, which are now commonly used in rural Shanghai. IFC agribusiness projects helped advance the food security and food safety agenda in supply chains in China, with specific benefits to local farmers in frontier regions. On average, IFC agribusiness activities supported 400,000 farmers per year.

Objective 1.5: Demonstrating Sustainable Natural Resource Management Approaches [achieved]

17. **The WBG supported China's shift to sustainable natural resource management in some of China's most fragile and degraded ecosystems and poorest communities.** In ecosystem management and restoration, these changes included replacing plantation monocultures with diversified species in one of China's least forested provinces. The forest projects tested over 30 different forest plantation or management models per soil type, level of degradation, and needs of communities. These projects resulted in 400,000 ha of sustainably managed forest directly supported by the projects. The projects also had an important demonstration effect, with at least an additional 200,000 ha already being managed by the provinces per models used in the projects. Through the Guangxi Integrated Forestry Development and Conservation Project, the first-ever project that combined IBRD, GEF, and carbon finance in one single project in China, the Bank helped integrate production forestry, ecological forestry management, and biodiversity conservation. This approach allowed Bank support to move from the protection of a nature reserve itself to addressing water resources as part of a more integrated landscape approach. In water resources management, Bank support shifted from flood control to demonstrating integrated water resources management. A common finding across several projects was the importance of community participation to ensure that the needs of communities are integrated into sustainable natural resource management. Alternative livelihoods for communities that depend on natural resources were included in the design and in some cases strengthened during implementation of diverse forestry and watershed projects. Participatory approaches for sustainable land management and adaptation provided recommendations for consideration in China's new 13th Five Year poverty reduction agenda and piloted practices now extended to China's "targeted poverty alleviation" program.

Objective 1.6: Demonstrating Pollution Management Measures [partially achieved]

18. **The World Bank helped demonstrate pollution clean-up and reduction measures.** Two ongoing projects to reduce persistent organic pollutants (POPs) successfully demonstrated adoption of best available techniques and best environmental practices in six municipal solid waste incinerators and pulp and paper mills. This demonstration effect of techniques and practices is also expected to be achieved for the *Dioxin Reduction from the Pulp and Paper Industry Project* even though one of the four mills dropped out of the project due to changed market conditions. In another project to remediate a specific type of POP, Polychlorinated Biphenyls (PCBs) contaminants, the Government of China scaled up PCB management activities in 12 other PCB-target provinces and used project inputs for the national 12th Five-Year POPs Plan. China is a signatory of the Stockholm Convention on Persistent Organic Pollutants and is using the lessons from Bank-financed projects in its national plan to meet the commitments defined in the Convention.

19. **China’s phase-out of ozone depleting substances was a major achievement supported by the Bank.** One of the largest and longest-implemented Bank-financed projects in China—running over 15 years—was the Fourth Montreal Protocol Ozone Depleting Substances (ODS) Phase-out Project, involving central and numerous provincial government agencies and enterprises from production and manufacturing sectors. Due to this program, China succeeded in phasing out consumption of ODS in a timely and cost-effective manner as mandated under the Montreal Protocol, including accelerating the phase-out of chlorofluorocarbons and halons. These phase-outs were achieved earlier than the Protocol’s targets and contributed directly to Protocol compliance. The phase-out also generated important climate change mitigation co-benefits by eliminating emissions equivalent to 133 million tons of CO₂. In retrospect, the results indicators for Objective 1.6 should have been better designed to also capture the results of the ODS phase-out rather than focusing narrowly on the number of demonstration projects to reduce POPs.

Strategic Theme 2: Promoting More Inclusive Growth

20. **Overall progress under Strategic Theme 2 was satisfactory.** The WBG supported various reform efforts to equalize access to basic public services across urban/rural areas, coastal/inland provinces, and different groups, notably migrants and permanent urban residents. First introduced as explicit goals in the 12th Five Year Plan and further reflected in the 13th Five Year Plan, these equalization efforts sought to address growing spatial and social disparities. Government programs focused on a broad range of social services including employment services; health; training and education; social assistance; social insurance; and aged care. Programs also focused on opportunities in rural areas and small towns, and transport connectivity. Bank support to these programs is detailed below.

Objective 2.1: Increasing Access to Quality Health Services and Social Protection Programs [mostly achieved]

21. **The WBG made important contributions to China’s ongoing healthcare reform.** Using a “learning by doing” approach that facilitated local innovation, the Bank-financed *Rural Health Project*, which closed in FY15, helped strengthen the rural medical insurance system and financial accessibility to health services by the poor in eight provinces and 40 counties. The project helped the government design a quality-based and service-oriented long-term performance management system as well as to improve rural healthcare infrastructure and expand physical access to care, feeding directly into the government’s efforts to operationalize healthcare reforms and creating a model for other countries. In 2014, the WBG, Government of China, and World Health Organization began preparing a flagship joint study, *Healthy China*, to help China deepen

its health reforms and build an affordable, high-quality health service delivery system.²⁴ The study proposed eight sets of strategic reform directions, which were endorsed by the government and embedded in national policy. The study was followed by the *Health Reform PforR* (approved in May 2017) to help test and operationalize recommended reforms in two provinces. IFC's participation in the *Healthy China* study helped ensure attention to the role of the private sector in healthcare. During the CPS period, IFC supported three projects in the healthcare sector with a combined reach of 1.2 million patients, including a US\$50 million financing package to Concord Medical Services Holdings Ltd., a holding company and well-established healthcare service provider operating the largest network of radiotherapy and diagnostic imaging centers in China. IFC supported the expansion of the company's network targeting primarily middle- and lower-income households in frontier regions of China, thereby improving their access to private, affordable, and high-quality healthcare services.

22. Bank support helped advance social protection policy implementation and policy reforms. The ongoing *Guangdong Social Security Integration and Rural Workers Training Project* (approved in FY13) helped the provincial government develop a centralized and integrated Management Information System (MIS), to enhance the portability of social security data and beneficiary entitlements across 21 prefecture cities. There were delays in rolling out the MIS, but the project was restructured, including to benefit more migrant workers, and the targets are expected to be fully achieved. In addition, policy dialogue and analytical support provided by the Bank led to policy recommendations on the targeting of the rural minimum living standard guarantee (*Dibao*) program and coordination between rural *Dibao* and area-based antipoverty programs, policy dialogue on an integrated pension reform framework with parametric and structural reform measures, and knowledge sharing of international experiences and practices on social safety nets, pension reform, labor redundancy management, and active labor market programs. Bank analytics outlined the key elements of building an efficient and sustainable aged care system in China, leading to the preparation of the first Bank-financed operations in this sector—an investment operation to support Anhui province in establishing and managing a diversified (public, private, and mixed) aged care services system and a PforR operation to support Guizhou province in promoting aged care reform.

Objective 2.2: Strengthening Skills Development Programs, Including for Migrants [achieved]

23. WBG support focused on supporting China's efforts to address disparities in skills development opportunities. China has made impressive progress in education: the net enrollment rate in primary schools in 2015 reached 99.9 percent and the gross enrollment ratio in junior secondary schools stood at 104 percent. Disparities between localities and income levels persist, however, with rural, poor, and migrant children exhibiting significantly lower progression to senior secondary education. Over the past years, China significantly increased access to education and skill development programs—especially technical vocational and education training (TVET)—for those groups, but quality and relevance have remained a concern. Private sector presence in tertiary and vocational education in China is small, accounting for only 1 in 5 students enrolled.

²⁴ The study, *Deepening Health Reform in China: Building High Quality and Value-Based Service Delivery*, includes several products: a 30-page policy note (delivered to the government in 2015); a 180-page policy summary report (which was publicly launched in July 2016, coinciding with the launch of China's Five Year Health Plan); and a 500-page final report (publication forthcoming).

24. **TVET pilots in five provinces showed strong results.** Training materials and methods were updated and an increased number of students were enrolled in competency-based training and passed skill certification exams. Most importantly, there was a significant increase in the number of graduates finding employment in their field; and pilot programs for rural migrants in three provinces helped to increase the percentage of graduates finding employment within six months of training completion. Ultimately these efforts helped improve the incomes, employment services and working conditions of rural migrant workers and facilitated the smooth transfer of rural to urban migration. The Ministry of Finance selected the Guangdong Project for its “best cases database” to encourage national replication and learning. Project management staff from Bangladesh implementing a similar project will be trained in Guangdong to replicate the project’s achievements. IFC has helped demonstrate TVET solutions from a private sector perspective, focusing on sponsors with good reach and scale-up potential, especially in rural areas and frontier regions, and with strong capacity to drive improvements in standards. In the area of early childhood education (ECE), which has gained attention in China as an important national education agenda, Bank ASA (completed in December 2013) helped introduce international good practice to inform the policy dialogue and programs at the provincial level, leading to a request for the first Bank-financed project in ECE in China, the Yunnan Early Childhood Education Innovation Project (approved in December 2016).

Objective 2.3: Enhancing Opportunities in Rural Areas and Small Towns [achieved]

25. **To support China’s efforts to boost rural economic development, the WBG helped improve rural roads, enhance services, and pilot ways to boost incomes.** For example, in Ningxia, one of China’s poorest provinces, geography and lack of transport—and with it lack of access to employment—were seen as a main hindrance for socioeconomic development. As a result, the average income for urban residents was three times that of rural residents. The construction of all-season rural roads connecting villages to urban centers improved access to key services, including health and education, and contributed to the area’s development—poverty in surveyed project villages decreased by over 30 percent and average annual per capita income increased by 40 percent. Other project components helped to increase wastewater treatment infrastructure in rural areas and access to reliable and high-quality water supply. In addition, the *Sustainable Development in Poor Rural Areas Project*, the fifth in a series of grassroots poverty reduction projects in collaboration with the State Council Leading Group Office for Poverty Alleviation and Development, rolled out community-driven development approaches for the first time on a large scale in three provinces. Bank-financed cultural heritage projects helped demonstrate cultural preservation and sustainable tourism as a means to boost local economic development in poorer areas.

26. **IFC helped expand financial services, especially in western provinces and rural areas.** IFC supported China in further improving its secured transactions framework, which enables lenders to take movable assets as collateral, facilitating in particular the expansion of credit to MSMEs. During the CPS period, the movable asset finance market grew impressively, a national internet-based accounts receivable finance platform became operational, and a collateral management industry emerged. As a result, the share of commercial credit involving movable assets grew from 12 percent in 2004 to around 45 percent in 2018. Cumulatively, for accounts receivable and lease finance only, over 3 million transactions have been registered at the security interest registry with a financing volume of at least US\$15 trillion (as of 2017). Annual disbursements of debt finance involving movable assets is around US\$3 trillion. IFC, through its advisory business, also helped the People’s Bank of China (PBC) improve the credit reporting

system, including by issuing several regulations and guidelines. China's credit reporting system grew during the CPS period and is now the largest in the world—910 million individuals now have a credit profile, increasing their access to finance. In addition, IFC assisted the Credit Reference Center of PBC to develop the standard format of small business credit report.

Objective 2.4: Improving Transport Connectivity for More Balanced Regional Development [achieved]

27. **The Bank helped improve transport connections between developed and less developed regions through efficiency, capacity, and safety improvements to railways, waterways, and roads.** Improving transport connectivity was a high priority for China for sustainable economic development and for reducing rural-urban and regional disparities, with an emphasis on lower-carbon options. Bank-financed operations in the railway sector have led to increased capacity and substantial reductions in transit times, and the Bank provided institutional support through policy dialogue and just-in-time policy notes. Inland waterway projects successfully helped increase cargo capacity. Road and expressway projects improved passenger and freight flow while also addressing connectivity with local road networks, safety, asset management, and environmental impact. More recently Bank support has shifted from supporting the construction of new roads to helping to improve the management of existing assets, rural connectivity, and providing better services to users.

Cross-Cutting Theme: Advancing Mutually Beneficial Relations with the World

28. **WBG support for China's growing global role increased significantly over the CPS period,** at a time when China's contribution to both the world economy and international development and cooperation grew considerably. From 2012, when the CPS went to the Board, to 2016, China's economy grew from US\$8.6 trillion to about US\$11.4 trillion and its per capita income increased from US\$6,329 to about US\$8,261. China has been a strong voice for developing countries in international fora, including in the 2016 G20 presidency, and a major driver behind the Sustainable Development Goals. China has in particular focused on Africa's development, and has increasing outward investments—through FDI as well as through portfolio investment of its accumulated balance of payment surpluses. The country has assumed a leadership role in international development finance through its initiatives in new development banks and is strengthening engagement with existing development organizations, including the World Bank Group. China played a key role in IDA18 replenishment and in the creation of the special theme of “Jobs and Economic Transformation,” and has been an important player in IDA18 implementation.

South-South Cooperation

29. **The Bank's China program supported well over 50 learning exchanges between China and other countries.** Many projects in the portfolio foster South-South cooperation and learning exchanges between China and other countries. Key areas in which exchanges took place are health care service delivery, social safety nets, TVET, public transport, expressways, urban development, energy (pumped storage, clean stoves, and energy efficiency), climate change adaptation, integrated water resource management, MSME financing, and infrastructure development in Africa. The WBG's knowledge and relationships built through lending and ASA in China have contributed to the WBG's global knowledge thus enabling it to help facilitate China's South-South cooperation. In addition, building on a 2012 MOU with China's Ministry of Finance (MOF) to establish a partnership on Science of Delivery, China has become a partner in

the Global Delivery Initiative (GDI), which leverages country know-how and expertise in delivering development solutions. Ten case studies highlighting China's implementation knowledge in areas that include highway construction, eco-farming, water management, and balancing cultural heritage preservation and urban development are now part of the Global Library of Case Studies; and China hosted a global conference of the GDI in Chongqing in 2016.

30. The CPS period saw a substantial increase in IFC-China joint cross-border engagements and cooperation. Promoting sustainable cross-border development with Chinese partners through knowledge sharing and coinvestment was one of IFC's three strategic priorities. In May 2016, IFC invested US\$125 million equity in the China Three Gorges South Asia Investment Limited (CSAIL), a subsidiary of the China Three Gorges Corporation, a Chinese state-run firm and leading renewable energy company. CSAIL is an investment platform that supports a series of renewable power projects to be implemented in Pakistan, where the growing deficit in power supply impedes economic growth. This transformational engagement will boost generation capacity in the country by 15 percent, and will provide electricity to estimated 11 million people while the country's reduced reliance on imported fossil fuels as a result of this engagement will lead to estimated fuel costs savings of around US\$1 billion per annum. Through its participation, IFC will leverage its global knowledge, relationships, due diligence, and structuring expertise to attract international investors and lenders to support this investment model and finance individual project companies under this platform. IFC's participation will ensure compliance with IFC's Performance Standards and facilitate the adoption of international best practice corporate governance standards. Other examples of IFC investments that supported cross-border commercial transactions involving Chinese sponsors were: a US\$300 million investment platform sponsored by CITIC Construction Co., Ltd, a Chinese multinational construction and engineering company, to develop affordable housing in Sub-Saharan Africa; a commercial building project in Tanzania sponsored by the China Railway Engineering Co.; a US\$280 million syndication for a full-service telecommunications infrastructure company, IHS Nigeria, to build telecommunications towers, where the Industrial and Commercial Bank of China (ICBC) provided US\$60 million; and a 668 million India rupee loan to help China's leading player in the electrical industry, Chint Group's JV, develop solar power in India.

31. China has become an increasingly important source of capital mobilization for IFC projects. In FY14, China's PBOC became the first investor under IFC's innovative Managed Co-Lending Portfolio Program (MCP), a syndications product that allows institutional investors the opportunity to passively participate in IFC's future loan portfolio. In 2015, PBOC, through its State Administration for Foreign Exchange, pledged US\$3 billion to be committed in six years. As of end-December 2016, global MCP committed portfolio stood at US\$1.5 billion. Chinese banks' committed exposure in IFC projects totaled \$2.2 billion or 14 percent of IFC's total participants' committed exposure – the highest exposure among countries in IFC's syndicated portfolio. Chinese institutional investors (CIC, CDB, SAFE, The Silk Road Fund) became limited partnership (LP) investors in four IFC's AMC funds. In the same vein, IFC has been continuously enhancing institutional cooperation with agencies focusing on Belt and Road Initiative and Africa, such as The Silk Road Fund, China Africa Development Fund, China Africa Fund for Industrial Cooperation, CDB, CIC, EXIM, and China-WBG Partnership Facility.

32. China and the WBG also broke new ground in tripartite cooperation with Africa. In May 2014, the Bank's Board of Executive Directors approved the first project co-financed by the World Bank and China EXIM Bank: the South Sudan Africa Regional Transport, Trade, and Development Facilitation Project. In May 2015, the Board approved the Ethiopia Expressway Development Support Project, co-financed by the World Bank, African Development Bank, China

EXIM Bank, and South Korea EXIM Bank, bringing together traditional and non-traditional development partners with very different business models to share a standardized project design, safeguards, and joint supervision. In June 2015, the WBG, CDB, China-Africa Development Fund, Government of Ethiopia, and the UN Industrial Development Organization organized an “Investing in Africa” Forum in Addis Ababa that was followed by a second forum in Guangzhou, China in September 2016.²⁵ In 2015, the World Bank also assisted the CDB in establishing and co-sponsoring the Investing in Africa Think Tank Alliance. The World Bank signed an MOU with the NDRC in 2013 to collaborate in addressing climate change, including to promote South-South cooperation related to climate change mitigation and adaptation. In 2016, the World Bank, MOF, and China’s National Energy Administration (NEA) signed a MOU to develop South-South cooperation focusing on clean and renewable energy sectors in Africa.

33. China’s first single-donor trust fund administered by the WBG—the China-WBG Partnership Facility (CWPF)—was established in 2015. China pledged US\$50 million over three years (2015-2017) to help WBG members achieve inclusive and sustainable development and enhance tripartite cooperation between China, recipient countries, and the WBG. Under the first call for proposals in 2016 for window 1 (investment projects and operations) and window 2 (knowledge development and South-South learning), US\$9.4 million was approved for 17 grants, with an emphasis on Africa, regional integration, and the sectors of agriculture, transport, health, and education.²⁶ Grants included support for: disease surveillance and emergency responses in Sierra Leone; climate-smart agriculture in Mozambique; new climate investments by IFC in India, Sri Lanka, and Vietnam; advice by IFC to the Agricultural Bank of China on green finance; establishment of the secretariat of the Global Infrastructure Connectivity Alliance; and the 2016 Investing in Africa Forum in Guangzhou, China. In addition, China committed \$20 million from the CWPF to the Global Infrastructure Facility.

Supporting China as a Global Stakeholder

34. The WBG supported China’s G20 Presidency in 2016. WBG support to China’s G20 presidency included work on infrastructure investment, specifically multilateral development bank (MDB) efforts to optimize their balance sheets, joint MDB actions to support infrastructure finance, and enhancing infrastructure connectivity. The Bank also supported China’s initiative to create the Green Finance Study Group and China’s focus on digital financial inclusion, which presents an opportunity for significant progress in reaching women and other relatively excluded market segments through digital technologies and other new approaches to financial inclusion.

35. The WBG provided technical support for establishing the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB) and is co-financing projects with AIIB. The WBG’s technical support for establishing the AIIB ranged from advice on key institutional and policy foundations, including institutional governance, procurement, and safeguards, to advice on building management and ICT. IFC has helped AIIB develop private sector lending capacity. The WBG provided similar assistance to the NDB. In 2016, the World Bank and AIIB signed a Co-Financing Framework Agreement (CFA). WBG-cofinanced projects accounted for over 65 percent of AIIB’s financing during its first year of operation (CY16). In addition, the World Bank Treasury is providing asset management services to the AIIB to help

²⁵ Beyond the period of the original CPS, there was a third forum in Senegal in September 2017, and a fourth forum in Hunan, China, in September 2018.

²⁶ A second call for proposals in 2017 resulted in approval of 11 more grants for US\$7.1 million, bringing total approvals for windows 1 and 2 to US\$16.5 million for 28 grants.

safeguard the paid-in capital of the AIIB's shareholders while it develops the internal capacity and institutional infrastructure to undertake and/or oversee its own asset management operations.

36. **The World Bank (IBRD) supported the development of China's capital markets and internationalization of the renminbi.** The World Bank Treasury issued the market's first ever SDR denominated bond coinciding with the RMB's entry to the SDR. The "Mulan bond"—the largest bond ever (in RMB terms) by a foreign issuer in Chinese markets—was issued by IBRD in September 2016 and received 2.5 times over subscription from over 50 investors.

4. WBG PERFORMANCE

37. **WBG performance over the CPS period is rated good.** The WBG program was implemented in line with the CPS objectives. As discussed above, program implementation over the CPS period achieved good results, with all ten CPS objectives either partially, mostly, or fully achieved. Program delivery and performance were also strong based on portfolio indicators and IEG reviews of projects that exited the portfolio.

38. **The China-WBG partnership was strengthened over the CPS period.** China's Third Plenary Session of the 18th Central Committee of the CPC opened new opportunities for cooperation. China and the WBG deepened their collaboration in producing joint studies linked to China's reform program. Both the IBRD and IFC also scaled up financial support. Responding to government demand, the Bank introduced new financing instruments (PforR and DPF) for larger programmatic engagements linked to reform priorities. In addition, as described in the previous section, the WBG provided substantial support to strengthen China's contributions in various international development and cooperation arenas.

39. **Both the Bank and IFC made good progress in mainstreaming gender into operations.** One of the key lessons learned in the previous CPS was to strengthen efforts to mainstream gender in the portfolio. During the CPS time period, 98 percent of all approved IBRD-financed projects (55 projects) addressed gender in at least one of the following dimensions: analysis, design and/or M&E framework. Moreover, 65 percent of new projects addressed gender in all three of these dimensions, as compared to 33 percent at the start of the CPS. Social assessments were systematically carried out during project preparation to analyze a range of potential social impacts—including gender impacts—and relevant findings were used to inform project designs. For example, social assessments for several rural road projects led to new design measures to address road safety issues involving women and children. Five gender-specific assessments were completed during the CPS period to inform both ongoing and pipeline operations. IFC has also increased its attention to gender in investment operations, including through a flagship partnership with the Alibaba Group. In partnership with Goldman Sachs' 10,000 Women Initiative and as part of the first-ever global financing facility for women-owned small- and medium-sized enterprises (the Women Entrepreneurs Opportunity Facility), IFC provided a senior loan of RMB500 million to Ant Financial to expand its lending to women entrepreneurs who run businesses on Alibaba Group's online marketplaces and who often face difficulties in obtaining loans.

Advisory Services and Analytics

40. **ASA during the CPS period focused increasingly on flagship studies linked to major reforms.** The Bank carried out 44 ASA during the CPS period ranging from major flagship studies to just-in-time advice on specific issues. Flagship reports during the CPS period included *China 2030: Building a Modern, Harmonious, and Creative Society* (2013), and *Urban China: Toward*

Efficient, Inclusive, and Sustainable Urbanization (2014), both prepared jointly with the Development Research Center of China's State Council; and *Deepening Health Reform in China: Building High Quality and Value-Based Service Delivery* (policy summary report, 2016), prepared jointly with the Ministry of Finance, National Health and Family Planning Commission, Ministry of Human Resources and Social Security, and World Health Organization. Others included studies on early child development, low-carbon city in Shanghai, municipal asset management in small cities and towns, and regional railway impact. A full list of ASA is provided in Annex 2.

41. **IFC's Advisory Services (AS) engagement centered on access to finance, green finance, and PPPs.** During the CPS period, AS remained stable at around 12 projects with around US\$25 million worth of funds under management and US\$4.9 million in annual spending. To accelerate access to finance, IFC worked with regulatory authorities to support the development of payment systems, a credit bureau, and microfinance institutions. IFC helped to promote green finance through the China Climate Finance Advisory Program, which helps Chinese financial institutions build profitable and sustainable green businesses and helps partner banks mainstream energy efficiency lending. This model is being replicated to new areas such as green buildings and emissions trading pilots. IFC also worked with China to establish the Sustainable Banking Network: a global community of financial regulators and banking associations from 21 countries with the goal of promoting sustainable finance. IFC's PPP transaction advisory services in China aimed to help local governments in the design and implementation of PPPs in infrastructure and basic public services. As of the end of 2016, the AS portfolio comprised 9 projects worth US\$27.1 million, with climate-related engagements at 56 percent of the total portfolio, engagements supporting SMEs at 83 percent, and engagements in frontier markets at 37 percent. A full list of IFC AS completed from FY13 to mid-FY17 is provided in Annex 3.

IBRD Portfolio and Performance

42. **IBRD lending increased to address some of the country's most important cross-sectoral challenges.** The CPS at its outset anticipated IBRD lending of about US\$1.5 billion for 10-13 new projects per year. As reflected in the 2016 PLR, China requested an increase in IBRD lending to about US\$2.5 billion annually to address key national reform priorities, such as pollution control, health reform, and subnational fiscal reform, as well as the use (for the first time in China) of PforR and DPF instruments. Accordingly, lending increased at an average rate of about 9 percent per year from US\$1.54 billion in total commitments (14 operations) in FY13 to US\$1.62 billion (12 operations) in FY14, US\$1.82 billion (14 operations) in FY15, US\$1.98 billion (11 operations) in FY16, and US\$0.6 billion (4 operations) in the first half of FY17 (total FY17 commitments were US\$2.4 billion for 13 operations). In total, the Bank approved 55 IBRD-financed projects during the CPS period for US\$7.6 billion in new commitments. As of the end of December 2016, the active IBRD portfolio stood at 82 projects, totaling US\$10.7 billion in net commitments.

43. **Overall portfolio performance was good.** IEG reviewed 34 of the 61 projects that exited the portfolio during the CPS period and found 85 percent of projects reviewed to be moderately satisfactory or above in achieving the desired outcomes, above East Asia and the Pacific (EAP) and Bank averages (74 percent and 71 percent, respectively). The Bank was proactive in restructuring the portfolio: 77 percent of projects underwent restructuring, and about 16 percent went through more than three restructurings, demonstrating efforts by the task teams to address implementation issues and adjust projects as needed. Proactivity increased from 57 percent in FY13 to 75 percent in FY16. See Annex 3 for an overview of key portfolio indicators.

44. **Key portfolio issues raised at the outset of the CPS were addressed during the CPS period.** For example, disbursement ratios in the first two years of CPS implementation were slightly below EAP and Bank averages. In 2014, the Bank undertook an in-depth diagnostic review of projects with persistent low disbursements, revealing several issues: (i) more innovative and complex project designs; (ii) lower implementation capacity by new implementing entities in western and central regions and small towns, causing start-up delays; and (iii) risk aversion by both the government and the World Bank, leading to excessive review and monitoring. The Bank and government agreed on joint actions, resulting in an increase in the disbursement ratio from 16.5 percent in FY13 to over 20 percent in FY15 and FY16. The Bank and the government continued to engage regularly in results-based joint portfolio reviews and discussions of problem projects.

45. **In line with CPS priorities, the portfolio focused on environmental objectives and the less-developed western and inland provinces.** Over 70 percent of projects approved during the CPS period had environmental objectives. About 65 percent of IBRD loans approved during the period, representing 50 percent of the lending volume, generated climate change co-benefits. Over 80 percent of new financing supported China's western and central regions. In addition, about 65 percent of financing went to secondary and smaller cities.

Trust Fund Portfolio and Performance

46. **Trust funds were integral to the WBG's environmental objectives in China.** As of end-December 2016, the recipient-executed trust fund (RETF) portfolio stood at US\$376 million in commitments through 31 grants. The Global Environmental Facility (GEF) and the Ozone Trust Fund (OTF) accounted for about 90 percent of the portfolio in terms of volume. During the CPS period, the WBG helped China secure US\$121.5 million in GEF financing, with more than 70 percent of the commitments addressing climate change. Many GEF grants cofinanced IBRD operations and played a crucial role in deepening the policy dialogue. Trust fund-financed operations performed overall satisfactorily: of the 31 RETF grant-funded projects in the portfolio as of end-December 2016, 81 percent were performing moderately satisfactory (MS) and above in achieving their development objectives (DO), while 77 percent were MS and above on implementation progress (IP). See Annex 5 for GEF commitments from FY13-mid FY17 and the active GEF portfolio. Annex 6 presents the trust fund portfolio, excluding GEF, over the CPS period.

IFC and MIGA Portfolio and Performance

47. **IFC's strategy focused on (i) climate change**—with a goal to demonstrate viable market-based solutions to reducing the energy intensity of GDP and increasing the efficient use of water resources; **(ii) balanced rural/urban development**—aimed at reducing the gap in living standards between urban and frontier/rural areas through investment and advisory engagements in agribusiness, infrastructure, and micro, small, and medium enterprise (MSME) finance; **(iii) sustainable cross-border development**—helping China contribute sustainably to global economic development by mobilizing Chinese sponsors and investments to invest in frontier regions; and **(iv) bringing to scale innovative technologies and new business models** by working to harness innovation across all sectors to grow economic opportunities, and use technologies to act as a catalyst for entrepreneurship and growth of SMEs.

48. **IFC's investment operations showed strong and steady growth during the CPS period.** Total commitments (IFC's own account and mobilization, long-term finance only)

averaged US\$1.2 billion per fiscal year, exceeding the CPS' expected range of US\$500-1,000 million per year. The number of projects averaged 25 per year, in line with CPS expectations. Cumulatively, IFC's commitments for the period FY13 through mid-FY17 stood at US\$5.2 billion, comprising US\$3.7 billion for IFC's own account and US\$1.5 billion mobilization, across 107 long-term finance projects. New investments were primarily concentrated in the financial sector and supporting MSMEs (US\$1.9 billion, 36 percent of total), followed by utilities (US\$1.3 billion, 24 percent) and agriculture and forestry (US\$416 million, 8 percent). Over half of investments were in frontier regions of China, while around a quarter of the total committed volume (own account and mobilization) was in climate-positive investments.

49. **China was ranked third globally in terms of both committed and outstanding exposure for IFC at the end of the CPS period (December 31, 2016).** IFC's committed portfolio increased from US\$2.5 billion at the end of FY12 to US\$3.0 billion at the end of the CPS period—representing 20 percent growth and spanning 109 active clients. The committed portfolio peaked at US\$3.7 billion at the end of FY15. The committed portfolio is concentrated in finance and insurance (US\$1.2 billion for IFC's own account, 39 percent), followed by utilities (US\$386 million, 13 percent), collective investment vehicles (US\$337 million, 11 percent), chemicals (US\$249m, 8 percent), and agriculture and forestry (US\$196 million, 7 percent). The CPS timeframe saw a gradual increase of equity product in the mix, from 40 percent at the end of FY12 to nearly half of the portfolio by mid-FY17. In the same vein, IFC's outstanding portfolio during the same timeframe increased from US\$1.8 billion to US\$2.4 billion, representing 31 percent growth.

50. **IFC's investment portfolio demonstrated solid performance – both financially and across different development impact dimensions, with strong development reach.** IFC's equity portfolio in China yielded US\$1.3 billion in cumulative realized capital gains – the highest value across countries and 25 percent of IFC's total. The level of non-performing loans stood at 4.59 percent as of December 31, 2016, below the 5.87 percent IFC average. In 2016, IFC's client financial institutions in China had nearly 7 million micro and SME loans outstanding (11 percent of IFC's total) worth US\$176 billion (11 percent of IFC's total micro loans and 43 percent of IFC's total SME loans). IFC clients in other sectors supported nearly 500,000 jobs (21 percent of IFC's total), over US\$1.6 billion in payments to government (11 percent), over 460,000 farmers (15 percent), around 58 million gas distribution customers (97 percent), and 3 million water distribution customers (20 percent). Of the 37 projects rated in the Development Outcome Tracking System (DOTS), slightly over half were rated as overall successful in achieving the desired outcomes and 27 (73 percent) were rated positively on their contribution to private sector development.²⁷

51. **During the CPS period, the improving investment climate in China limited the demand for political risk insurance,** but the Multilateral Investment Guarantee Agency (MIGA) supported one project into China amounting to US\$10 million in the water and wastewater sector, which was approved in December 2015.

²⁷ Based on data from IFC's development impact monitoring system measuring development results at the transaction level.

Design of the CPS Program

52. **Relevance and Alignment with the Government Program.** The CPS was designed to closely align with the Government's 12th Five Year Plan (FYP). It broadly supported the FYP's goal of achieving a harmonious society through improvements in economic efficiency and sustainability with an emphasis on energy conservation and environment protection, in addition to a focus on inclusive and equitable development. The IBRD program proved to be relevant and well-aligned with government priorities. All projects that exited the portfolio over the CPS period were rated as either highly or substantially relevant to the country's development objectives. In addition, 83 percent of projects rated the relevance of project design as high or substantial. The 2016 PLR concluded that the CPS themes and objectives remained relevant but nevertheless made a few changes to the results framework further discussed below.

Results Framework

53. **The CPS presented a selective results framework linked to the WBG portfolio.** The CPS learned from the results framework of the previous CPS, which was overly complex and had qualitative indicators that made it difficult to evaluate WBG impact.. The new results framework presented a more realistic link between the country development goals, CPS objectives, WBG-financed interventions, and expected results. Outcome indicators were measurable with specific baseline and target values, although the sheer volume of the portfolio made it challenging to conglomerate results in some areas. Milestones provided a link between indicators and outputs achieved by WBG interventions. Proactive monitoring allowed the country team to adjust the results framework at the PLR stage by dropping one objective, reducing indicators from 30 to 27, and modifying 8 indicators to improve their clarity.

Risk and Mitigation Measures

54. **Risks remained overall moderate over the CPS period as identified at the outset and confirmed by the PLR.** Two areas, already discussed above, where risks have increased during CPS implementation, include more complex project design and lower implementation capacity in the lesser-developed areas where many Bank-financed projects were implemented. These factors led to start-up delays that contributed to declines in the disbursement ratio at the outset of CPS implementation.

5. LESSONS

55. **The joint flagship studies that have been undertaken since *China 2030* in 2013 have been important for deepening the dialogue on policies and Bank programs and provided a model for other middle-income countries.** Building on the success of *China 2030*, *Urban China* and *Healthy China* brought about deep policy dialogue and provided a solid foundation for lending. The approach inspired joint studies in other countries, such as the *Vietnam 2035* study.

56. **DPFs and PforRs were helpful instruments in supporting strategic policy-level discussions between China and the World Bank.** PforRs and DPFs, which entered the portfolio at the end of the CPS period, enabled deep and strategic dialogue in several key areas, such as subnational debt, air pollution control, and health sector reform.

57. **In some cases, stronger engagement at the national or ministerial level would increase the impact of the Bank's work.** Focusing on innovation and pilots at provincial and subprovincial

levels continues to be a good way to leverage World Bank financing given that China often supports reforms at the subnational level before scaling them up. Going forward, to maximize institutional impact, it would be useful for subnational investments to be more systematically complemented by engagement at the national or ministerial level.

Support for South-South development and knowledge exchange would benefit from a more systematic and programmatic approach. During the CPS period, the WBG continued to provide substantial support for South-South learning and various forms of knowledge exchange. But their ad hoc nature made them difficult to track, coordinate, and evaluate. Many of the Bank's engagements in China provide lessons learned and many approaches that have been piloted in China are relevant for other countries. There is an opportunity to more effectively channel both the Bank's knowledge and China's knowledge on a global scale. A more programmatic approach to supporting global cooperation and South-South learning, including systems for tracking, coordinating, and evaluating the work, would enable the WBG to better leverage China's development experiences for the benefit of other developing countries.

CLR Annex 1: China CPS (FY13 to mid-FY17) Results Matrix

Indicators and Status	Milestones and Status	WBG Interventions
<p>STRATEGIC THEME 1. SUPPORTING GREENER GROWTH</p> <p>1.1 SHIFTING TO A SUSTAINABLE ENERGY PATH</p> <p><i>China 12th FYP Targets: Non-fossil fuel energy accounts for 11.4% of primary energy consumption; energy consumption per unit of GDP drops by 16%; and CO2 emissions per unit of GDP declines by 17%.</i></p> <p><i>Result: Achieved. China's non-fossil fuel energy accounted for 12% of primary energy consumption; energy consumption per unit of GDP dropped by 18.2%; and CO2 emissions per unit of GDP declined by 20%.</i></p>		
<p>1.1.1 Associated cumulative energy savings from energy efficiency investments (million tons of coal equivalent)</p> <p>Baseline: 0 (2011) Target: 10 mtce (2016) Progress (12/2016): 15 mtce [Achieved]</p> <p>The World Bank supported credit lines to participating financial institutions, which on-lent to industrial enterprises and energy service companies for energy efficiency investments. IBRD loans were leveraged 7-8 times over, leading to sizable energy savings of more than 15 million tons of coal equivalent, while also helping to build bank capacity and mainstream energy efficiency lending in the banking sector. In parallel, World Bank ASA focused on strengthening clean energy policies and building capacity to implement policies at national and provincial levels.</p> <p>1.1.2 GHG emissions expected to be avoided (metric tons/year)</p> <p>Baseline: 0 Target: 20 million (IFC)</p> <p>Progress (2016): 22 million [Achieved]</p> <p>In addition to avoiding GHG emissions, IFC's China Climate Finance Advisory Services Program demonstrated the technical feasibility and commercial profitability of energy efficiency (EE) and renewable energy (RE) investments. The program helped private banks grow their green portfolio and change</p>	<p>Renewable Energy (RE)</p> <ul style="list-style-type: none"> - Policies promoting smoother grid integration developed by mid-2014. Achieved. <i>The GEF-financed China Renewable Energy Scale Up Program supported the development of the 13th Renewable Energy Five Year Plan, which, for the first time, integrated renewable energy generation plans with transmission plans to address grid integration bottlenecks.</i> - Renewable energy quota system established by mid-2014. Achieved with delay. <i>The renewable energy quota system was submitted to the State Council in late 2014 and issued in 2015.</i> - Distributed generation piloted by mid-2014. Achieved <p>Energy Efficiency (EE)</p> <ul style="list-style-type: none"> - Innovative pilots for promoting adoption of energy efficiency in at least three provinces promoted by 2015. Achieved. <i>The pilots (in Jiangxi, Shandong, and Shanxi) had significant impact in terms of policies, programs, and institutional capacity.</i> - Energy consumption monitoring system designs developed by 2015. Achieved - EE standards and guidelines for green field investments developed by mid-2014. Achieved - 6 FIs and 3 Hangzhou banks have stronger capacities to offer EE/RE products by 2015 (WB/IFC). Achieved. <i>IFC, through CHUEE (later renamed the China Climate Finance Advisory Services Program), worked with 8 partners (IB, BOB, SPDB BON, BOJS, BOS, BORZ and ABC), and supported 53 green loans under risk sharing facilities with a volume of US\$141 million, mobilizing US\$525 million in green investment. The World Bank CHEEF mobilized nearly \$900 million from two banks (Huaxia and China Export Import Bank) for EE investments in large and medium enterprises. Also, the Shandong Energy Efficiency Project helped demonstrate the viability of using financial leasing for energy efficiency projects.</i> - Green Building Codes for commercial and residential buildings developed by 2015 (IFC). Achieved. <i>The Ministry of Housing and Urban-Rural Development (MOHURD) began implementing its green building rating system (known as 3-star rating system) in 2015. Since then, IFC has worked with the private sector to promote its EDGE system, which has been rolled</i> 	<p>On-going (closed on and after 12/31/16): IBRD: Energy Efficiency (EE) Financing 1+2 (closed 12/31/16); Shandong EE, Shanxi Coal Bed Methane Development; Beijing EE and Emission Reduction Demonstration; Green Energy Schemes for Low-carbon City in Shanghai; Hebei Rural Renewable Energy Dev.; Hebei Clean Heating; Shanxi Gas Utilization; GEF: Provincial EE Scale-up (closed 12/31/2016); Renewable Energy Scale-up Phase II; Green Energy Schemes for Low-carbon City in Shanghai; Urban Scale Bldg EE and Renewable Energy; Large-city Congestion and Carbon Reduction; China EE Financing (closed 12/31/16); CF: Xiaogushan Hydropower; Nanjing Steel Factory Gas Recovery; Inner Mongolia Huitengxile Wind Farm; Hubei Guangrun Hydropower, Baotou Iron & Steel EE (closed 12/31/16); IFC: China Wind Power; CHUEE SME IB; CHUEE II SPDB; CHUEE II IB, Sunpreme Silicon; Microvast; Shuoren; Sino Green Fund; EAP ALOE III Fund)</p> <p>Closed during CPS period: IBRD: Urumqi District Heating; Liaoning Medium Cities Infra. III; GEF: Heat Reform & Bldg EE; Thermal Power Efficiency; Sino-Singapore Tianjin Eco-City; EE Promotion in Ind.; EE Financing (EE Phase III with Exim Bank); Technology Needs Assessment; Green Freight Demonstration; CF: Shandong Manure Biogas; Yingkou Economic Dev Zone Heating; Dashiqiao Central Heating; IFC: Zhongda Hydro, Yanjin; CHUEE IB; C&G Environmental Protection Holdings; CHUEE SME BRCB; CHUEE I BOB; Nature Elements Renewable Energy and Clean Tech Fund</p> <p>ASA/AS: IBRD: Carbon Capture & Sequestration; Tech – Economic Evaluation of Incentives for Wind; Green Energy Schemes for Low Carbon City in Shanghai; Smart Grid Development; EE in Public Institutions; Provincial</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>their perception of the risks related to lending for EE and RE. IFC also provided support to strengthen green credit policy and make lending by Chinese banks more resource-efficient and environmentally sustainable.</p>	<p><i>out globally to help the building sector understand the business opportunities in developing green buildings.</i></p> <p>Low Carbon Cities</p> <ul style="list-style-type: none"> - Innovative pilots and programs for promoting cleaner energy use in targeted cities launched by 2013. Achieved. <i>The Bank energy team co-led the development of the Green Urbanization Chapter in the Urban China report launched in 2014 that defined a comprehensive agenda for sustainable urban development. The Green Energy for Low Carbon City Project and the Urban Scale Energy Efficiency and Renewable Energy Project supporting Beijing and other cities in selected low carbon city policies are ongoing. This is complemented by studies including Developing a Low Carbon Strategy in Shenzhen and Applying Abatement Cost Curve Methodology for Low Carbon Strategy in Changning District, Shanghai.</i> <p>New Technologies</p> <ul style="list-style-type: none"> - Gas utilization application demonstrations launched by 2015. Achieved with delay. <i>The Shanxi Gas Utilization Project effective in 2014 is currently under implementation, and the major procurement activities have been completed. The project will be mostly completed by 2018. The Shanxi CBM Development and Utilization Project, effective in 2009, has the LNG plant installed and fully operational in 2017, and the upstream gas drilling also completed in 2017.</i> - Schemes to promote access to clean household energy developed by 2015. Achieved. <i>The China Clean Stove Initiative ASA, supported by the Government of Australia, is completed.</i> - Knowledge on feasibility of CCS deployment gained. Achieved. <i>China CCS Capacity Building Technical Assistance deliverables were submitted to the clients.</i> 	<p>Energy Conservation Practitioner’s Forum; Defining and Measuring Low Carbon Cities; Clean Stove Initiative; Heat Regulation Phase II; Electricity Regulation; Monitoring, Verification and Reporting in Energy Efficiency; Developing Innovative EE Financing Mechanism in China; Developing Shenzhen Low-carbon Strategy; Study on Fossil Energy Subsidy in China; IFC: CHUEE I IB AS; CHUEE SME IB AS; CHUEE I BOB AS; Performance Standards for the Banking Sector; Zhongda Hydro, Yanjin; CHUEE SME IB; Nature Elements Renewable Energy and Clean Tech Fund; C&G Environmental Protection Holdings, CHUEE SME BRCB</p>
<p>1.2 ENHANCING URBAN ENVIRONMENTAL SERVICES</p> <p><i>China 12th FYP Targets: The urbanization rate increases by 4 percentage points, and the coordination of urban, rural and regional development is further strengthened. Result: Achieved. The number of permanent urban residents increased from 49.9% in 2010 to 56.1% in 2015.</i></p>		
<p>1.2.1 People with access to improved water supply in more than 50 targeted small towns and cities:</p> <p>Baseline: 1.72 million (2011) Target: 6.5 million (2016) (WB)</p> <p>Baseline: 4.6 million (2010) Target 5.0 million (2014) (IFC)</p> <p><i>Progress (12/2016): 11.5 million (WB) [Achieved]</i></p>	<p>Water supply</p> <ul style="list-style-type: none"> - Increased water production capacity, rehabilitation and expansion of distribution networks in 20 Henan and 84 Jiangsu towns by 2015. Achieved. <i>Henan: The total number of beneficiaries added by the project accounts to 1.087 million in 20 project counties (the number of participating countries was reduced from the original 38). Jiangsu: On track with about 500,000 cubic meters per day of treated bulk water supply added. Another 200,000 cubic meter per day capacity will be added by the Nanjin Longtan water treatment plant to be completed in mid-2015. Transmission and coverage of water supply has increased to 84 towns and villages in total, exceeding the target. Coverage of water supply in project cities has now reached 100%.</i> 	<p>On-going (closed on and after 12/31/16): IBRD: Liuzhou Environment Management II; Sichuan Small Towns Development (closed 12/31/16); Chongqing Urban-Rural Integration; Yunnan Urban Environment; Shanghai Urban APL 3; Guizhou Cultural and Natural Heritage; Shandong Confucius & Mencius Culture; Gansu Qingyang Urban Infrastructure Improvement; Ningbo Domestic Waste Collection & Recycling Demonstration; Jiangxi Small Towns Infrastructure Development Demonstration; Liaoning Coastal Economic Belt Infrastructure and Environment; Guangxi Laibin Water</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>The IBRD target was exceeded and included a major water intake system in Shanghai to supply more than 5 million m³/day water to 6.65 million people – a quarter of the population – while protecting the supply from saline intrusion due to climate change-related rising sea water levels. The project introduced innovations relevant for other coastal cities with salinity intrusions.</p> <p><i>Progress: (12/2016): 3.5 million (IFC) [Partially achieved.]</i></p> <p>IFC increased water reliability and helped expand client banks' lending for water efficiency and water quality improvement projects. IFC's clients expanded their wastewater treatment leading to 20% reduction in industrial water consumption, benefitting 3.5 million customers per year. In addition, IFC helped expand wastewater treatment capacity by 102,000 m³/day.</p> <p>1.2.2 Targeted towns and cities with at least 70% of municipal wastewater treated annually Baseline: 0 Target: 25 (2015)</p> <p><i>Progress (12/2016): 27 [Achieved]</i></p> <p>The target was exceeded because waste water services were extended to several neighboring towns, which also increased the efficiency of the treatment process.</p> <p>1.2.3 People with access to improved wastewater management services (number) Baseline: 554,000 (2011) Target: 6.7 million (2016)</p> <p><i>Progress (12/2016): 7.1 million [Achieved]</i></p>	<ul style="list-style-type: none"> - Bengbu Municipality (population 3.5 million) has increased water reliability (90 days of emergency water supply) by mid-2014. Achieved. Tianhe Pump Station was completed and put into operation in 2014, raising the water storage level of Tianhe River by 1 m to improve the reliability of the water supply of the city. - 3 banks improve lending process for water efficiency and water quality improvement projects and lend \$100 million by mid-2014 (IFC). Partially Achieved. <i>By 2016, one bank had improved its lending process for water efficiency and water quality improvement projects, with more than \$189 million in financing and facilitated amounts</i> - 20 industrial facilities or 3 industrial zones reduce 20% of water consumption, or increase the alternatives of fresh water by 20%, or decrease 20% of total pollutants from wastewater discharge by mid-2014 (IFC). Achieved. <i>20 industrial facilities and more than 100 mills reduced water usage by more than 13 million m³ in 2014 alone. By 2016, the cumulative result has grown to almost 29 million m³ per year. This translates into more than one half million tons of GHG per year.</i> - Increased water supply capacities by 25 million m³ per year (IFC). Achieved. <i>Two investment clients expanded wastewater treatment capacity (thus saving freshwater as a result) by almost 25 million m³ per year between 2012 and 2015. The capacity grew to 64 million m³ per year and benefitted 3.5 million customers per year in 2015.</i> <p>Wastewater collection, disposal and treatment</p> <ul style="list-style-type: none"> - Three new wastewater treatment plants in five second-tier cities in Hubei by 2015. Partially Achieved. <i>The project was restructured: it extended wastewater services with 3 (newly built wastewater treatment plants in 3 second tier cities in Hubei (Han River Basin).</i> - Wastewater treatment plan with installed capacity of 100,000 m³ day in Tianjin meeting class 1B discharge standards by mid-2014. Achieved - 200,000 m³/day additional WWTP capacity in four cities in Liaoning by mid-2014. Achieved. <i>Three new wastewater treatment plants with a combined capacity of 250,000 tons per day were completed in Yingkou, Panjin, and Gaizhou.</i> - 240,000 m³/day additional WWTP capacity in Jiangnan WWTP in Nanning by 2015. Achieved. <i>The treatment capacity of the Jiangnan Wastewater Treatment Plant was expanded from 240,000 m³/day to 480,000 m³/day as planned, and the additional capacity is in full operation. In addition, wastewater treatment capacity of 102,000 m³/day has been established in five Nanning county seats. 5 out of 6 project areas reached a treatment level of more than 70%.</i> <p>Solid waste collection and disposal</p> <ul style="list-style-type: none"> - Land fill capacity constructed : Liaoning 1,400 tons/day by 2012; Yunnan 535 	<p>and Environment Management; Chongqing Small Towns Water Resources Integrated Management; Shaanxi Small Towns Infrastructure; Qinghai Xining Integrated Environment Management; Guilin Integrated Environment Management; Ningbo Municipal Solid Waste Minimization and Recycling; Hubei Jingzhou Historic Town Conservation; Ningbo Sustainable Urbanization; Lushan Earthquake Reconstruction and Risk Reduction; IFC: Asia Environment</p> <p>Closed during CPS period: IBRD: Han River Urban Environment; Henan Towns Water, Shandong Environment 2; Shanghai Urban APL 2; Sichuan Urban Development; Fuzhou Nantai Island Peri-Urban Development; Gansu Cultural & Natural Heritage; Nanning Urban Environment; Bengbu Integrated Environment Improvement; Chongqing Small Cities Infra.; Guangdong/PRD Urban Environment 2; Hunan Urban Development; Jiangsu Water and Wastewater; Liaoning Med Cities Infrastructure 1+2+3; Tianjin Urban Development 2; Xining Flood and Watershed Mgmt; Wenchuan Earthquake Recovery; IFC: Epure BOT/Sound Global Ltd.; CEI Water; Aqualyng; United Water</p> <p>ASA/AS: IBRD: Shandong Culture Heritage; China 2030; Urban China; Shanghai 2050; IFC: Water Efficiency Finance; CHUEE Water; Epure BOT/Sound Global Ltd.; United Water; Aqualyng; CEI Water</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>Improved wastewater networks and treatment facilities across multiple waste water collection zones led to public health benefits as well as environmental outcomes.</p> <p>1.2.4 Targeted cities with at least 90% of waste collected and disposed (number) Baseline: 0 Target: 8 (2016)</p> <p>Progress (12/2016): 8 [Achieved]</p> <p>In addition to financing solid waste collection and disposal facilities, the projects introduced for the first time a “3Rs” (Recycle, Reuse, and Reduction) campaign to reduce the amount of solid waste being disposed and which will extend the service life of the landfills. In Ningbo, the WB supported the first stand-alone solid waste management project for at-source separation of waste by urban households.</p>	<p>tons/day by mid-2014. Achieved. Liaoning: A modern sanitary landfill capacity by 1,400 ton/day was constructed in Fushun. The construction of a sanitary landfill in Panjin was completed with alternative source of funds. Yingkou EDZ also decided to cancel the solid waste sub-component due to difficulties in securing a sustainable location for the landfill. The project scope was formally restructured in April 2014. Yunnan: All planned sanitary landfills are operating, providing a combined the capacity to dispose of up to 535 tons of solid waste per day. Hebei: All five sanitary landfills have been completed and are either under commissioning or test run.</p> <ul style="list-style-type: none"> - 16 ha dump sites closed (Hubei five cities) by 2015. Achieved. By mid-2015, a total of 20.4 ha of old dump sites in five cities had closed. Two cities identified alternative financing for the solid waste infrastructure and withdrew from the project, bringing the total number of project cities down from 7 to 5. - New program piloting household-based waste source separation launched in Ningbo by 2015. Achieved. Numbers of households in pilot communities participating stood at 340,000, and 100 ton/d kitchen waste was collected from the communities as of 2016. <p>Earthquake restoration in Sichuan and Gansu</p> <p>Reconstruction and appropriate expansion of infrastructure services in 16 counties in Sichuan and 7 counties in Gansu with 100% of facilities built to applicable government standards for flood and seismic hazards. Achieved. Infrastructure, health, and education services in Sichuan and Gansu provinces were restored to levels at least or better than prior to the Wenchuan earthquake, while also reducing vulnerability to future seismic and flood hazards.</p>	
<p>1.3 PROMOTING LOW-CARBON URBAN TRANSPORT</p> <p>China 12th FYP Targets: Energy consumption per unit of GDP drops by 16%; and CO2 emissions per unit of GDP declines by 17%. Result: Achieved. Energy consumption per unit of GDP dropped by 18.2%; and CO2 emissions per unit of GDP declined by 20%</p>		
<p>1.3.1 Demonstration corridors successfully meeting public transport ridership, peak hour travel time and road safety targets Baseline: 0 Target: 25 corridors in 15 cities (2016)</p> <p>Progress (12/2016): 14 corridors in 10 cities [Partially Achieved]</p> <p>Due to restructuring of Bank-financed projects that altered project design and components, fewer demonstration corridors were completed than anticipated. However, this shortfall did not materially affect the Bank’s</p>	<p>Public Transport</p> <ul style="list-style-type: none"> - National sustainable urban transport framework and associated technical guidelines developed and issued by mid-2014 (GEF). Achieved - 30 cities use updated technical guidelines in designing 5 year master plan updates by 2015 (GEF) Achieved - Bus terminals, bus depots and stops, maintenance facilities constructed in four cities in Anhui by 2015. Not available. This data was no longer tracked after project was restructured in 2015, although it was on track in 2015 when was last reported. Original target number of facilities for the four cities: 4 for Huaibei; 2 for Anqing; 2 for Wuhu; and 1 for Luan. <p>Urban Transport Efficiency</p> <ul style="list-style-type: none"> - Road improvements on major urban traffic routes (>100 kms) in six cities in Liaoning, four cities in Anhui, and Xian by 2015. Achieved. Liaoning: 	<p>On-going (closed on and after 12/31/16): IBRD: Wuhan Second Urban Transport; Xi’an Sustainable Urban Transport; Anhui Medium Cities Urban Transport; Sichuan Small Towns Development (closed 12/31/16); Hubei Xiangyang Urban Transport; Changzhi Sustainable Urban Transport; Xinjiang Yining Urban Transport; Kunming Urban Rail; Zhengzhou Urban Rail; Yunnan Honghe Prefecture Urban Transport; Qinghai Xining Urban Transport; Jiangxi NanChang Urban Rail; Jiaozuo Green Transport; Urumqi Urban Transport 2; Wuhan Integrated Transport Dev.; Tianjin Urban Transport Improvement; Wuhan Integrated Transport Dev.; GEF: Large-City Congestion and Carbon Reduction; Promotion of Sustainable Cities in China</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>objective to support a critical mass of successful demonstration projects, contributing to China's experience base and helping to mainstream bus public transport corridors.</p>	<p><i>completed 87 km rehabilitated, 20 km constructed – exceeding targets. Anhui: 15.3 km new constructed roads and 11.2 km of rehabilitated roads. Xi'an: 15.19 km. Scope of Wuhan: Road component has been reduced, 22.18 km of roads improved / constructed. Taiyuan: project cancelled.</i></p> <ul style="list-style-type: none"> Roads constructed (17.1 km) and rehabilitated (7.31 km) in 6 small Model Development Towns demonstrating sustainable infrastructure service provision in Sichuan by 2015. Achieved. A total of 38.26 km of roads were constructed and/or upgraded in 6 town by project closing. <p>Urban Transport Safety Traffic management measures including Area Traffic control system and road safety program implemented in Xi'an. Achieved</p>	<p>Closed during CPS period: IBRD: Liaoning Medium Cities; Guiyang Transport; Taiyuan Urban Transport; Fuzhou Nantai Island Peri-Urban Development; Second Tianjin Urban Development and Environment; GEF: Urban Transport Partnership; City Cluster Eco-Transport; Green Freight Demonstration</p> <p>ASA: China Urban Transport Knowledge Management Platform TA Program; Rail Financial Futures Analysis; Transport System Safety; Low-carbon Eco-city Financing Models and Low-carbon Industry Development; China 2030; Urban China; Shanghai 2050</p>
<p>1.4 PROMOTING SUSTAINABLE AGRICULTURE PRACTICES China 12th FYP Targets: Efficient use co-efficient of water used in agricultural irrigation rises to 0.53. Result: Achieved. Agricultural irrigation efficiency rose to 0.532.</p>		
<p>1.4.1 Households and farms adopting targeted innovative sustainable practices (number) Baseline: 0 (2011) Target: 450,000 (2015)</p> <p>Progress (12/2016): 643,000 [Achieved]</p> <p>1.4.2 Area where innovative sustainable practices have been demonstrated (ha) Baseline: 0 (2011) Target: 100,000 ha (2015)</p> <p>Progress (04/2015): 208,152 ha [Achieved]</p> <p>Projects helped demonstrate sustainable participatory rural water resources management, improved agriculture technology and integration of biogas in cooking and farming, sustainable livestock waste management practices, and practices to reduce agricultural and non-point pollution, resulting in direct economic and environmental benefits as well as creating models that are being replicated by local</p>	<p>Agriculture Technology</p> <ul style="list-style-type: none"> Pilot the establishment of 30,000 biogas digesters leading to an estimated annual reduction in CO2 emissions of 60,000 tons (EFP). Achieved. Establishment of 470,000 biogas digesters leading to an estimated annual reduction in CO2 emissions of 785,000 ton (EFP) by 2014. 30,000 farm technician training days in proved livestock production and waste management methods by mid-2014 (HELP). Achieved. 71,750 farm technician training days in proved livestock production and waste management methods by mid-2014. Effective livestock waste management technologies demonstrated on large and medium scale farms in Shanghai rural areas by 2014. Achieved. Construction of Jinshan Dairy Farm (the biggest subproject) and Shenye Dairy Farm has been completed and commissioning is ongoing, contributing to pollutant reduction. Use of organic fertilizer and scientific application of agricultural chemicals demonstrated in Shanghai rural areas by 2014. Achieved. Integrated agricultural pollution reduction techniques, such as the use of organic and chemical fertilizers, are proceeding well with 90% of farmers using green test control techniques promoted. As a result, the share of commercial credit involving movable assets grew from 12 percent in 2004 to around 45 percent. 24 kms of irrigation canals rehabilitated in the Turpan Basin (XTWCP) and area with improved irrigation technologies increase in target areas from 0 to 8,000 ha by mid-2014 (CPRWRP). Achieved. Turpan Project: 24 kms and 8,000 ha in in Xinjiang were completed by the end of 2014. 12 Farmer Drainage and Irrigation Associations functioning as per requirements by 2013 and appropriate incentives for water saving technologies and behaviors piloted (HRBFMR). Achieved. Huai Basin Flood 	<p>Ongoing (closed on and after 12/31/16): IBRD: Jilin Agricultural Product Quality and Safety; Xinjiang Turpan Water Conservation; Sichuan Wudu Irrigated Agriculture Dev; Integrated Modern Agriculture Development; Guangdong Agricultural Pollution Control; GEF: Mainstreaming Integrated Water and Environment Management; Huai River Basin Marine Pollution Reduction (closed 12/31/16); Climate Smart Staple Crop Production; Guangdong Agricultural and Non-Point Pollution Control; IFC: Muyuan Pig; Hwagain; Jiuda Salt</p> <p>Closed during CPS period: IBRD: Eco-Farming; Henan Ecological Livestock; Changjiang/Pearl River Watershed Rehabilitation; GEF: Mainstreaming Climate Change Adaptation in Irrigated Agriculture; Shandong Environment II; Shanghai Agricultural and Non-point Pollution Reduction; Liaoning Bohai Sea Pollution; CF: Shandong Poultry Manure Biogas; Hubei Eco-farming biogas; IFC: Deqingyuan Egg; North Andre Juice; JY Organic; Koyo Fertilizer; Nature Forestry; Xiwang Sugar</p> <p>ASA: Mainstreaming Water User Associations (IDF); Economics of Adaptation to Climate Change in Water and Agriculture Sectors; Food Safety Engagement</p>

Indicators and Status	Milestones and Status	WBG Interventions
governments and integrated into provincial strategies.	<p><i>Management Project: About 20 Farmer Drainage and Irrigation Associations have been functioning with incentives for O&M of their on-farm works.</i></p> <ul style="list-style-type: none"> - Female membership for Water User's Associations and Producer Groups in targeted areas in Sichuan Wudu increases from 0 in 2012 to 40 by mid-2014. Achieved. Female membership for WUAs increased from 0 in 2012 to about 45 by the end of 2014. <p>Food Safety 30 technical standards for safe agricultural practice developed and adapted to local conditions in Jilin by mid-2014 (JFSP). Achieved. 83 technical standards developed and passed.</p>	
<p>1.5 DEMONSTRATING SUSTAINABLE NATURAL RESOURCE MANAGEMENT APPROACHES</p> <p><i>China 12th FYP Targets: Water usage per unit of industrial value added declines by 30%, and the efficient use co-efficient of water used in agricultural irrigation rises to 0.53. Forest cover rising to 21.66%, and the volume of standing forest adding 600 million m³.</i></p> <p><i>Result: Achieved. Water use reduction per unit of industrial value added was 35%; the efficient use co-efficient of water used in agricultural irrigation rose to 0.532; and the increase in forest coverage met the target of 21.66%.</i></p>		
<p>1.5.1 Targeted forest and range-land area rehabilitated and restored through successful demonstration of sustainable forest management models (ha) Baseline: 0 (2011) Target: 400,000 ha (2015)</p> <p>Progress (04/2015): 400,100 ha [Achieved]</p> <p>The project agencies were successful in promoting the implementation of innovative ecological afforestation models to restore forest cover in highly degraded mountainous areas and saline coastal land to reduce water, soil, and wind erosion as well as to stabilize newly created alluvial lands.</p> <p>In addition, IFC's projects contributed to improving plantation productivity and processing raw material wood into high-value products, as well as mitigating climate change through carbon sequestration</p> <p>1.5.2 Targeted watershed area treated to reduce soil erosion Baseline (2010): 0 Target (2015): 1,800 km²</p>	<p>Ecosystem Management and Restoration</p> <ul style="list-style-type: none"> - Mixed forest structures built with at least three tree species in IFDP project sites by 2013 and 38 different types of local tree and shrubs species in the Shandong project area by mid-2014 (SEAFP). Achieved. The project closed on July 31, 2016, with around 66,910 ha of mixed plantations established – 101% of the project target. More than 45 species (at least 3 species per site) were used in the plantations. - 27 different planting models introduced in five provinces to establish new multi-function forest plantations by mid-2014 (IFD). Achieved. The project closed on Dec. 31, 2016 and achieved its PDO. 30 planting models were used and 132,300 ha were planted and rehabilitated -- 100% of the target. - 8 different afforestation models for degraded mountainous area introduced in Shandong province by mid-2014 (SEAP). Achieved. Eight afforestation models have been introduced to planning in degraded mountainous and five models have been adopted to the planning in coastal saline areas, as project design. The project agencies have been successful in promoting the implementation of innovative ecological afforestation models to restore forest cover in highly degraded mountainous areas and saline coastal land to reduce water, soil and wind erosions as well as to stabilize newly created alluvial lands. - Guangxi provincial forest strategy formulated by 2012 (GIFD). Achieved. The strategy provided guidance for integrated forest resources management and identified priorities for Guangxi forestry sector development through year 2020. - Technical and methodological approaches related to credible carbon sequestration piloted in Guangxi by mid-2014. Achieved. Two CDM afforestation pilots have been successfully implemented with validated, registered forest established, and the first verification completed by the end 	<p>On-going (closed on and after 12/31/16): IBRD: Integrated Forestry Development (closed 12/31/16), Xinjiang Turpan Water Conservation, Huai River Basin Flood Mgmt (closed 12/31/16), Bayannaer Water Reclamation & Environment, Zhejiang Qiantang River Basin Small Towns (closed 12/31/16), Ningxia Desertification Control, Second Water Conservation, Hunan Forest Restoration and Development, Jiangxi Wuxikou Integrated Flood Management, Ma'anshan Cihu River Basin Environment, Guangxi Laibin Water Management, Huainan Mining Area Rehabilitation, Huainan Mining Area Rehabilitation, Ningbo Sustainable Urbanization; GEF: Promotion of Sustainable Cities in China, Mainstreaming Integrated Water and Environment Mgmt., Landscape Approach to Wildlife Conservation in Northeast China; CF: Reforestation on Degraded Land in Northwest Guangxi; IFC: Hwagain Paper, Nature Flooring II, Stora Enso II</p> <p>Closed during CPS period: IBRD: Guangxi Integrated Forestry Development; Jiangxi Shihutang Navigation and Hydropower; Hunan Urban Development; Shandong Ecological Afforestation; Changjiang/Pearl River Watershed Rehab; Sustainable Development in Poor Rural Areas; Xining Flood and Watershed Mgmt; Changjiang/Pearl River Watershed Rehab; GEF: Guangxi Integrated Forestry Dev and Conservation; Sustainable</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>Progress (04/2015): 1,792 km² [Achieved]</p> <p>Implementation of watershed management and rehabilitation has convinced policy makers, planners, and local communities that land conservation is compatible with sustainable and productive agriculture and that they are mutually reinforcing.</p> <p>1.5.3 Groundwater overdraft reduced in Turpan basin (million m³) Baseline: 0 (2011) Target: 3.75 (2015)</p> <p>Progress: (12/2016): 3.24 million [Mostly Achieved]</p> <p>The integrated approach to river basin management has been adopted with support from remote sensing technologies. As a result, the groundwater overdraft reduced significantly while farmer incomes increased and the ecological environment (Aiding Lake) was restored.</p> <p>1.5.4 People protected from flooding (number) Baseline: 0 (2011) Target: 6.5 million (2016)</p> <p>Progress (10/2016): 7.8 million [Achieved]</p>	<p>of 2012. It was transferred in July 2013 to Carbon Finance Unit for its second stage-monitoring stage. The project successfully demonstrated the most innovative technical and methodological approaches of using reforestation on degraded land to sequester carbon and pilot carbon trading, biodiversity conservation, control soil erosion control and income generation for local communities. The experience has been largely extended worldwide.</p> <ul style="list-style-type: none"> - Shelter Belt Plantation contracts in place to protect farmland and infrastructure in Ningxia by mid-2014 (NDCCP). Partially Achieved. The project physical progress is catching up with around 32,730 ha sand dune and degraded sand land having been treated and the shelter belt plantations established, accounting for 69% of the project target. However, the project disbursement is lagging behind with 26% of loan disbursed. The project agencies are making every effort to speed up this process. It is expected that the project will achieve its PDO. - Management Effectiveness Score in Lake Aibi National Wetland Reserve increased by 10% and in five targeted nature reserves in Guangxi from score 43 (2006) to 70 by mid-2014. Achieved. (a) METT score increased by about 10% in March of 2014 for Lake Aibi Project. (b) In Guangxi, the METT score increased from 43 to 76 in the target five nature reserves. A number of innovative approaches were introduced in nature reserve management. <p>Water Resources Management</p> <ul style="list-style-type: none"> - Waterways strengthened for improved flood protection and reduced soil erosion (85 km - Xining area; 61.4 km - Xiang River; 757 kms -Huai River basin) by 2014. Achieved Xining: 99.9%; Huai River Basin: 589 km; Xiang: X - Three dams constructed in Turpan Basin (17 out of 29 contracts completed by mid-2014) (XTWCP). Achieved. By the end of 2014, 24 out of 29 contracts were already completed. By the end of the CPS period, all contracts and related works on the dams had been completed. <p>4389 Ha of crop fields protected against 10 year flood in the Jiangxi Gan river area by mid-2014. Achieved</p>	<p>Management and Biodiversity Cons. of Lake Aibi; IFC: Nature Flooring</p> <p>ASA: State Forest Reform in Northeast China, Land policy dialogue, Transboundary rivers; Trial Conservation of Cultural Heritage Assets in Shandong Province; Gender of China's Forest Tenure Reform</p>
<p>1.6 DEMONSTRATING POLLUTION MANAGEMENT MEASURES</p> <p>China 12th FYP Targets: 8% reduction of SO₂ emissions; 10% reduction in NO_x emissions</p> <p>Result: 18% reduction of SO₂ emissions; 18.6% reduction in NO_x emissions</p>		
<p>1.6.1 Successful demonstration of clean up/pollution reduction measures (e.g. adoption of best available techniques (BATs) in municipal incinerators and pulp and paper mills)</p> <p>Baseline: 0 Target: 6 (2016)</p> <p>Progress (12/2016): 3 [Partially Achieved]</p>	<p>Air / Water</p> <ul style="list-style-type: none"> - Motor Vehicle Emission Control Plan for Xian by mid-2014 (XUTP). Achieved. Development and submission to the Xi'an Municipality of a plan to reduce vehicle emissions. - Demonstration of wetland for pollution reduction (66.5 ha) in Shanghai rural areas by 2015. Not achieved. The appraised subproject for wetland pollution reduction demonstration (Jiading subproject) was dropped shortly after the 	<p>On-going (closed on and after 12/31/16): IBRD: Bayannaoer Water Reclamation & Environment Improvement; Xi'an Sustainable Urban Transport; Ningbo Municipal Solid Waste Minimization and Recycling; Guangdong Agricultural Pollution Control; Huainan Mining Area Rehabilitation; Zhuzhou Brownfield Remediation; Hebei Air Pollution Prevention and Control Program; GEF: Dioxins Reduction from the</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>Three mills completed BAT investments under the GEF Pulp and Paper Project (P125528). An additional mill completed investments under the project but was later closed, so it is not counted here. BAT investments in mills under the GEF SWM program were delayed as reflected in the milestones comments.</p> <p>China's phase-out of ozone depleting substances was a major achievement supported by the Bank.</p>	<p><i>effectiveness of the project due to land use master plan change. The WB team had thereafter appraised a new river wetland pollution reduction demonstration subproject in Shuxin Town of Chongming Island, with a smaller size (2.2 ha; 1.5km length river section) given that the new PIU has limited counterpart funds.</i></p> <p>POPs</p> <ul style="list-style-type: none"> - All temporary PCB storage sites in Zhejiang identified, the low contaminated waste cleaned up and the highly contaminated waste disposed of by mid-2014 (PCB management project). Achieved. <i>All PCB-contaminated sites in Zhejiang Province that were identified and deemed technically feasible for clean-up were remediated of PCB wastes, while those that could not be cleaned due to inaccessibility of the sites continue to benefit from ongoing monitoring to mitigate risks and ensure safety. All obtained low and high contaminated waste disposed.</i> - Best available techniques (BAT)/best environmental practices adopted in three selected municipal solid waste incinerators (GEF MSWP) and in four selected non-wood pulp mills by 2015 (GEF Pulp). Partially Achieved. <i>GEF SWM –Capital investments that support BAT/BEP in three demonstration incinerators will be undertaken by the end of 2017. Full adoption of the said techniques and practices in the operations of these three incinerators is expected to occur gradually through CY 2019 and will be monitored as key PDO indicators as part of the project results framework. GEF Pulp - Treplacement mills were identified and completed BAT/BEP investment in CY2016. However, one initial mill stopped operation permanently though it had already completed the BAT/BEP investment, due to its parent company's strategic investment decision. Already-disbursed grant to the mill has been returned. Hence at the end of the project it will claim successful completion of BAT/BEP investments in 3 mills only. A project restructuring was completed in June 2016, which aims to promote BAT/BEP replication in the sector, enhance environmental agencies' monitoring and enforcement capacity and knowledge sharing. The project closing date was extended by 1 year from June 30 2017 to June 30, 2018.</i> <p>ODS</p> <ul style="list-style-type: none"> - Completion of the ODS phase-out plan for the pharmaceutical aerosol sector by mid-2014. Achieved. <i>Pharmaceutical aerosol sector plan also contributes to the permanent phase-out of CFCs in this important sector by 485 MT.</i> - Demonstration projects to phase out HCFCs completed by mid-2014 Achieved. <i>This demonstration project contributes to the phase-out of HCFC-141b by 62 tons.</i> - Implementation of the HCFCs Phase-out Management Plan in the production sector (Phase I) by end of 2015. Achieved. <i>This achievement includes the phase-out of HCFCs production by 104,609 tons during 2013-15,</i> 	<p>Pulp and Paper Industry; Municipal Solid Waste Management; Contaminated Sites Management; Promotion of Sustainable Cities in China; Guangdong Non-Point Pollution Control; Mainstreaming Integrated Water and Environment Mgmt.; Capacity Strengthening for Implementation of Minamata Convention of Mercury; MP: HCFC Phase-Out (Stage I)</p> <p>Closed during CPS period: IBRD: Shandong Flue Gas Desulfurization; Urumqi District Heating; Liaoning Medium Cities 3; GEF: PCB Management & Disposal; Shanghai Agricultural and Non-point Pollution Reduction; Green Freight Demonstration; MP: ODS IV Phaseout; CF: HFC-23 Emissions Reduction and Sustainable Development Benefits; IFC: Universtar</p> <p>ASA: Brownfields/Land remediation, Air Quality Action Planning, Non-Point Source Water Pollution</p>

Indicators and Status	Milestones and Status	WBG Interventions
	<p><i>equivalent to avoiding emissions of greenhouse gases by 184.24 million tons CO2.</i></p> <p>Completion of the HCFCs Phase-out Management Plan in the PU foam sector by end of 2015 (phased I). Achieved. <i>This achievement includes the phase-out of HCFC-141b consumption by 14,209 tons during 2013-15, equivalent to avoiding emissions of greenhouse gases by 10.302 million tons CO2.</i></p>	
STRATEGIC THEME 2. PROMOTING MORE INCLUSIVE DEVELOPMENT		
2.1 INCREASING ACCESS TO QUALITY HEALTH SERVICES AND SOCIAL PROTECTION PROGRAMS		
<p><i>China 12th FYP Targets: The new rural social pension insurance regime provides full coverage, with the number of urban participants in the basic pension insurance scheme reaching 357 million, and the rate of participation in the three basic urban and rural medical insurance schemes rising by three percentage points.</i></p> <p><i>Result: Achieved.</i> As of the end of 2016, the number of participants enrolled in the rural and urban resident pension schemes reached 508 million, and the rate of participation in the basic urban and rural medical insurances schemes rose by 4.8 percentage points.</p>		
<p>2.1.1 Additional population with access to primary health care services at community level in targeted service areas Baseline: 0 (2010) Target: 280,000 (2016)</p> <p>Progress (10/2016): 340,000 [Achieved]</p> <p>To help address the large gap in health care availability and services between urban and rural areas, Bank financing helped equip and strengthen the capacity of 687 village clinics and 37 urban community health centers.</p> <p>In addition, IFC's clients facilitated access to quality and affordable medicines through an expanded and improved distribution network.</p> <p>2.1.2 Public Health System scorecard rating for targeted counties Baseline: 61.78 (2008) Target: >80 (2013)</p> <p>Progress (10/2014): 90.22 [Achieved]</p> <p>The scorecard is an evaluation tool for assessing and summarizing the performance of the county level public health system. The steady improvement of the score over 6 years demonstrated better management, improved capacity, and enhanced performance of the</p>	<ul style="list-style-type: none"> - At least 50% of targeted counties implementing the healthy village standards by mid-2014 (RHP). Achieved. <i>By Oct 2014, 35 out of total 40 project counties (87.5%) launched "Healthy Village" construction and 277 villages met with the standards.</i> - At least 8 counties have implemented the successful models on comprehensive county hospital reform by mid-2014 (RHP). Achieved - At least half of project hospitals have standard cost accounting system producing quarterly departmental unit cost data by 2016 (CURIP II). Not Achieved (will be achieved with delay). <i>Construction of new hospitals – where systems were to be used – was delayed. Indicator should be met by the end of 2017.</i> - 320 standardized community-level health care facilities put into operation in targeted service areas in Chongqing by mid-2014 (CURIP). Achieved. <i>400 (target exceeded).</i> - Provincial approval by Guangdong of MIS architecture and technical specifications by 2014. Achieved. 	<p>On-going (closed on and after 12/31/16): IBRD: Chongqing Urban-Rural Integration; Chongqing Rural-Urban Integration II (county health services); Guangdong Social Security Integration and Rural Workers Training; Economic Transformation and Institutional Capacity Building; TF: Avian Influenza; IFC: Q&M; Asia Heart</p> <p>Closed during CPS period: IBRD: Rural Health; IFC: Aier Medical; BUFH; Chindex; Healthway; Wanjie Hospital; Fosun Pharma Intl; Weigao; BioChina; APMG</p> <p>ASA: Health Management Information System IDF; Options for Aged Care in China, Deepening China's Pension System Reform, Early Child Development, Deepening Health Sector Reform in China: Building High-quality and Value-based Service Delivery;</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>public health system in the 40 project counties. The IBRD-financed Rural Health Project series has been a pioneer in piloting rural health system reform in China and has been an inspiration for health reform in multiple developing countries.</p> <p>2.1.3 Share of prefectures in Guangdong exchanging social insurance beneficiary data through integrated provincial MIS Baseline: 0% (02/2013) Target: 60% (2016)</p> <p>Progress (12/2016): 0% [Not achieved; will be achieved with delay]</p> <p>There were delays in developing an integrated provincial MIS system, but most requirements to launch the system were in place by the end of the CPS period. The pilot of the new MIS system in two cities will be launched in 2017, and the project closing date will be extended to 2020. The new MIS system will be applied to other cities from 2018 to 2020.</p>		
2.2 STRENGTHENING SKILLS DEVELOPMENT PROGRAMS, INCLUDING FOR MIGRANTS		
<p>2.2.1 Graduates who pass skill certification exams in targeted institutions (%) Baseline: LN: 90%; SD:93.5%; GD: 70%; YN: 84% (2010) Target: LN: 96%; SD:98%; GD: 85%; YN: 93% (2015)</p> <p>Progress (2014): LN: 97.3%; SD:88.9%; GD: 85%; YN: 92.8% [Achieved]</p> <p>2.2.2 Graduates finding initial employment within 6 months of graduation (%) Baseline: LN:72%; SD 73.4%; GD: 34%; YN: 58% (2010) Target: LN: 82%; SD:88.2%; GD: 56%; YN: 75% (2015)</p> <p>Progress (2014): LN: 99.9%; SD:92.8%; GD: 98%; YN: 84.2%</p>	<ul style="list-style-type: none"> - Strengthened linkages between targeted institutes and industry through advisory boards, partnerships and contract arrangements by 2015. Achieved - Curricula and training materials in targeted training institutions in Chongqing, Liaoning, Shandong, Guangdong and Yunnan upgraded to increase the quality and relevance by 2015. Achieved. In total 158 curricula and training material updated. - More than 50% of students in targeted institutions in Guangdong, Shandong, Liaoning, enrolled in modular, competency-based curriculum by 2015. Achieved. Exceeded in all three provinces <p>At least 60% of students in targeted institutions in Guangdong, Shandong, Liaoning, assessed with outcomes-based systems by 2015. Achieved. Exceeded in all three provinces.</p>	<p>On-going (closed on and after 12/31/16): IBRD: Chongqing Urban-Rural Integration; Yunnan Technical and Vocational Education and Training; Guangdong Social Security Integration and Rural Workers Training; Xinjiang TVET; Poverty Alleviation and Agri Dev Demonstration in Poor Areas; Economic Transformation and Institutional Capacity Building; Economic Reform Promotion and Capacity Strengthening; Xinjiang Technical and Vocational Education and Training; Yunnan Early Childhood Education;</p> <p>Closed during CPS period: IBRD: Guangdong Tech & Vocational Education and Training; Rural Migrant Skills Dev. and Employment; Liaoning and Shandong Technical and Vocational Education; Sustainable Development in Poor Rural Areas; IFC: Ambow Education Holding Ltd</p> <p>ASA: Developing Skills for Economic Transformation and Social Harmony in Yunnan Province, Early Childhood Education</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p><i>[Achieved]</i></p> <p>Bank-financed operations in multiple provinces piloted approaches to improve the quality and relevance of TVET, yielding the strong outcomes shown in Indicators 2.1.1 and 2.2.2. Reforms and investments supported by the Bank included: strengthening school-industry linkages, improving school management, updating curricula and pedagogy, retraining instructors, and upgrading facilities and equipment. The operations provided models for replication in other parts of China and generated interest from other countries—the Bank and government are organizing an international conference in November 2017 to disseminate the experience.</p> <p>2.2.3 Migrant trainees successfully completing targeted vocational training programs in project schools (%) Baseline: 84% (2011) Target: 96% (2014) Progress (2014): 96%</p> <p><i>[Achieved]</i></p>		
<p>2.3 ENHANCING OPPORTUNITIES IN RURAL AREAS AND SMALL TOWNS</p>		
<p>2.3.1 People with access to safe water supply and sanitation in targeted rural areas Baseline: 40,392 (Anhui, Chongqing, Guangxi (2011); 378,000 (Shaanxi, Sichuan) (2011) Target: (i) Anhui, Chongqing, Guangxi – 150,000 (2014), (ii) Shaanxi – 326,716 (2012), Sichuan – 258,000 (2012)</p> <p>Progress (04/2015): (i) 155,000 (ii) Shaanxi 326,726, Sichuan - 262,737 <i>[Achieved]</i></p> <p>2.3.2 People in targeted rural areas with access to an all season road Baseline: 950,000 (Ningxia, Fujian, Guiyang) (2010) Target: 1.6 million (Ningxia, Fujian, Guiyang) (2015)</p>	<p>Rural Water and Sanitation</p> <ul style="list-style-type: none"> - 100 villages in Ningbo with wastewater treatment infrastructure by mid-2014 (NNCDP). Achieved. <i>More than 120 villages have improved wastewater treatment infrastructure.</i> - All financed water supply schemes operating sustainably after one year. Not achieved. <i>Some water supply schemes were finished late and at project closure were not operating for a full year, so the data presented in the borrower's ICRs are unreliable. Actual water consumption is much lower than the design capacity. Shaanxi 90%; Sichuan 73%.</i> <p>Rural Transport</p> <ul style="list-style-type: none"> - Rehabilitation of about 5000 km of rural roads under Fujian's Rural Roads Improvement Program by 2015. Achieved. <i>5,589</i> - 500 kms of new village roads or paths connecting households to village roads and 315 km of village roads connecting natural villages to each other in Anhui, Chongqing, Guangxi by 2014 (EFP). Achieved. <i>1800 km rural roads constructed</i> - 241 villages connected by project roads and 348 villages serviced by project 	<p>On-going (closed on and after 12/31/16): IBRD: Chongqing Urban-Rural Integration; Integrated Economic Development of Small Towns; Chongqing Small Towns Water Management; Guiyang Rural Roads; Anhui Yellow Mountain New Countryside Demonstration; Anhui Xuancheng Infrastructure for Industry Relocation; Zhejiang Rural Water Supply and Sanitation; Economic Transformation and Institutional Capacity Building; Guizhou Rural Development; Poverty Alleviation and Agri Dev. Demon; Sichuan Chongqing Cooperation Guang'an Demonstration Area Infra Development; Tongren Rural Transport, Guangxi Poverty Alleviation; Chongqing-Dadukou Fiscal Sustainability DPO;; IFC: Fullerton Credit; CHUEE SME IB; CHUEE SME SPDB; ZhongAn Credit; Shenzhen VTB; MC China; CFPA MFI; Xinjiang MCC; Harbin Bank VTB; Ant Finance, JD Rural Finance, Bank of Luo Yang</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>Progress (10/2016): Ningxia: 240,000 Fujian: 1,300,000 Guiyang: 0 [Achieved]</p> <p>2.3.3 Promoting greater financial inclusion through increased access to financial services for Micro Finance Clients, and support to improve financial infrastructure, such as credit reporting, secured transactions and movables finance (IFC) Baseline: 0 Target: 7 million (2016) [Likely Achieved – 4.3 million microloans were outstanding as of 2015; 2 million as of end-2016]</p> <p>During the CPS period, IFC changed its method of capturing reach for SME and microfinance clients. Based on the number of microloans outstanding with client banks as of 2015 (4.3 million) and 2016 (2 million), it is very likely that the cumulative target of 7 million was reached or exceeded.</p> <p>IFC also supported the further improvement of financial infrastructure (including credit reporting, secured transactions and movables finance), which provides a foundation for financial inclusion in China. For credit reporting, the Regulation on Credit Reporting Industry was issued; the coverage of PBCO-CRC (the Credit Registry) was extended (covering 910 million individuals). For secured transactions and movables finance, the SME Promotion Law was issued, a digital accounts receivable finance platform under the central bank was launched at the end of 2013 with a cumulative financing volume of more than US\$1 trillion (as of 2017); and a collateral management industry has been grown up and is now in the process of being formalized. Annual disbursements of debt finance</p>	<p>rural bus stations in Guiyang. Partially Achieved. <i>Targets were revised in 2012 to 118 villages connected by project roads and 118 villages services by rural bus stations – revised targets were achieved. (PLR mistakenly did not revise milestone.)</i></p> <ul style="list-style-type: none"> - 9 local roads (about 100 km) in the poorest counties in Ningxia improved by mid-2014. Achieved. 37 <p>Financial Inclusion (IFC)</p> <ul style="list-style-type: none"> - Successfully transformed CFPA into a professionally managed microfinance institution (MFI) by 2014. Achieved. <i>CPFA has been successfully transformed into a professionally managed microfinance institution. Risk management and internal audit departments were created 2-3 years ago. By the end of 2014, the number of active clients reached 237,817, with a total portfolio of US\$303 million. In the meantime, the company managed to keep a high quality portfolio: PAR>30 days was 0.27% in December 2014.</i> - A full range of financial services developed for small and micro enterprises in rural areas for client MFIs by 2014. Achieved. <i>IFC supported another 7 MFIs, including Xinjiang Micro Credit Company (MCC), Zhong An Credit (MCC), Bayan Village and Township Bank (VTB), Shenzhen VTB, Chifeng Accion MCC, Beichuan VTB and Renshou VTB. Through providing a holistic microfinance capacity-building package to the MFIs serving frontier markets, a full range of financial products for micro and small businesses have been developed. On mobile banking side, IFC has conducted a market survey on the rural payments environment with China UnionPay with the objective of improving its rural product design; helped F-Road deploy a marketing strategy and e-commerce strategy, which has enabled 9.7million end customers of over 1,000 rural/MSME banks gain better access to finance via non-cash solutions by June 2016; developed the business case with Harbin Bank on rural agent banking model, which can benefit 350,000 farmers of the bank in northeast China and work with the PBC Research’s research institution on micro/rural finance and mobile banking.</i> <p>Poverty Alleviation Approaches</p> <ul style="list-style-type: none"> - More innovative ways of providing poverty reduction assistance to the poorest communities and households in Henan, Shaanxi and Chongqing piloted through CDD and participatory approaches (with 60% of the 770 participating villages completing multiyear development plans by mid-2014) (SDPRAP). Achieved. 80% of the 776 participating villages by mid-2014, and 85 % of 776 participating villages by end 2014. - Women participating in village committees in targeted areas increase from 0 % in 2011 to 25% by mid-2014 (SDPRAP). Achieved. 30 % by mid-2014, 35% by end 2014. 	<p>Closed during CPS period: IBRD: Fujian Highway Sector Investment; Guiyang Transport; Ningbo New Countryside Development; Sustainable Development in Poor Rural Areas; Western Provinces Rural Water Supply; Ningxia Highway; IFC: Xiwang Sugar; North Andre Juice; Eppure BOT II—Water; Nature Elements—CC Fund in frontier; CGCCD—Earthquake Restoration; CGCCD Rsf.</p> <p>ASA: Improving Public Expenditure in Rural China (IDF); Sustainable Financing Mechanism for Small Town Infrastructure Development; The Mortgage of the Right to Contract for Management in Rural Areas, Housing Policies, China 2030, Urbanization Study; Inclusive Finance Academy in China (IFA); Innovation Model of Affordable Housing Investment and Financing; Promoting Inclusive Innovation in China; Financial Consumer protection and Literacy; Sub-national Public Finance and Debt Management, Sub-national Government Financing, Promoting Inclusive Innovation in China, Financing Small-Town Infrastructure, China Financial Reform Strategy Report, Inclusive Finance Academy in China, Promoting Access to Finance through Strengthening Rural Credit Cooperatives, Asset Management for Small Towns, Enhancing the Role of Farmers Coops, Institutions for Local Debt Monitoring, Small Towns Infrastructure Financing Phase II, Evaluation System for Customer Financial Education; IFC: Network China Foundation for Poverty Alleviation; Microfinance Transformation IS; CHUEE AS; Beichuan VTB AS; (Alexei to confirm Xiwang Sugar; North Andre Juice; Epure BOT II—Water; Nature Elements—CC Fund in Frontier; CGCCD—Earthquake Restoration; CGCCD Rsf.)</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>involving movable assets is around US\$3.0 trillion.</p> <p>In addition, IFC successfully supported the transformation of the China Foundation for Poverty Alleviation (CFPA) from an NGO into a professionally managed microfinance institution.</p>		
<p>2.4 IMPROVING TRANSPORT CONNECTIVITY FOR MORE BALANCED REGIONAL DEVELOPMENT</p>		
<p>2.4.1 Reduction in transit times on railway sections connecting less developed regions with more developed (% , min)</p> <p><i>(i) Tumen – Jilin: 68% (315 min) (2015)</i> <i>(ii) Sanyanqiao – Litang West: 72% (450 min)(2015)</i> <i>(iii) Guiyang – Guangzhou: 78% (1170 min) (2016)</i> <i>(iv) Liupanshui – Qujing: 53% (117 min) (2012)</i> <i>(v) Shijiazhuang – Zhengzhou: 61% (120 min) (2013)</i></p> <p>Progress (4/2015):</p> <p>i) 75% (347 min) ii) 74% (464 min) iii) 83% (1251 min) iv) 52% (117 min) v) 59% (117 min) [Achieved]</p> <p>2.4.2 Increase in railway capacity (train pairs/day)</p> <p><i>(i) Tumen – Jilin: 162% (2015)</i> <i>(ii) Sanyanqiao – Litang West: 185% (2015)</i> <i>(iii) Guiyang – Guangzhou: 400% (2016)</i> <i>(iv) Liupanshui – Qujing: 61% (2012)</i></p> <p>Progress (4/2015):</p> <p>i) 162% ii) 342% iii) 700% iv) 61% [Achieved]</p>	<p>Railways</p> <ul style="list-style-type: none"> - 355 km high-speed passenger rail line between Shijiazhuang (Hebei) and Zhengzhou (Henan) completed by 2015. Achieved. <i>Opened in December 2012. The new travel time is 81 minutes in line with expectations, compared to 198 minutes before the project.</i> - 254 km Liupanshui-Zhanyi section of the Guiyang-Kunming railway line upgraded to increase capacity and reduce travel times by 2012. Achieved. <i>The new travel time is 132 minutes in line with expectations, compared to 240 minutes before the project.</i> - 400 km high-speed passenger and freight line between Sanyanqiao – Litang West completed by 2014. Achieved. <i>The line opened in December 2014. The new travel time is 156 minutes compared with 620 minutes before the line opening.</i> - 75% of civil works on new shorter and more direct railway line linking northwestern China (Guiyang) with the Pearl River Delta completed by mid-2014. Achieved. <i>The new line Guiyang to Guangzhou opened ahead of time in December 2014. The new travel time is 249 minutes compared to 1500 minutes at project start.</i> - 40% of civil works on new 360 km passenger-dedicated rail line between Tumen and Jilin completed by mid-2014. Achieved. <i>The Tumen to Jilin railway opened for service in September 2015.</i> <p>Waterways</p> <ul style="list-style-type: none"> - Navigable time per year for 1000 ton vessels on 38 km channel on Nanchang- Ganzhou corridor increase from 27% in 2007 to 95% by mid-2014. Achieved - 205.6 kms of Class IV channel are upgraded along Anhui Shaying River by 2015. Partially Achieved. <i>150 as of December 2014; 206 as of October 2016</i> <p>Roads</p> <ul style="list-style-type: none"> - Green Freight Technology Rebates and Performance Based Incentive schemes to improve energy and economic efficiency of fleet in Guangdong demonstrated by mid-2014. Achieved - Expressway connecting the two major industrial areas that are the backbone of Ningxia’s economy constructed by 2015. Achieved 	<p>On-going (closed on and after 12/31/16): IBRD: Guizhou-Guangzhou Railway (closed 12/31/16); Jilin-Hunchun Railway (closed 12/31/16); Anhui Shaying River Channel Improvement; ZhangHu Railway; Harbin-Jiamusi Railway; Fujian Meizhou Bay Waterways; Jiangxi Shangrao Sanqingshan Airport; Fujian Fishing Ports; Yunnan Highway Assets Management; JiaoZuo Safe and Green Transport; Gansu Rural-Urban Integration; Heilongjiang Cold Weather Smart Public Transportation System; Hubei Xiaogan Logistic Infra.; Zhengzhou Urban Rail; Urumqi Urban Transport II; Wuhan Integrated Transport Development</p> <p>Closed during CPS period: IBRD: 3rd National Railway; Jiangxi Shihutang Navi & Hydropower; ShiZheng Railway; NanGuang Railway; Anhui Highway Rehab & Improvement; Hubei Yiba Highway; Fujian Highway Sector Investment; Ningxia Highway</p> <p>ASA: Regional Impact Analysis of Railway; Rail Financial Futures Analysis; Urban Transport Knowledge Management Platform; Railway Equity Finance</p>

Indicators and Status	Milestones and Status	WBG Interventions
<p>2.4.3 Annual volume of cargo along targeted waterways Shaying river (passing Yingshang Lock) Baseline: 0.17 million ton (2009) Target: 3.07 million ton (2015)</p> <p>Progress (04/2015): 10.6 million ton [Achieved]</p> <p>2.4.4 Travel time reduction on targeted road corridors <i>(i) Yongan (Fujian) – Wuping (Guangdong border): 67% (2013)</i> <i>(ii) Qingtongxia –Guyaozi (Ningxia):60% (2015)</i> <i>(iii) Yichang – Badong (Hubei):-2.5 hours (2015)</i></p> <p>Progress (04/2015): i) 67% ii) 60% iii) -2.5 hours [Achieved]</p>	<ul style="list-style-type: none"> - 195.2 km Yong’an- Wuping Expressway (Fujian province) completed by mid-2014. Achieved - Pilot provincial road contract maintenance approaches in Fujian and Anhui by mid-2014. Achieved - 890 km key national and provincial roads rehabilitated and maintained and 320 km improved in Anhui by mid-2014. Achieved. 841 km key national and provincial roads rehabilitated; 321 km key national and provincial roads improved. <p>Innovative environmental compliance framework with incentive system developed and implemented in the Yiba Highway project (Hubei). Achieved</p>	

CLR Annex 2: IBRD Advisory Services and Analytics Delivered from FY13 to mid-FY17

	CPS Themes			Lead Global Practice	Titles of Reports Available to Public
	Reenergizing Drivers of Growth	Supporting Green Growth	Promoting Inclusive Development		
FY13					
ESW					
China 2030: Building a Modern, Harmonious, and Creative Society	√	√	√	Macro Economics & Fiscal Management	<i>China 2030: Building a Modern, Harmonious, and Creative Society</i>
Climate Risk Management and Adaptation		√	√	Social, Urban, Rural & Resilience	<i>Climate Trends and Impacts in China</i>
Developing Skills for Economic Transformation and Social Harmony (Yunnan Province)			√	Education	<i>Developing Skills for Economic Transformation and Social Harmony: Yunnan Province</i>
Food Safety Engagement			√	Agriculture	<i>China – Food Safety Engagement: Engagement Options for the World Bank</i>
Rail Financial Futures Analysis	√			Transport & ICT	
TA					
Capacity Building for Smart Grid		√		Energy and Extractives	
Economics of Adaptation to Climate Change in Water & Agriculture Sectors		√		Environment & Natural Resources	<i>Economics of Adaptation to Climate Change in Water and Agriculture Sectors</i>
Heat Regulation Phase II		√		Energy and Extractives	<i>Enhancing the Institutional Model for District Heating Regulation – Outside Perspectives and Suggestions</i>
JIT Financial Sector Reform Roundtable	√			Finance & Markets	<i>Event: Roundtable</i>
Shandong Cultural Heritage			√	Social, Urban, Rural & Resilience	<i>Qufu Zoucheng Confucius Mencius Cultural Heritage Sites Conservation Project: Previous Work for Conservation and Restoration of Colored Decorations, Stelae and Stone Inscriptions</i>
Sub-national Government Financing	√			Social, Urban, Rural & Resilience	
FY14					
ESW					
Green Energy Scheme for Low-carbon City in Shanghai		√		Energy & Extractives	<i>Building Benchmarks, Policy Frameworks, and Business Models for Building Retrofit in Changning District, Shanghai</i>

	CPS Themes			Lead Global Practice	Titles of Reports Available to Public
	Reenergizing Drivers of Growth	Supporting Green Growth	Promoting Inclusive Development		
State Forest Reform Northeast China		√		Environment & Natural Resources	
TA					
Reform Options for Collective Property Institutions and Policies under Urbanization	√		√	Agriculture	
Deepening China Pension System Reform			√	Social Protection and Labor	<i>Incorporated into: China 2030: Building a Modern, Harmonious, and Creative Society</i>
Early Child Development			√	Education	<i>Early Childhood Education in Yunnan: Challenges and Opportunities</i>
JIT Financial Sector Activities	√			Finance & Markets	
Promoting Inclusive Innovation in China	√		√	Finance & Markets	<i>China Inclusive Innovation for Sustainable Inclusive Growth</i>
FY15					
ESW					
Defining and Measuring Low-carbon Cities in China		√		Energy & Extractives	<i>Applying Abatement Cost Curve Methodology for Low-Carbon Strategy in Changning District, Shanghai</i>
Subnational Public Finance & Debt Management	√		√	Macro Economics & Fiscal Management	<i>Incorporated into: Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization</i>
Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization	√	√	√	Macro Economics & Fiscal Management	<i>Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization</i>
TA					
Air Quality in China		√		Environment & Natural Resources	<i>Event: Workshop</i>
Application of Strategic Environmental Assessment at Sectoral Level		√			<i>Event: Workshop</i>
Assistance to Ministry of Environmental Protection in Capacity Building		√			<i>Event: Workshop</i>
Capacity Building for PIUs in Fiduciary Management, Disbursement, and Procurement	√			Governance	<i>Event: Workshop</i>
Carbon Capture and Sequestration (CCS) Capacity Building		√		Energy & Extractives	
China Financial Reform Strategy Report	√			Finance & Markets	
China Energy Regulation to Integrate Climate Change Considerations	√			Energy & Extractives	

	CPS Themes			Lead Global Practice	Titles of Reports Available to Public
	Reenergizing Drivers of Growth	Supporting Green Growth	Promoting Inclusive Development		
Gates Rural ICT Activity			√	Transport & ICT	<i>Information and Communications in the Chinese Countryside: A Study of Three Provinces</i>
Inclusive Finance Academy in China	√			Finance & Markets	
JIT China Capital Market Development Report 2013	√			Finance & Markets	
MRV of Energy Efficiency		√		Energy & Extractives	
Promoting Access to Finance through strengthening Rural Credit Cooperatives (RCCs)	√			Finance & Markets	
Promoting Affordable Housing in Shanghai	√			Social, Urban, Rural	
Urban Transport Knowledge Management Platform		√		Transport & ICT	<i>TransFORM: From Pilot to Implementation</i>
FY16					
ESW					
Developing an Innovative Energy Efficiency Financing Mechanism in China		√		Energy & Extractives	<i>Developing an Innovative Energy Efficiency Financing Mechanism in China</i>
Learning from Best International Practice in Smart Transport and Energy Efficiency: Applications to WITDP and Beyond		√	√	Transport & ICT	<i>Achieving Energy Savings by Intelligent Transportation Systems Investments in the Context of Smart Cities</i>
Options for Aged Care in China			√	Social Protection and Labor	<i>Options for Aged Care in China: Building an Efficient and Sustainable Aged Care System</i>
Shanghai 2050: Building A Competitive City in A Globalizing World	√	√	√	Social, Urban, Rural & Resilience	
Strengthening China's Dibao Program to Reduce Poverty and Inequality			√	Social Protection and Labor	<i>Incorporated into: China 2030: Building a Modern, Harmonious, and Creative Society</i>
TA					
Asset Management for Small Towns	√		√	Social, Urban, Rural & Resilience	<i>Municipal Asset Management in China's Small Cities and Towns: Findings and Strategies Ahead</i>
Clean Stove Initiative for China		√		Energy & Extractives	<i>China: Accelerating Household Access to Clean Cooking and Heating</i>
Developing Shenzhen Low-carbon Strategy		√		Energy & Extractives	<i>Developing Low Carbon Strategy for Shenzhen</i>
Enhancing the Role of Farmers Coops	√		√	Agriculture	<i>Enhancing the Role of Farmer Cooperatives in Inclusive Agricultural Growth in China: Summary Report</i>

	CPS Themes			Lead Global Practice	Titles of Reports Available to Public
	Reenergizing Drivers of Growth	Supporting Green Growth	Promoting Inclusive Development		
Financial Consumer Protection and Literacy			√	Finance & Markets	
Gender of China's Forest Tenure Reform			√	Environment & Natural Resources	<i>Gender-Dimensions of Collective Forest Tenure Reform in China</i>
How Shanghai Does It			√	Education	<i>How Shanghai Does It: Insights and Lessons from the Highest-Ranking Education System in the World</i>
Institutions for Local Debt Monitoring	√			Governance	<i>Using the Government Financial Reporting Framework to Redraw the State and Market Boundary in China: A Two-Step Approach</i>
Railway Equity Finance	√	√	√	Transport & ICT	<i>Attracting Capital for Railway Development in China</i>
Regional Economic Impact Analysis of High-Speed Rail in China		√	√	Transport & ICT	<i>Regional Economic Impact Analysis of High-Speed Rail in China: Main Report</i>
Small Town Infrastructure Financing	√		√	Social, Urban, Rural & Resilience	<i>Sustainable Infrastructure Financing for Small Towns in China: Approaches to Attract Long-term Capital for Small-scale Infrastructure Projects</i>
Study on Fossil Energy Subsidies in China		√	√	Energy & Extractives	<i>Fossil Fuel Subsidy and Pricing Policies: Recent Developing Country Experience</i>
TE					
Integrated Program FM and Disbursement Workshop	√			Governance	<i>Event: Workshop</i>
Mid-FY17					
ESW					
Deepening Health Sector Reform in China: Building High Quality and Value-based Service Delivery			√	Health, Nutrition & Population	<i>Incorporated into: Healthy China: Deepening Health Reform in China</i>
Evaluation System for Customer Financial Education in China	√		√	Finance & Markets	
TA					
Gender Impacts of ITS			√	Transport & ICT	<i>2016 Assessment of Gender Impacts of ITS and Guideline for Incorporating Gender into ITS Planning, Design and Operation</i>

CLR Annex 3: IFC Advisory Services Portfolio in FY13 to mid-FY17

Project Name	Business Line	Implementation Timeframe	Status as of Dec 31, 2016	CPS Strategic Theme	
				Theme 1: Supporting Green Growth	Theme 2: Promoting More Inclusive Development
China Utility-Based Energy Efficiency	Access to Finance	FY2006-2013	Completed	√	√
Accion Inner Mongolia Microfin. Co	Access to Finance	FY2011-2013	Completed		√
Sichuan CCBs TA	Financial Institutions Group	FY2009-2014	Completed		√
Harbin Bank VTB Network	Access to Finance	FY2010-2013	Completed		√
TA to Renshou VTB	Access to Finance	FY2009-2015	Completed		√
TA to CFPA Microfin. Transformation	Access to Finance	FY2010-2013	Completed		√
Xinjiang MCC TA	Financial Institutions Group	FY2012-2016	Completed		√
Beichuan VTB TA	Financial Institutions Group	FY2011-2016	Completed		√
China Climate Finance Advisory	Financial Institutions Group	FY2012-2020	Portfolio	√	√
China RMS Credit Reporting Dev't	Finance and Markets	FY2012-2017	Portfolio		√
E&S Risk Management for FIs	E&S & Governance / Financial Institutions Group	FY2012-2017	Portfolio	√	
EAP CG Program Implementation	E&S & Governance	FY2012-2020	Portfolio		
Energy & Water Solutions for Corporates	Cross-Industry Solutions	FY2013-2017	Portfolio	√	√
China Digital Financial Services	Financial Institutions Group	FY2013-2019	Portfolio		√
China Rural Collateral Reform	Finance and Markets	FY2013-2017	Portfolio		√
Green Building Regulation	Cross-Industry Solutions / Finance and Markets	FY2014-2017	Portfolio	√	
China Rural and Microfinance Dev't	Financial Institutions Group	FY2014-2017	Portfolio		√
China Emissions Trading	Financial Institutions Group	FY2014-2017	Portfolio	√	

CLR Annex 4: IBRD Lending Program Delivered from FY13 to mid-FY17

Summary of Annual Lending, FY13-FY16:

	FY13	FY14	FY15	FY16	Average Yearly Growth	Growth over 4 years
Commitment Amt (\$m)	1,540	1,615	1,821.5	1,982	8.8%	28.7%

CPS Plans (October 2012), including contingency and standbys		Actual Deliveries (December 2016)		
Outcomes	Projects	Status	Board Date	IBRD (\$m)
FY13				
1.1/1.6	Beijing Energy Efficiency & Emission Reduction Demonstration	Delivered	03/20/13	120
1.1	Shandong Renewable Energy	Dropped		0
1.1	Green Energy Schemes for Low-carbon City in Shanghai	Delivered	03/20/13	100
1.2	Liaoning Coastal Economic Zone Urban Infrastructure and Environmental Management	Delivered	03/20/13	150
1.2	Jiangxi Small Towns Infrastructure Development Demonstration	Delivered as Jiangxi Poyang Lake Basin and Ecological Economic Zone Small Town Dev.	03/20/13	150
1.2/1.5	Shaanxi Yan'an Water Supply	Dropped		0
1.2/1.6	Ningbo Municipal Solid Waste Minimization and Recycling	Delivered	05/31/13	80
1.4	Integrated Modern Agriculture Development (SOCAD)	Postponed to FY14		0
1.5	Hunan Forest Restoration and Development	Delivered	01/17/13	80
1.5	Anhui Ma'anshan Cihu River Basin Environment	Delivered	06/04/13	100
2.1/2.2	Guangdong Social Security Integration & Rural Worker Training	Delivered	06/20/13	80
2.4	Fujian Meizhou Bay Navigation Improvement	Delivered	02/28/13	50
2.4	Harbin-Jiamusi Railway	Postponed to FY14		0
2.4	Jiangxi Shangrao Sanqingshan Airport Development	Delivered	05/13/13	50
Additionally Delivered Projects:				
1.3	Nanchang Urban Rail	Delivered, originally FY14 pipeline	06/20/13	250
1.5	Guangxi Laibin Water & Environment Management	Delivered, originally FY14 pipeline	05/31/13	80
1.5	Jianxi Wuxikou Integrated Flood Management	Delivered, originally FY14 pipeline	03/20/13	100
2.3	Anhui Xuancheng Infrastructure for Industry Relocation	Delivered, originally FY14 pipeline	06/20/13	150
Total				1540
FY14				
1.1	Concentrated Solar Power	Dropped		0
1.3	Jiangxi NanChang Urban Rail	Advanced to FY13		0
1.3	Qinghai Xining Urban Transport	Delivered	12/27/13	120
1.3	Zhengzhou Urban Rail	Postponed to FY15		0
1.3	Yunnan Honghe Prefecture Diannan Center Urban Transport	Delivered	05/15/14	150
1.4/1.6	Guangdong Agricultural Pollution Control	Delivered	12/27/13	100
1.5	Jianxi Wuxikou Integrated Flood Management	Advanced to FY13		0
1.5	Guangxi Laibin Water & Environment Management	Advanced to FY13		0
2.3	Anhui Xuancheng Infrastructure for Industrial Relocation from Coastal Area	Advanced to FY13		0
2.3	Anhui Yellow Mountain New Countryside Demonstration	Delivered	12/27/13	100
2.3	Guiyang Rural Roads	Delivered	03/06/14	150
2.4	Fujian Fishing Ports	Delivered	06/03/14	60
2.4	YinXi Railway	Dropped		0
Additionally Delivered Projects:				
1.1	Shanxi Gas Utilization	Delivered, originally FY15 pipeline	03/28/14	100
1.3/2.4	Jiaozuo Green Transport and Safety Improvement	Delivered, originally FY15 pipeline	05/15/14	100
1.4	Integrated Modern Agriculture Development (SOCAD)	Delivered, originally FY13 pipeline	12/27/13	200
2.2/2.3	Economic Transformation and Institutional Capacity Building	Delivered, originally FY15 pipeline	05/22/14	35
2.4	Heilongjiang Cold Weather Smart Public Transport System	Delivered, originally FY15 pipeline	03/28/14	200
2.4	HaJia Railway	Delivered, originally FY13 pipeline	03/28/14	300
Total				1615

CPS Plans (October 2012), including contingency and standbys		Actual Deliveries (December 2016)		
Outcomes	Projects	Status	Board Date	IBRD (\$m)
	FY15			
1.1	Shanxi Coal-bed Methane Utilization	Advanced to FY14		0
1.1	Hebei Rural Renewable Energy Development	Delivered	03/13/15	71.50
1.2	Qinghai Xining Water Environment Management	Delivered	09/25/14	150
1.2	Guilin Integrated Environment Management	Delivered	02/02/15	100
1.2	Shaanxi Small Towns Infrastructure	Delivered	09/25/14	150
2.3	Zhejiang Rural Water Supply and Sanitation	Delivered	09/25/14	200
1.3/2.4	Jiaozuo Safe & Green Transport Dev. in Transforming Economy	Advanced to FY14		0
2.3	Chongqing Small Towns Water Environment	Delivered	12/23/14	100
1.5/1.6	Huainan Mining Area Rehabilitation	Delivered	05/11/15	100
2.2/2.3	Poverty Alleviation and Agriculture-based Industry Pilot and Demonstration in Poor Areas	Delivered	06/23/15	150
2.2/2.3	Economic Reform Promotion and Capacity Strengthening	Advanced to FY14		0
2.3	Guizhou Rural Development	Delivered	09/30/14	100
2.3	Sichuan Chongqing Cooperation: Guang'an Demonstration Area Infrastructure Development	Delivered	03/16/15	100
2.4	Hubei XiaoGan Logistic Infrastructure	Postponed to FY16		0
2.4	Yunnan Highway Assets Management	Delivered	03/31/15	150
2.4	Heilongjiang Cold Weather Smart Public Transportation System	Advanced to FY14		0
2.4	Gansu Rural-Urban Integration	Delivered	03/31/15	150
	Additionally Delivered Projects			
2.4	Zhengzhou Urban Rail	Delivered, originally FY14 pipeline	12/23/14	250
2.2	Xinjiang Technical and Vocational Education and Training	Delivered	05/29/15	50
		Total		1821.5
	FY16			
2.3	Chongqing-Dadukou Fiscal Sustainability DPO	Postponed to FY17		0
1.6	Hebei Air Pollution Prevention and Control Program	Delivered	06/06/16	500
1.1	Hebei Clean Heating	Delivered	01/19/16	100
1.2	Hubei Jingzhou Historic Town Conservation	Delivered	01/19/16	100
2.4	Hubei Xiaogan Logistic Infrastructure	Delivered	04/29/16	100
2.3	Hunan Fiscal Sustainability DPO	Postponed to FY17		0
1.6	Innovative Financing for Air Pollution Control in Jing-Jin-Ji	Delivered	03/22/16	500
1.2	Lushan Earthquake Reconstruction and Risk Recution	Postponed to FY17		0
2.3	Fiscal Technical Assistance	Delivered as Building a Modern Fiscal System TA	04/29/16	22
1.5	Ningbo Sustainable Urbanization	Postponed to FY17		0
2.3	PPP Promotion and Demonstration	Postponed to FY19		0
1.5	Second Gansu Cultural and Natural Heritage Protection & Dev	Postponed to FY17		0
1.3	Tianjin Urban Transport Improvement	Delivered	12/21/15	100
2.3	Tongren Rural Transport	Delivered	09/25/15	150
1.3	Urumqi Urban Transport II	Delivered	12/21/15	140
1.3	Wuhan Integrated Transport Development	Delivered	02/26/16	120
1.6	Zhuzhou Brownfield Remediation	Delivered	03/31/16	150
		Total		1982
	Mid-FY17			
2.3	Guangxi Poverty Alleviation	Delivered	12/21/16	100
2.2	Yunnan Early Childhood Education Innovation	Delivered	12/09/16	50
	Additionally Delivered Projects:			
1.2	Lushan Earthquake Reconstruction and Risk Reduction	Delivered, originally FY16 pipeline	10/13/16	300
1.2/1.3	Ningbo Sustainable Urbanization	Delivered, originally FY16 pipeline	07/15/16	150
		Total		600
		Total (FY13-mid FY17 Delivered Program):		7559

CLR Annex 5: GEF Delivered from FY13 to mid-FY17 and Active GEF Portfolio

GEF Delivered (US\$m)	
FY13-15	
Climate Change	
China Renewable Energy Scale-up Program (CRESP) Phase II	27.28
Climate Smart Staple Crop Production	5.1
Green Energy Schemes for Low-carbon City in Shanghai	4.35
Large-City Congestion and Carbon Reduction	18.18
Promotion of Sustainable Cities in China	2.0
Urban Scale Building Energy Efficiency and Renewable Energy	12.0
Chemicals and Pollutants	
Contaminated Site Management	15.0
Guangdong Non-Point Pollution Control	5.1
Municipal Solid Waste Management	12.0
Total	101.01
FY16-Mid FY17	
Biodiversity	
Landscape Approach to Wildlife Conservation in Northeast China	3.0
Climate Change	
Mainstreaming Integrated Water and Environment Management	9.5
Chemicals and Pollutants	
Capacity Strengthening for Implementation of Minamata Convention of Mercury	8.0
Total	20.5

GEF Active Portfolio (as of December 2016)	
Biodiversity	
Landscape Approach to Wildlife Conservation in Northeast China	3.0
Climate Change	
China Renewable Energy Scale-up Program (CRESP) Phase II	27.28
China Energy Efficiency Financing	13.50
Climate Smart Staple Crop	5.1
Green Energy Schemes for Low-carbon City in Shanghai	4.35
Large-City Congestion and Carbon Reduction	18.18
Mainstreaming Integrated Water and Environment Management	9.5
Promotion of Sustainable Cities in China	2.0
Provincial Energy Efficiency Scale-up Program	13.39
Urban Scale Building Energy Efficiency and Renewable Energy	12.0
Chemicals and Pollutants	
Capacity Strengthening for Implementation of Minamata Convention of Mercury	8.0
Contaminated Site Management	15.0
Dioxins Reduction from the Pulp and Paper Industry	15.0
Guangdong Non-point Pollution Control	5.1
Municipal Solid Waste Management	12.0
Total	163.4

CLR Annex 6: Recipient-Executed Trust Fund Portfolio, FY13 to mid-FY17, excluding GEF

Program	Project Name	Approval FY	Closing FY	Grant Amount (\$m)
BIOCFT	Facilitating Afforestation Program	2007	2018	2.01
	Reforestation on Degraded Land in Northwest Guangxi	2009	2020	1.60
Carbon	Jiangxi Shihutang Navigation and Hydropower Complex Project	2010	2015	2.10
	China HFC-23 Emissions Reduction and Sustainable Development Benefits Project	2006	2014	1041.00
	China Power Sector Transformer Efficiency Program	2012	2015	757.01
	CN-CF-Yingkou Economic Dev Zone Heating	2010	2015	0.89
	Dashiqiao Central Heating Supply Project	2010	2015	5.60
	CN-CF-Meishan CDQ Project	2008	2013	4.75
	China-PCF-Tianjin Landfill Gas Recovery and Utilization	2007	2015	0.63
	Shandong Minhe Poultry Manure Biogas	2009	2016	6.50
	China Guangdong Huizhou CCGT project	2008	2015	60.72
	CN-PCF Jincheng Coal Bed Methane Project	2005	2014	54.91
	CN-PCF Xiaogushan Hydropower Project	2005	2018	13.50
	Baotou Iron & Steel Energy Efficiency Project	2008	2017	11.79
	China-PCF-CDCF Hubei Guangrun Hydropower	2007	2018	1.49
	CN-CF-Inner Mongolia Huitengxile Wind Farms	2007	2018	10.17
	CDCF - CHINA GUANGRUN HYDROPOWER	2007	2018	1.50
	Nanjing Steel Convertor Gas Recovery Project	2006	2020	10.92
	Yunnan Whitewaters Hydro Project	2007	2018	10.68
	Shandong Minhe Poultry Manure Biogas	2008	2016	6.51
	Hubei Eco-Farming Biogas Project	2008	2018	4.72
IDF	Capacity Building of China Food and Drug Administration	2015	2018	0.48
	Capacity Building for a South-South Cooperation Platform in China-IPRCC Project	2014	2017	0.30
OTF	China HCFC Phase-Out Project (Stage I)	2013	2018	168.30
PMR	China Partnership for Market Readiness	2015	2018	8.00

CLR Annex 7: IFC Commitments, FY13 to mid-FY17

Commitment Fiscal Year	Project Name	Industry Group	Sector	Own Account, US\$m	Core Mobilization, US\$m
2013	Anyou	MAS	Other Animal Production	20.0	-
	Aqualyng	Infra	Water and Wastewater Utilities	12.0	-
	CEF III RI	CTT	Growth Equity Fund	0.3	-
	CEI Water	Infra	Water and Wastewater Utilities	70.0	-
	CFPA RI Add-on	FM	Microfin. and Small Business - Non Commercial Banking	3.6	-
	Changlin SDF	MAS	Agriculture, Construction, and Mining Machinery	13.0	-
	CHUEE Jiangsu	FM	Commercial Banking - General	74.1	-
	CHUEE SME BOB	FM / Infra	Commercial Banking - SME Finance	70.7	-
	CHUEE SME BON	FM	Commercial Banking - SME Finance	40.2	-
	CHUEE SME BOS	FM	Commercial Banking - SME Finance	40.3	-
	Concord Medical	MAS	Hospitals and Clinics	20.0	-
	Concord Medstar	MAS	Hospitals and Clinics	30.0	-
	Daguan	Infra	Large Hydro - Renewable Energy Generation	17.0	-
	Dushan	Infra	Large Hydro - Renewable Energy Generation	6.0	-
	ENN Energy	Infra	Oil and Gas Production (Includes Development)	75.0	75.0
	ESIP EDC CN RI	CTT	Computer Systems Design and Related Services	10.0	-
	ESIP QD Jason	MAS	Computer & Electronic Products	6.0	-
	Fosun Pharma 2	MAS	Pharmaceuticals and Medicine	25.0	-
	F-Road	FM / Infra	Mobile channel service providers	5.5	-
	Fullerton CQ	FM	Microfin. and Small Business - Non Commercial Banking	14.9	-
	Fullerton HB	FM	Microfin. and Small Business - Non Commercial Banking	9.9	-
	Fullerton SC	FM	Microfin. and Small Business - Non Commercial Banking	24.8	-
	Harbin Bank VTB	FM	Commercial Banking - Microfin.	0.1	-
	Jiangxi TianRen	MAS	All Other Chemical Product	8.5	-
	Muyuan Loan	MAS	Other Animal Production	20.0	-
	Nature Forestry	MAS	Plantation Forests	40.0	-
	NH Fund II	CTT / MAS	Growth Equity Fund	20.0	-
	PeakRe	FM	Reinsurance	82.0	-
	SNF Taixing	MAS	All Other Chemical Product	30.0	-
	Yingjiang	Infra	Large Hydro - Renewable Energy Generation	27.0	-
2013 Total				815.6	75.0
2014	Alibaba MCC Loan	FM	Microfin. and Small Business - Non Commercial Banking	160.8	-
	Baishan Mg	MAS	Other (Copper, Rolled Copper, Brass, etc.)	25.0	-
	BVCF III	CTT / MAS	Venture Capital Fund	20.0	-
	CDH Fund V	CTT	Growth Equity Fund	45.1	-
	CenturySunshine2	MAS	Fertilizer (Mixing Only)	15.0	-
	ESIP Ayla	CTT	Computer Systems Design and Related Services	4.5	-
	ESIP Ioxus	CTT / MAS	Energy Efficiency	5.0	-
	ESIP SunpremeRI2	CTT / MAS	Engineering Services	2.6	-
	ESIP SunpremeRI3	CTT / MAS	Engineering Services	3.3	-
	Fullerton II	FM	Microfin. and Small Business - Non Commercial Banking	12.2	-
	Fullerton II HB	FM	Microfin. and Small Business - Non Commercial Banking	17.2	-
	GTLP RTAF	FM	Commercial Banking - Trade and Supply Chain	250.0	250.0
	Hollysys	MAS	Computer & Electronic Products	20.0	-
	Muyuan Loan 2	MAS	Other Animal Production	20.0	-
	Stora China III	MAS	Pulp Mills	58.8	-
	Stora Enso FJV I	MAS	Plantation Forests	35.0	150.0
	Stora Enso IJV	MAS	Paperboard (Including Boxboard, Fiberboard)	53.0	222.0
	Yi Ming Fund	CTT	Growth Equity Fund	15.0	-
	Zhaoheng Hydro	Infra	Large Hydro - Renewable Energy Generation	25.0	-
	CEF IV	CTT	Venture Capital Fund	-	10.8
2014 Total				787.5	632.8
2015	AHS RI	CTT	Other Services (Including IT Enabled Services)	1.7	-
	Alibaba MCC GF	FM	Microfin. and Small Business - Non Commercial Banking	81.4	-
	Anyou	MAS	Other Animal Production	15.0	-

Commitment Fiscal Year	Project Name	Industry Group	Sector	Own Account, US\$m	Core Mobilization, US\$m
	Birla Carbon PRC	MAS	Carbon Black	7.5	-
	BVCF III RI	MAS	Venture Capital Fund	3.8	-
	CEI Water II	Infra	Water and Wastewater Utilities	35.0	-
	CenturyS2 Rights	MAS	Nitrogenous Fertilizer	4.0	-
	CFPA MFI Loan	FM	Microfin. and Small Business - Non Commercial Banking	20.5	-
	China Gas	Infra	Natural Gas Distribution	86.0	214.0
	CHUEE Rizhao	FM / Infra	Commercial Banking - General	24.2	-
	CWAG	Infra	Water and Wastewater Utilities	20.0	-
	Dynamic Nanjing	MAS	Petrochemical	20.0	-
	Epure Warrants	Infra	Water and Wastewater Utilities	25.0	-
	ESIP Aihuishou	CTT	Other Services (Including IT Enabled Services)	5.0	-
	ESIP SunpremeRI4	CTT / MAS	Engineering Services	3.0	-
	ESIP SunpremeRI5	CTT / MAS	Engineering Services	2.5	-
	Fenglin II	MAS	Wood Panels and Engineered Wood Products	30.4	-
	Hekangyuan	MAS	Poultry Farming	10.0	-
	Ioxus Rght Iss I	CTT	Energy Efficiency	0.2	-
	JFLC Loan II	FM	Leasing Services	64.5	-
	Maple Leaf Edu	MAS	Elementary and Secondary Schools	15.5	-
	MC China RI III	FM	Microfin. and Small Business - Non Commercial Banking	10.0	-
	MC Nanchong Loan	FM	Microfin. and Small Business - Non Commercial Banking	8.1	-
	MC Sichuan Loan	FM	Microfin. and Small Business - Non Commercial Banking	6.5	-
	MTI Environment	Infra	Water and Wastewater Utilities	4.0	-
	New Hope SEA	MAS	Other Animal Production	40.0	20.0
	PSBC Equity	FM	Commercial Banking - General	300.0	-
	Q and M Rights	MAS	Hospitals and Clinics	0.3	-
	SinoGreen Fund	CTT	Venture Capital Fund	-	16.1
	Tian Lun Gas	Infra	Natural Gas Distribution	75.0	62.5
	United Water	Infra	Water and Wastewater Utilities	4.0	-
	Wasion Group	MAS	Other Machinery	19.5	-
	Weigao II	MAS	Pharmaceuticals and Medicine	96.7	-
	Zhengming	Infra / MAS	Storage (Including Agricultural Products)	27.1	-
2015 Total				1,066.4	312.6
			Microfin. and Small Business Non-Commercial Banking -		
2016	Ant ABS DCM	FM	Digital Finance	48.3	-
	Atopco Beef	MAS	Animal Slaughtering and Processing	30.0	-
	BE Water	Infra	Water and Wastewater Utilities	28.0	166.0
	BE Water B	Infra	Water and Wastewater Utilities	-	106.0
	Best Logistics	CTT / Infra	Other (Including General Freight Trucking)	20.0	-
	Birla Carbon PRC	MAS	Carbon Black	40.0	60.0
	BOW BOL RSF	FM	Commercial Banking - SME Finance	71.2	-
	Canvest WTE	Infra	Waste to Energy - Waste	60.0	-
	CCI Equity	FM / MAS	Other Non-Banking Financial Institution (NBFI)	20.0	-
	CEI Water II	Infra	Water and Wastewater Utilities	95.0	60.0
	CHG Loan	FM / MAS	Other Non-Banking Financial Institution (NBFI)	40.1	-
	Columbia China	MAS	Hospitals and Clinics	25.0	-
	CPLF - CSunshine	MAS	Phosphatic Fertilizer	2.0	-
	CWAG	Infra	Water and Wastewater Utilities	49.7	30.0
	ESIP Ayla RI-I	CTT	Content (B2C Companies)	3.1	-
	Eurasia Univ	MAS	Colleges, Universities, and Professional Schools	35.1	-
	Genesis China	CTT	Venture Capital Fund	25.0	-
	Henan Tian Lun	Infra	Natural Gas Distribution	40.0	20.0
	Lionbridge Loan	FM	Leasing Services	19.9	-
	Microvast Rights	CTT / MAS	Energy Efficiency	22.5	-
	PeakRe RI	FM	Reinsurance	14.9	-
	Principle IV	CTT	Growth Equity Fund	30.0	-
	SBCVC V	CTT	Growth Equity Fund	25.0	24.0
	Sinnovation III	CTT	Venture Capital Fund	15.0	-
2016 Total				759.6	466.0

Commitment Fiscal Year	Project Name	Industry Group	Sector	Own Account, US\$m	Core Mobilization, US\$m
Mid-2017	Baidu MCC Loan	FM	Microfin. and Small Business Non-Commercial Banking - Digital Finance	73.8	-
	CFPA Equity II	FM	Microfin. and Small Business - Non Commercial Banking	23.5	-
	Envision	MAS	Wind Turbine Machinery	50.0	-
	ESIP HuoCheBang	CTT / Infra	Other (Including General Freight Trucking)	15.0	10.8
	Essex Bio	MAS	Pharmaceuticals and Medicine	19.3	-
	Hosen Fund III	CTT/MAS	Growth Equity Fund	30.0	-
	Long Hill	CTT	Venture Capital Fund	15.0	-
	Muyuan Loan 3	MAS	Other Animal Production	38.4	-
	Nidera RI	MAS	Grains and Beans	8.0	-
Mid-2017 Total				273.1	10.8
	Grand Total			3,702.2	1,497.2

CLR Annex 8: Selected Indicators of Bank Portfolio Performance and Management, FY13- FY17

As of 07/27/2017

Indicator	FY13	FY14	FY15	FY16	FY17
Portfolio Assessment					
Number of Projects Under Implementation ^a	96.0	102.0	104.0	97.0	93.0
Average Implementation Period (years) ^b	2.9	3.4	3.3	3.4	3.1
Percent of Problem Projects by Number ^{a, c}	13.5	18.6	17.3	21.6	10.8
Percent of Problem Projects by Amount ^{a, c}	12.6	17.8	15.5	19.0	9.9
Percent of Projects at Risk by Number ^{a, d}	15.6	19.6	17.3	21.6	11.8
Percent of Projects at Risk by Amount ^{a, d}	20.8	18.0	15.5	19.0	11.2
Disbursement Ratio (%) ^e	16.5	17.7	22.1	20.2	19.0

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by OED by Number	328	39
Proj Eval by OED by Amt (US\$ millions)	41,748.4	4,197.1
% of OED Projects Rated U or HU by Number	9.8	7.7
% of OED Projects Rated U or HU by Amt	8.8	5.8

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 3: Selected Indicators of Bank Portfolio Performance and Management

As of 09/23/2019

Indicator	FY17	FY18	FY19	FY20
Portfolio Assessment				
Number of Projects Under Implementation ^a	93.0	97.0	94.0	93.0
Average Implementation Period (years) ^b	3.1	3.6	3.8	4.0
Percent of Problem Projects by Number ^{a,c}	10.8	7.2	8.5	8.6
Percent of Problem Projects by Amount ^{a,c}	9.9	6.9	5.5	5.5
Percent of Projects at Risk by Number ^{a,d}	11.8	7.2	8.5	8.6
Percent of Projects at Risk by Amount ^{a,d}	11.2	6.9	5.5	5.5
Disbursement Ratio (%) ^e	19.0	21.3	17.8	3.9
Portfolio Management				
CPPR during the year (yes/no)				
Supervision Resources (total US\$)				
Average Supervision (US\$/project)				

Memorandum Item	Since FY80	Last Five FYs
Proj Eval by IEG by Number	359	46
Proj Eval by IEG by Amt (US\$ millions)	45,195.7	5,231.6
% of IEG Projects Rated U or HU by Number	9.8	8.7
% of IEG Projects Rated U or HU by Amt	8.6	4.2

a. As shown in the Annual Report on Portfolio Performance (except for current FY).

b. Average age of projects in the Bank's country portfolio.

c. Percent of projects rated U or HU on development objectives (DO) and/or implementation progress (IP).

d. As defined under the Portfolio Improvement Program.

e. Ratio of disbursements during the year to the undisbursed balance of the Bank's portfolio at the beginning of the year: Investment projects only.

* All indicators are for projects active in the Portfolio, with the exception of Disbursement Ratio, which includes all active projects as well as projects which exited during the fiscal year.

Annex 4: Operations Portfolio (IBRD/IDA and Grants)

As of 09/23/2019

Closed Projects	372
IBRD/IDA*	
Total Disbursed (Active)	4,842.5
of which has been repaid(1)	67.2
Total Disbursed (Closed)	46,658.0
of which has been repaid	36,535.4
Total Disbursed (Active + Closed)	51,500.5
of which has been repaid	36,602.6
Total Undisbursed (Active)	7,627.9
Total Undisbursed (Closed)	0.0
Total Undisbursed (Active + Closed)	7,627.9

Active Projects		<u>Last PSR</u>		Fiscal Year	<u>Original Amount in US\$ Millions</u>					<u>Difference Between Expected and Actual Disbursements² /</u>	
Project ID	Project Name	Supervision Rating			IBRD	IDA	Grants	Cancel.	Undisb.	Orig. Frm	Rev'd
		<u>Development Objectives</u>	<u>Implementation Progress</u>								
P154716	Anhui Aged Care Project	S	S	2018	118.0	0.0		0.0	115.5	5.3	0.0
P153173	Anhui Road Maintenance Innovation	S	MS	2017	150.0	0.0		0.0	121.3	48.8	0.0
P158733	Anhui Rural Road Resilience PforR	S	MS	2019	200.0	0.0		0.0	200.0	0.0	14.8
P129431	Anhui Xuancheng Infr. for Indust. Reloc.	MS	S	2013	150.0	0.0		60.0	22.8	82.8	15.3
P129563	Anhui Yellow Mt. New Countryside Dem	MS	MS	2014	100.0	0.0		0.0	17.5	17.5	-0.1
P154694	Building a Modern Fiscal System	S	MS	2016	22.0	0.0		0.0	18.4	10.9	0.0
P162299	CH Distributed Renewable Energy Scale	S	S	2019	0.0	0.0	7.3	0.0	7.3	0.3	0.0
P126832	CH GEF Municipal Solid Waste Manage	MS	MU	2015	0.0	0.0	12.0	0.0	4.4	4.0	0.0
P154623	China: Gansu TVET Project	S	S	2017	120.0	0.0		0.0	80.5	-21.0	0.0
P154621	China: Guangdong Compulsory Educat	S	MS	2018	120.0	0.0		0.0	114.7	12.8	0.0
P154984	China Health Reform Program	S	S	2017	600.0	0.0		0.0	393.8	0.0	0.0
P158717	China: Hubei Inland Waterway Improve	S	S	2018	150.0	0.0		0.0	112.7	2.7	0.0
P151281	China Minamata Convention on Mercur	S	MS	2017	0.0	0.0	8.0	0.0	6.4	2.9	0.0
P163679	China RE and Storage Project	S	S	2019	300.0	0.0		0.0	300.0	2.5	0.0
P133117	Chongqing Small Towns Water Env. Mgr	S	MS	2015	100.0	0.0		0.0	63.7	31.7	0.0
P149528	CH-Second Gansu Cultural and Natural	MU	MU	2017	100.0	0.0		0.0	80.1	21.1	0.0
P144531	Climate Smart Staple Crop Production	S	MS	2015	0.0	0.0	5.1	0.0	1.5	0.6	0.5
P125022	CN-Beijing Rooftop Solar PV Scale-Up	MS	MS	2013	120.0	0.0		15.0	56.8	71.8	42.4
P126210	CN-Chongqing Urban Rural Integration	MS	MS	2012	100.0	0.0		0.0	49.1	49.1	15.6
P123133	CN-Gansu Qingyang Urban Infrastructur	S	S	2012	100.0	0.0		0.0	8.7	8.7	4.2
P127033	CN GEF CRES Phase II	S	MS	2014	0.0	0.0	27.3	0.0	11.3	11.3	-0.5
P117341	CN-Hajia Railway	S	MS	2014	300.0	0.0		0.0	8.7	-61.3	0.0
P156397	CN HCFC Phaseout Project Stage II	S	S	2019	0.0	0.0	141.5	0.0	141.5	4.7	0.0
P132562	CN-Hubei Xiaogan Logistics	S	MS	2016	100.0	0.0		0.0	90.1	56.1	0.0
P125496	CN- Integrated Modern Agr. Developme	S	S	2014	200.0	0.0		0.0	46.8	46.8	46.8
P122383	CN Landscape Approach to Wildlife Con	MS	MS	2016	0.0	0.0	3.0	0.0	0.9	0.9	0.0
P123323	CN-Ningbo Municipal Solid Waste Recy	S	MS	2013	80.0	0.0		0.0	7.4	7.4	0.0
P121289	CN-Ningxia Desertification Control	S	S	2012	80.0	0.0		0.0	27.3	27.3	18.5
P121414	CN-Sichuan Wudu Irrigated Agric Dev	S	S	2012	100.0	0.0		0.0	12.2	12.2	9.5

Active Projects												
Project ID	Project Name	Last PSR Supervision Rating			Fiscal Year	Original Amount in US\$ Millions					Difference Between Expected and Actual Disbursements ^{1/}	
		Development	Implementation	Cancel.		Undisb.	Orig. Frm	Rev'd				
		Objectives	Progress									
					IBRD	IDA	Grants					
P101525	CN Yunnan Honghe Prefecture Urban Tr	MS	MU	2014	150.0	0.0		0.0	100.7	95.7	0.0	
P122319	CN-Zhangjiakou-Hohhot Railway	S	S	2012	200.0	0.0		0.0	32.9	32.9	19.1	
P145533	Contaminated Site Management Projec	S	MS	2015	0.0	0.0	15.0	0.0	9.6	6.1	2.7	
P132748	Developing Market-based Energy Effici	S	S	2017	0.0	0.0	17.8	0.0	15.3	-0.6	4.5	
P144270	Economic Transformation & Cap. Bldg	MS	MU	2014	35.0	0.0		9.0	22.0	27.0	6.0	
P159883	Efficient and Green Freight Transport	S	S	2019	0.0	0.0	8.2	0.0	8.2	0.7	0.0	
P154669	Financing for Air Pollution Control	HS	S	2016	500.0	0.0		0.0	293.5	0.0	79.9	
P129791	Fujian Fishing Ports Project	U	U	2014	60.0	0.0		0.0	52.9	40.6	37.6	
P158215	Gansu Rev and Innov Project	S	S	2019	180.0	0.0		0.0	180.0	3.5	0.0	
P132775	Gansu Rural-Urban Integration	S	S	2015	150.0	0.0		0.0	24.8	-50.2	7.5	
P156507	GEF China Sustainable Cities IAP	S	S	2018	0.0	0.0	32.7	0.0	29.6	8.9	0.0	
P158124	Green Urban Financing and Innovation	S	S	2019	200.0	0.0		0.0	200.0	1.3	0.0	
P127775	Guangdong Agricultural Pollution Contr	MS	MS	2014	100.0	0.0		0.0	43.4	43.4	6.4	
P127815	Guangdong Agricultural Pollution Contr	#	MS	2014	0.0	0.0	5.1	0.0	1.4	1.4	0.0	
P126817	Guangxi Laibin Water Environment	S	S	2013	80.0	0.0		14.0	16.9	30.9	10.9	
P153892	Guangxi Poverty Alleviation Project	MS	MS	2017	100.0	0.0		0.0	89.2	11.0	0.0	
P163138	Guangxi Poverty Reduction PforR	S	S	2018	400.0	0.0		0.0	298.3	223.3	0.0	
P133017	Guilin Integrated Environment Manage	MS	MS	2015	100.0	0.0		0.0	67.5	38.7	0.0	
P129401	Guiyang Rural Roads Project	MS	MS	2014	150.0	0.0		0.0	68.6	68.6	38.6	
P162349	Guizhou Aged Care System Develop Proj	S	S	2019	350.0	0.0		0.0	349.1	15.4	0.0	
P133261	Guizhou Rural Development Project	S	MS	2015	100.0	0.0		0.0	47.9	26.9	5.4	
P148071	Guizhou Tongren Rural Transport Projec	S	S	2016	150.0	0.0		0.0	32.0	-31.8	0.0	
P154672	Hebei Air Pollution Prevention	S	S	2016	500.0	0.0		0.0	0.0	0.0	0.0	
P148599	Hebei Clean Heating Project	S	HS	2016	100.0	0.0		0.0	38.0	-4.5	0.0	
P132873	Hebei Rural Renewable Energy Develop	MS	MS	2015	71.5	0.0		0.0	35.2	18.7	0.0	
P133114	Heilongjiang Public Transport	MS	MS	2014	200.0	0.0		0.0	136.0	109.7	86.6	
P158622	Hezhou Urban Water Infra. and Env. Imj	S	S	2018	150.0	0.0		0.0	141.6	-0.9	0.0	
P133000	Huainan Mining Area Rehabilitation Pr	MU	U	2015	100.0	0.0		0.0	70.5	44.0	0.0	
P148523	Hubei Jingzhou Historic Town Conserv.	S	S	2016	100.0	0.0		0.0	71.8	48.8	0.0	
P153115	Hunan Integr. Manag of Agri Land Proje	S	MS	2018	100.0	0.0		0.0	96.8	7.5	0.0	
P145897	Integrated Water and Environment Mng	MS	MS	2016	0.0	0.0	9.5	0.0	7.7	4.7	0.0	
P147009	Jiangxi Farm Produce Distribution Syste	S	MS	2018	150.0	0.0		0.0	145.7	9.7	0.0	
P158760	Jiangxi IRUWSWMP	S	MS	2018	200.0	0.0		0.0	197.5	37.5	0.0	
P126856	Jiangxi Poyang Lake Small Town Project	S	S	2013	150.0	0.0		0.0	10.2	10.2	10.2	
P128867	Jiangxi Wuxikou Flood Management Prc	S	MS	2013	100.0	0.0		0.0	17.2	17.2	0.0	
P132277	Jiaozuo Green Transport & Safety Impro	S	S	2014	100.0	0.0		0.0	45.7	38.2	9.7	
P126611	Liaoning Coastal Economic Zone Project	MS	MS	2013	150.0	0.0		0.0	31.8	31.8	29.8	
P158713	Liaoning Safe and Sustainable Urban V	S	S	2018	250.0	0.0		0.0	247.4	39.9	0.0	
P153548	Lushan Earthquake Reconstruction Proj	MS	MS	2017	300.0	0.0		0.0	254.4	103.1	110.1	
P126813	Ma'anshan Cihu River Basin Improve	MS	MU	2013	100.0	0.0		0.0	38.9	38.9	17.7	
P132154	Nanchang Urban Rail Project	S	S	2013	250.0	0.0		0.0	72.8	72.8	72.8	
P149485	Ningbo Sustainable Urbanization Proje	MS	MS	2017	150.0	0.0		0.0	124.6	43.3	0.0	
P133326	Poverty Alleviation in Poor Areas	MS	MS	2015	150.0	0.0		0.0	98.3	82.0	0.0	
P153604	Poyang Lake Water Environment Manag	S	MS	2017	150.0	0.0		0.0	143.6	14.9	0.0	
P159870	Qiandao Lake&Xin'an River & Ecosys	S	S	2018	150.0	0.0		0.0	134.6	-8.6	0.0	

Active Projects											
Project ID	Project Name	Last PSR Supervision Rating			Original Amount in US\$ Millions					Difference Between Expected and Actual Disbursements ^a /	
		Development Objectives	Implementation Progress	Fiscal Year	IBRD	IDA	Grants	Cancel.	Undisb.	Orig. Frm	Rev'd
		P127867	Qinghai Xining Urban Transport Project	MS	MS	2014	120.0	0.0		0.0	63.0
P133116	Qinghai Xining Water Environment Mgn	S	MS	2015	150.0	0.0		0.0	60.0	0.0	57.0
P152959	Red./phase-out of PFOS in priority sectr	S	MS	2017	0.0	0.0	24.3	0.0	20.7	3.3	0.0
P117596	REG:CN-Social Security+Migrant Training	S	MS	2013	80.0	0.0		0.0	18.1	18.1	4.9
P153541	Shaanxi Poor Rural Areas Community Dr	S	MS	2017	100.0	0.0		0.0	66.1	-2.7	0.0
P133069	Shaanxi Small Towns Infrastructure Pro	S	S	2015	150.0	0.0		0.0	63.6	40.6	22.4
P162623	Shaanxi Sustainable Towns Developme	S	S	2019	100.0	0.0		0.0	100.0	2.5	0.0
P133531	Shanxi Gas Utilization	MS	S	2014	100.0	0.0		0.0	9.4	6.9	0.0
P133456	Sichuan Chongqing Cooperation: Guang	MS	MS	2015	100.0	0.0		0.0	66.6	24.1	0.0
P153473	Three Gorges Modern Logistics Center	MS	MS	2017	200.0	0.0		0.0	182.3	44.8	0.0
P148129	Tianjin Urban Transport Improvement P	S	MS	2016	100.0	0.0		0.0	80.2	37.2	22.6
P130786	Urban Scale BEE and RE	S	S	2013	0.0	0.0	12.0	0.0	2.5	0.0	0.0
P148527	Urumqi Urban Transport Project II	S	S	2016	140.0	0.0		0.0	83.4	38.4	31.7
P148294	Wuhan Integrated Transport Developm	S	MS	2016	120.0	0.0		0.0	93.6	27.1	0.0
P147367	Xinjiang TVET Project	S	S	2015	50.0	0.0		0.0	24.3	15.5	0.0
P152860	YN Early Childhood Education Innovatio	S	S	2017	50.0	0.0		0.0	31.5	19.0	0.0
P132621	Yunnan Highway Asset Management Pri	MS	MS	2015	150.0	0.0		0.0	100.1	65.1	0.0
P133018	Zhejiang Rural Water Supply & Sanitati	S	S	2015	200.0	0.0		0.0	65.5	-4.5	0.0
P128919	Zhengzhou Urban Rail Project	S	S	2015	250.0	0.0		0.0	93.9	55.9	0.0
P147381	Zhuzhou Brownfield Remediation Proje	MS	MU	2016	150.0	0.0		0.0	138.1	84.7	0.0
Overall Result					12,396.5	0.0	328.8	98.0	7,627.9	2,345.7	860.7

* Disbursement data is updated at the end of the first week of the month.

a. Intended disbursements to date minus actual disbursements to date as projected at appraisal.

Annex 5: Statement of IFC's Committed and Outstanding Portfolio

As of 06/30/2019

Commitment Fiscal Year	Institution Short Name	Committed							Outstanding						
		Loan	Equity	Quasi-Loan/ Equity	Guarantee	Risk Mgmt	Total IFC	Participants	Loan	Equity	Quasi- Loan/ Equity	Guarantee	Risk Mgmt	Total IFC	Participants
2001	SEAF Sichuan	-	1.03	-	-	-	1.03	-	-	1.03	-	-	-	1.03	-
2005	CDH China II	-	0.38	-	-	-	0.38	-	-	-	-	-	-	-	-
2005/ 2006	Changyu Group	-	18.07	-	-	-	18.07	-	-	18.07	-	-	-	18.07	-
2005/ 2006/ 2011	Stora Enso	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2005/ 2013/ 2009/ 2014/ 2007/ 2011/ 2015/ 2012	Bank of Beijing	-	9.17	-	-	-	9.17	-	-	9.17	-	-	-	9.17	-
2006	CDH Venture	-	3.63	-	-	-	3.63	-	-	0.05	-	-	-	0.05	-
2006/ 2008	SBCVC II	-	2.79	-	-	-	2.79	-	-	0.03	-	-	-	0.03	-
2006/ 2019	Capital Today I	-	3.35	-	-	-	3.35	-	-	-	-	-	-	-	-
2007	DAC China	-	12.13	-	-	-	12.13	-	-	12.13	-	-	-	12.13	-
2007/ 2015	Weigao	87.35	-	-	-	-	87.35	-	87.35	-	-	-	-	87.35	-
2008	BVCF II	-	2.34	-	-	-	2.34	-	-	2.11	-	-	-	2.11	-
2008	Jiuda Salt	8.40	-	-	-	-	8.40	-	8.40	-	-	-	-	8.40	-
2009	Asia Envt I	-	14.45	-	-	-	14.45	-	-	14.39	-	-	-	14.39	-
2009	Suntech	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2009/ 2010/ 2011	Sanchuan Energy	8.91	10.00	-	-	-	18.91	-	8.91	10.00	-	-	-	18.91	-
2009/ 2013	China Envt III	-	10.74	-	-	-	10.74	-	-	10.72	-	-	-	10.72	-
2010/ 2011/ 2008	BRCB	-	71.33	-	-	-	71.33	-	-	71.33	-	-	-	71.33	-
2010/ 2011/ 2015/ 2008	MC China	-	10.41	-	-	-	10.41	-	-	10.41	-	-	-	10.41	-
2010/ 2013/ 2014/ 2017/ 2015/ 2012	CFPA MF	18.34	26.46	-	-	-	44.80	-	18.34	26.46	-	-	-	44.80	-
2010/ 2018/ 2011	China WindPower	-	10.00	29.94	-	-	39.94	-	-	10.00	29.94	-	-	39.94	-
2010/ 2018/ 2019/ 2011/ 2015/ 2012	JFLC	131.02	39.26	-	-	-	170.28	-	131.02	39.26	-	-	-	170.28	-
2011	China Envt IV	-	17.02	-	-	-	17.02	-	-	16.59	-	-	-	16.59	-
2011	Hwagain	-	15.73	-	-	-	15.73	-	-	15.73	-	-	-	15.73	-
2011	Tianjin Haitai	-	8.03	-	-	-	8.03	-	-	8.03	-	-	-	8.03	-
2012	SinoGreen Fund	-	20.00	-	-	-	20.00	-	-	15.76	-	-	-	15.76	-
2012	Xinjiang MCC	-	1.58	-	-	-	1.58	-	-	1.58	-	-	-	1.58	-
2013	Changlin-SDF	1.42	-	-	-	-	1.42	-	1.42	-	-	-	-	1.42	-
2013	CHUEE SME BOB	-	-	-	1.29	-	1.29	-	-	-	1.29	-	-	1.29	-
2013	CHUEE SME BOS	-	-	-	0.29	-	0.29	-	-	-	-	-	-	-	-
2013	Jiangxi TianRen	-	8.50	-	-	-	8.50	-	-	8.50	-	-	-	8.50	-
2013	NH Fund II	-	14.05	-	-	-	14.05	-	-	11.31	-	-	-	11.31	-
2013	SNF China	6.00	-	-	-	-	6.00	-	6.00	-	-	-	-	6.00	-
2013/ 2007/ 2012	Fosun Pharma	-	12.92	-	-	-	12.92	-	-	12.92	-	-	-	12.92	-
2013/ 2014/ 2017/ 2011	Muyuan Pig	37.85	0.73	-	-	-	38.58	-	37.85	0.73	-	-	-	38.58	-
2013/ 2014/ 2017/ 2011/ 2015	Sunpreme Silicon	-	18.00	-	-	-	18.00	-	-	18.00	-	-	-	18.00	-
2013/ 2017/ 2015	Anyou Biotech	39.67	14.07	-	-	-	53.74	-	39.67	14.07	-	-	-	53.74	-
2014	CDH Fund V	-	11.69	-	-	-	11.69	-	-	10.46	-	-	-	10.46	-
2014	Hollysys	-	-	20.00	-	-	20.00	-	-	-	20.00	-	-	20.00	-
2014	Stora Enso FJV1	27.22	-	-	-	-	27.22	90.00	27.22	-	-	-	-	27.22	90.00
2014	Stora Enso IJV	41.22	-	-	-	-	41.22	133.20	41.22	-	-	-	-	41.22	133.20
2014	Stora Enso SEPP	-	56.16	-	-	-	56.16	-	-	44.01	-	-	-	44.01	-
2014	Yi Ming Fund	-	13.77	-	-	-	13.77	-	-	12.77	-	-	-	12.77	-
2014/ 2007/ 2015/ 2016	Century Sunshine	10.89	19.00	-	-	-	29.89	-	10.89	19.00	-	-	-	29.89	-
2014/ 2015	BVCF III	-	14.55	-	-	-	14.55	-	-	12.34	-	-	-	12.34	-
2014/ 2016	Ayla Networks	-	7.55	-	-	-	7.55	-	-	7.53	-	-	-	7.53	-
2015	Hekangyuan	-	10.00	-	-	-	10.00	-	-	10.00	-	-	-	10.00	-
2015	Maple Leaf Ed	-	4.78	-	-	-	4.78	-	-	4.78	-	-	-	4.78	-
2015	MC Nanchong	2.08	-	-	-	-	2.08	-	2.08	-	-	-	-	2.08	-
2015	MC Sichuan	0.97	-	-	-	-	0.97	-	0.97	-	-	-	-	0.97	-
2015	NH Singapore	35.00	-	-	-	-	35.00	-	35.00	-	-	-	-	35.00	-
2015	Postal Savings	-	278.57	-	-	-	278.57	-	-	278.57	-	-	-	278.57	-
2015	Tian Lun Gas	-	72.90	-	-	-	72.90	-	-	72.90	-	-	-	72.90	-
2015	Wasion Group	-	19.50	-	-	-	19.50	-	-	19.50	-	-	-	19.50	-
2015	Zhengming	9.27	10.08	-	-	-	19.35	-	9.27	10.08	-	-	-	19.35	-
2015/ 2012	United Water	-	-	1.02	-	-	1.02	-	-	-	1.02	-	-	1.02	-
2015/ 2016	Aihuishou	-	3.41	-	-	-	3.41	-	-	3.41	-	-	-	3.41	-
2015/ 2016	CEWL	62.00	35.00	-	-	-	97.00	-	62.00	35.00	-	-	-	97.00	-
2016	BOW BOL - RSF	-	-	-	7.93	-	7.93	-	-	-	-	0.46	-	0.46	-

Commitment Fiscal Year	Institution Short Name	Committed							Outstanding						
		Loan	Equity	Quasi-Loan/Equity	Guarantee	Risk Mgmt	Total IFC	Participants	Loan	Equity	Quasi-Loan/Equity	Guarantee	Risk Mgmt	Total IFC	Participants
2016	Eurasia University	16.56	-	-	-	-	16.56	-	16.56	-	-	-	-	16.56	-
2016	Genesis China I	-	23.89	-	-	-	23.89	-	-	22.98	-	-	-	22.98	-
2016	Henan Tian Lun	33.33	-	-	-	-	33.33	-	33.33	-	-	-	-	33.33	-
2016	Lionbridge	9.39	-	-	-	-	9.39	-	9.39	-	-	-	-	9.39	-
2016	SBCVC V	-	25.00	-	-	-	25.00	-	-	21.76	-	-	-	21.76	-
2016	Sinovation III	-	11.54	-	-	-	11.54	-	-	7.98	-	-	-	7.98	-
2017	Chint Solar Hong Kong	39.97	-	-	-	-	39.97	-	39.97	-	-	-	-	39.97	-
2017	Envision	28.57	-	-	-	-	28.57	-	28.57	-	-	-	-	28.57	-
2017	Essex Bio	-	-	19.21	-	-	19.21	-	-	-	19.21	-	-	19.21	-
2017	Guangxi Yangxiang	43.67	-	-	-	-	43.67	-	43.67	-	-	-	-	43.67	-
2017	Guangzhou UFH	40.00	-	-	-	-	40.00	-	33.33	-	-	-	-	33.33	-
2017	Hosen Fund III	-	28.76	-	-	-	28.76	-	-	23.85	-	-	-	23.85	-
2017	Kingenta	75.00	-	70.00	-	-	145.00	-	-	-	50.00	-	-	50.00	-
2017	Long Hill	-	15.00	-	-	-	15.00	-	-	11.00	-	-	-	11.00	-
2017	Maison China III	-	19.95	-	-	-	19.95	-	-	8.57	-	-	-	8.57	-
2017	Minsheng Education	-	24.99	-	-	-	24.99	-	-	24.99	-	-	-	24.99	-
2017/ 2011/ 2008	CDV	-	5.05	-	-	-	5.05	-	-	5.05	-	-	-	5.05	-
2017/ 2015/ 2016	Birla Carbon	26.00	7.50	-	-	-	33.50	19.50	26.00	7.50	-	-	-	33.50	19.50
2017/ 2016	Principle IV	-	28.41	-	-	-	28.41	-	-	16.29	-	-	-	16.29	-
2017/ 2019/ 2011/ 2016	Microvast	-	24.22	-	-	-	24.22	-	-	24.22	-	-	-	24.22	-
2018	Full Truck Alliance	-	15.00	-	-	-	15.00	-	-	15.00	-	-	-	15.00	-
2018	GenBridge I	-	20.10	-	-	-	20.10	-	-	8.17	-	-	-	8.17	-
2018	JD Chongqing MCC	58.23	-	-	-	-	58.23	-	58.23	-	-	-	-	58.23	-
2018	Jiahe	-	25.52	-	-	-	25.52	-	-	25.52	-	-	-	25.52	-
2018	Morris Hong Kong	-	-	20.24	-	-	20.24	-	-	-	20.24	-	-	20.24	-
2018	Pengyao	51.15	-	-	-	-	51.15	-	51.15	-	-	-	-	51.15	-
2018	Roma Holding	-	22.50	-	-	-	22.50	-	-	16.07	-	-	-	16.07	-
2018	Welab Holdings	-	10.00	-	-	-	10.00	-	-	10.00	-	-	-	10.00	-
2018	XN	-	9.59	-	-	-	9.59	-	-	9.59	-	-	-	9.59	-
2018	YuHua Education	50.00	-	25.00	-	-	75.00	-	50.00	-	25.00	-	-	75.00	-
2018/ 2015/ 2012	Guangxi Fenglin	56.97	-	-	-	-	56.97	-	56.97	-	-	-	-	56.97	-
2018/ 2016	Best Logistics	-	16.86	-	-	-	16.86	-	-	16.86	-	-	-	16.86	-
2018/ 2016	CCI Cayman	-	24.04	-	-	-	24.04	-	-	24.04	-	-	-	24.04	-
2018/ 2017	Baidu CQ MCC	176.72	-	-	-	-	176.72	-	176.72	-	-	-	-	176.72	-
2018/ 2017/ 2016	Canvest Env	-	50.58	50.20	-	-	100.78	-	-	50.58	25.10	-	-	75.68	-
2018/ 2019	China Education Group	45.00	30.00	-	-	-	75.00	55.00	45.00	29.95	-	-	-	74.95	55.00
2018/ 2019	Sinovation IV	-	20.00	-	-	-	20.00	-	-	2.50	-	-	-	2.50	-
2018/ 2019/ 2016	Atopco	-	14.19	-	-	-	14.19	-	-	13.52	-	-	-	13.52	-
2018/ 2019/ 2016	China Houze	59.39	-	-	-	-	59.39	-	59.39	-	-	-	-	59.39	-
2019	Chenguang	37.85	-	-	-	-	37.85	-	-	-	-	-	-	-	-
2019	CT Yifeng	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2019	Genesis China II	-	10.00	-	-	-	10.00	-	-	0.89	-	-	-	0.89	-
2019	Jointown	145.58	-	-	-	-	145.58	-	-	-	-	-	-	-	-
2019	Sumscope Inc	-	10.00	-	-	-	10.00	-	-	10.00	-	-	-	10.00	-
2019	Xiaomi MCC	58.23	-	-	-	-	58.23	-	-	-	-	-	-	-	-
2019	Zhangmen	-	20.00	-	-	-	20.00	-	-	20.00	-	-	-	20.00	-
	Chindex Rehab	8.40	-	-	-	-	8.40	-	8.40	-	-	-	-	8.40	-
Grand Total:		1,587.64	1,445.81	235.60	9.52	-	3,278.57	297.70	1,264.31	1,325.61	190.50	1.75	-	2,782.18	297.70

Annex 6: China -- Indicative IBRD Financing, FY20-22

Proposed FY20:

Project Name	Lead GP	CPF Objective	Selectivity Criteria*	IBRD (US\$m)
Engagement Area 1: Advancing Market and Fiscal Reform				
Sichuan Water Supply and Sanitation PPP Project	WAT	1.2	I, PS	100
Chuzhou-Nanjing Intercity Railway PPP Project	GTR	1.2	I, PS	150
Engagement Area 2: Promoting Greener Growth				
Shanxi Energy Transition and Green Growth DPF	EAE	2.1	I, GPG, LR	300
Hubei Safe, Sustainable, Smart Agriculture Project	AGR	2.3	I, GPG	100
Henan Green Agriculture Finance Fund	AGR	2.3	I, PS, GPG	200
Forest Development in the Yangtze River PforR	ENV	2.4	I, GPG	150
Greening Fuzhou High Tech Zone Demonstration Project	SUR	2.5	I, GPG	200
Engagement Area 3: Sharing the Benefits of Growth				
Hainan Health Sector Reform Project	HNP	3.1	I, LR	200
Total FY20				1,400

Proposed FY21-22:

CPF Engagement Area	Project Engagement Area	CPF Objective	Selectivity Criteria*
Advancing Market and Fiscal Reform	Provincial Fiscal Governance and Reform	1.1	I, LR
	Infrastructure PPP Demonstration	1.2	I, PS
Promoting Greener Growth	Energy Transformation	2.1	I, GPG
	Green Finance	2.1	I, GPG
	River Basin Management: Yangtze and Yellow River Restoration / Marine Plastics	2.2 / 2.4	I, GPG
	Food Safety	2.3	I, SP
	City Clusters and Low Carbon Mobility	2.5	I, GPG
Sharing the Benefits of Growth	Aged Care Systems	3.1	I, SP
	Life Cycle Vulnerability and Human Capital	3.1 / 3.2	I, LR

*Selectivity Criteria:

- I = Policies and institutions for sustainable IBRD graduation
- GPG = Regional or global public goods
- PS = Fostering the private sector
- LR = Lagging regions and the poorest populations
- SP = Strategic piloting of approaches that address development priorities, especially those relevant to other developing countries