

# Opportunities and Challenges of Eco-compensation in the People's Republic of China

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# Outline

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- 1. Rapid Development**
- 2. Opportunities**
- 3. Challenges**

The background of the slide is a close-up, slightly blurred image of a yellowed, lined notebook page. A pencil lies diagonally across the upper right portion of the page. A single, dried, yellow-orange leaf is resting on the page near the pencil. Faint, circular pencil sketches are visible on the left side of the page. The overall tone is warm and aged.

# **1. RAPID DEVELOPMENT OF ECO-COMPENSATION IN THE PRC**

# Policy on Eco-compensation

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- The State Council issued in May 2016 the policy paper *Opinions on Improving Eco-compensation Mechanism*.
- Up to November 2017, 20 provinces have issued their provincial implementation policy papers on how to carry out the State Council policy on eco-compensation.

■ At least 20 provinces issued their provincial policy paper on the implementation of the State Council policy paper on eco-compensation

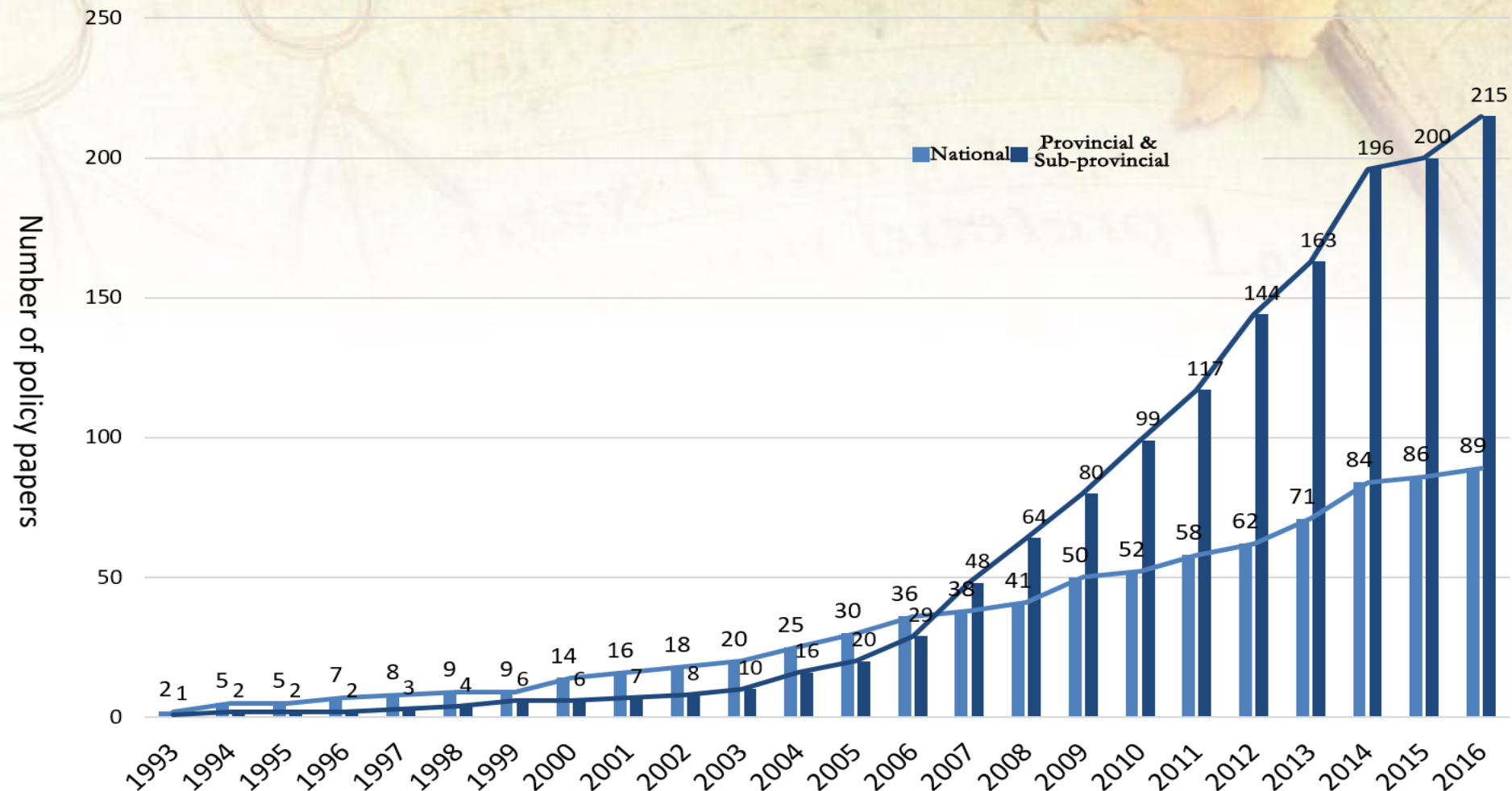
区域↕	省份↕	侧重的分领域↕	文件号↕	文件签发时间↕
全国↕	↕	森林、草原、湿地、荒漠、海洋、水流、耕地↕	国办发（2016）31号↕	2016-4-28↕
	河北↕	森林、草原、湿地、荒漠、海洋、水流、耕地↕	冀政办发（2016）25号↕	2016-9-17↕
	福建↕	森林、海洋、耕地、湿地↕	闽政（2016）61号↕	2016-12-6↕
	广东↕	森林、湿地、荒漠、海洋、水流、耕地↕	粤府办（2016）135号↕	2016-12-26↕
东部↕	辽宁↕	森林、草原、湿地、荒漠、海洋、水流、耕地↕	辽政办发（2016）160号↕	2016-12-27↕
	天津↕	跨区域横向生态保护补偿、水流、湿地、森林、海洋、耕地↕	津政办发（2017）90号↕	2017-7-18↕
	安徽↕	森林、湿地、水流、耕地↕	皖政办（2016）37号↕	2016-7-22↕
	河南↕	森林、水流、湿地、耕地↕	豫政办（2016）184号↕	2016-10-14↕
中部↕	吉林↕	森林、草原、湿地、水流、耕地↕	吉政办发（2016）78号↕	2016-11-16↕
	山西↕	森林、草原、湿地、荒漠、水流、耕地、矿区↕	晋政办发（2016）172号↕	2016-12-21↕
	江西↕	森林、湿地、水流、耕地↕	赣府厅发（2017）30号↕	2017-5-26↕
	湖南↕	森林、湿地、水流、耕地、草原↕	湘政办发（2017）40号↕	2017-7-25↕
	内蒙古↕	森林、草原、湿地、荒漠、水流、耕地↕	内政办发（2016）183号↕	2016-12-19↕
	四川↕	森林、草原、湿地、荒漠、水流、耕地↕	川办发（2016）109号↕	2016-12-22↕
	云南↕	森林、草原、湿地、水流、耕地↕	云政办发（2017）4号↕	2017-1-6↕
	贵州↕	森林、草原、湿地、水流、耕地↕	黔府办发（2017）6号↕	2017-2-14↕
	广西↕	森林、湿地、海洋、水流、耕地↕	桂政办发（2017）57号↕	2017-4-22↕
	宁夏↕	森林、草原、湿地、荒漠、水源地、耕地、流域↕	宁政办发（2017）118号↕	2017-6-29↕
	甘肃↕	森林、草原、湿地、荒漠、水流、耕地、矿产资源开发↕	甘政办发（2017）127号↕	2017-7-28↕
	陕西↕	森林、水流、耕地、湿地、荒漠、矿区↕	陕政办发（2017）71号↕	2017-8-16↕
西部↕	新疆↕	森林、草原、湿地、荒漠、耕地、冰川↕	新政办发（2017）164号↕	2017-8-23↕



- More local governments issued their eco-compensation policy papers, even eco-compensation regulation in Suzhou.

区域	省份	城市	侧重的领域	文件号	文件签发时间
东部	福建	泉州	流域、重点生态功能区、森林、海洋、耕地、湿地 <sup>1</sup> 。	泉政文〔2017〕116号。	2017-8-16。
	江苏	苏州	水稻田、生态公益林、重要湿地、集中式饮用水水源保护区、风景名胜区 <sup>2</sup> 。	-。	2016-7-25。
	福建	南平	森林、流域、耕地、湿地 <sup>3</sup> 。	南委发〔2017〕3号。	2017-9-22。
	江苏	南京	生态红线区域、耕地、生态公益林、水利风景区 <sup>4</sup> 。	宁政规字〔2016〕12号。	2016-9-30。
	山东	济南	森林、湿地、水流、耕地 <sup>5</sup> 。	济政办字〔2017〕58号。	2017-8-4。
	辽宁	葫芦岛	森林、草原、湿地、荒漠、海洋、水流、耕地 <sup>6</sup> 。	葫政办发〔2017〕146号。	2017-8-4。
	辽宁	沈阳	森林、草原、湿地、荒漠、水流、耕地、生态保护红线区 <sup>7</sup> 。	沈政办发〔2017〕98号。	2017-11-1。
中部	安徽	黄山	森林、湿地、水流、耕地 <sup>8</sup> 。	黄政办〔2017〕18号。	2016-4-14。
	安徽	滁州	森林、湿地、水流、耕地 <sup>9</sup> 。	滁政办〔2016〕59号。	2016-12-1。
	河南	信阳	森林、水流、湿地、耕地 <sup>10</sup> 。	信政办〔2017〕58号。	2017-5-12。
	湖北	鄂州	水域、森林、湿地、耕地、大气 <sup>11</sup> 。	鄂州政办发〔2017〕32号。	2017-8-10。
	四川	自贡	森林、湿地、水流、耕地 <sup>12</sup> 。	自府办发〔2017〕34号。	2017-5-9。
	四川	攀枝花	森林、湿地、石漠化、流域、耕地 <sup>13</sup> 。	-。	2017-9-4。
	内蒙古	赤峰	森林、草原、湿地、荒漠、水流、耕地 <sup>14</sup> 。	赤政办字〔2017〕105号。	2017-6-27。
西部	内蒙古	呼伦贝尔	森林、草原、湿地、荒漠、水流、耕地 <sup>15</sup> 。	-。	2017-9-18。
	云南	临沧	森林、水流、耕地 <sup>16</sup> 。	临政办发〔2017〕181号。	2017-9-25。
	甘肃	张掖	森林、水流、高山草甸及雪山、冻土、耕地、矿产资源开发 <sup>17</sup> 。	张政办发〔2017〕168号。	2017-10-16。
	云南	红河	森林、草原、湿地、水流、耕地 <sup>18</sup> 。	红政办发〔2017〕	2017-11-13。

# Number of Policy Papers on Eco-compensation, 1993-2016



Source: Jin Leshan et al. 2016. Advances of Eco-compensation in China in All Sectors. Beijing: Economic Press. Data are updated based on the database of the Knowledge Hub on Green Development and Eco-compensation managed by the CEPAC.

# Eco-compensation Programs, 2011-2016

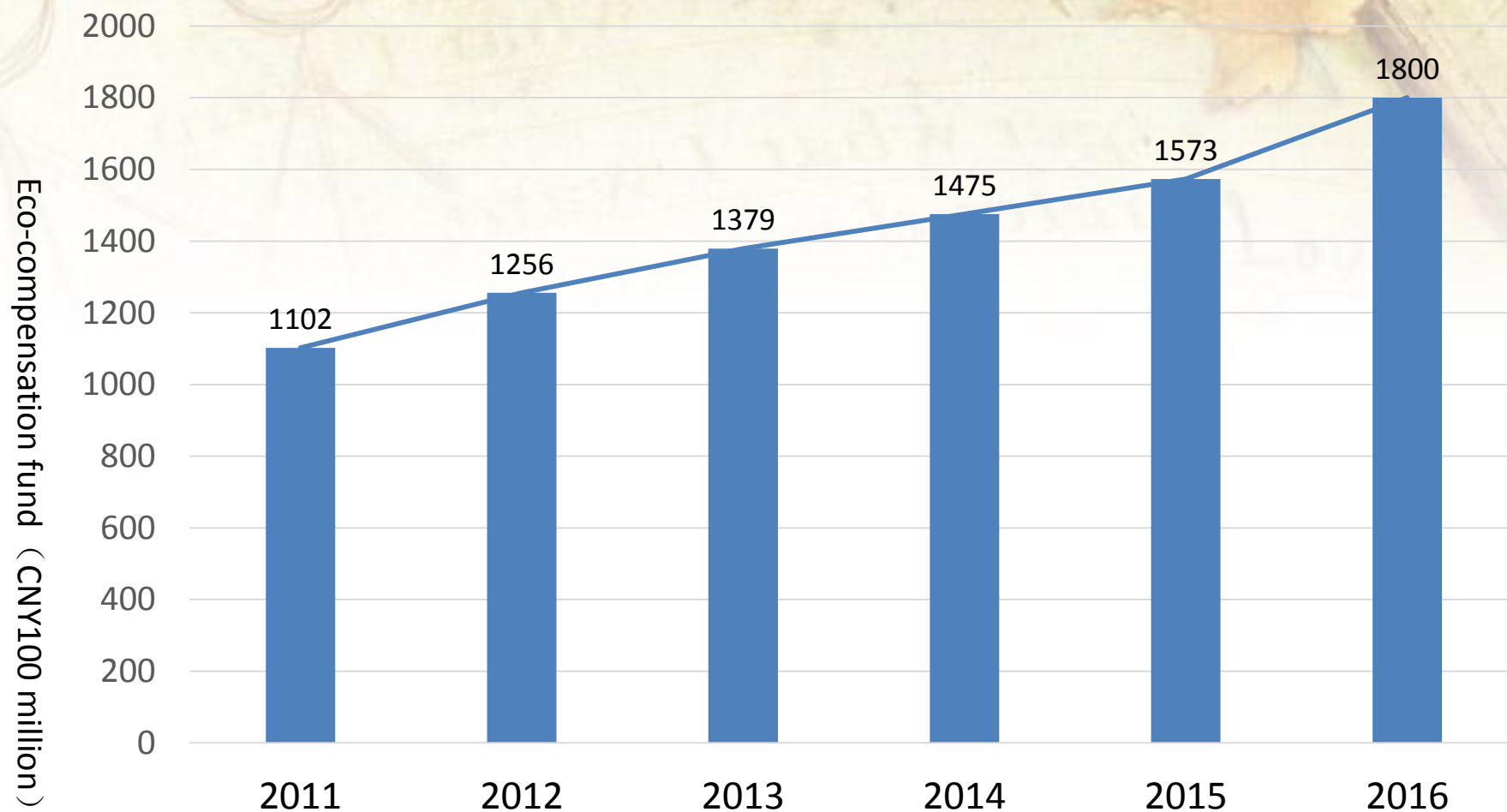


Source: Jin Leshan et al. 2016. Advances of Eco-compensation in China in All Sectors. Beijing: Economic Press. Data are updated based on the database of the Knowledge Hub on Green Development and Eco-compensation managed by the CEPRC.



# Eco-compensation Funding, 2011-2016

unit: CNY100 million (USD1 = CNY6.6)



Source: Jin Leshan et al. 2016. Advances of Eco-compensation in China in All Sectors. Beijing: Economic Press. Data are updated based on the database of the Knowledge Hub on Green Development and Eco-compensation managed by the CEPRC.

# Eco-compensation Funds Transferred to the Key Ecological Functional Areas

unit: CNY100 million (USD1 = CNY6.6)

单位：亿元





## 2. OPPORTUNITIES

## 2.1 Ecological Civilization

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- **Master Plan of Institutional Reform for Ecological Civilization issued in 2015:**

Eco-compensation mechanism is one of the eight institutions designated.

- **19th CPC National Congress Report on 2017-10-18:**

“Promote the market-based and various forms of eco-compensation mechanism.”

## 2.2 Poverty Reduction

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- **Government Policy: Poverty reduction with eco-compensation**

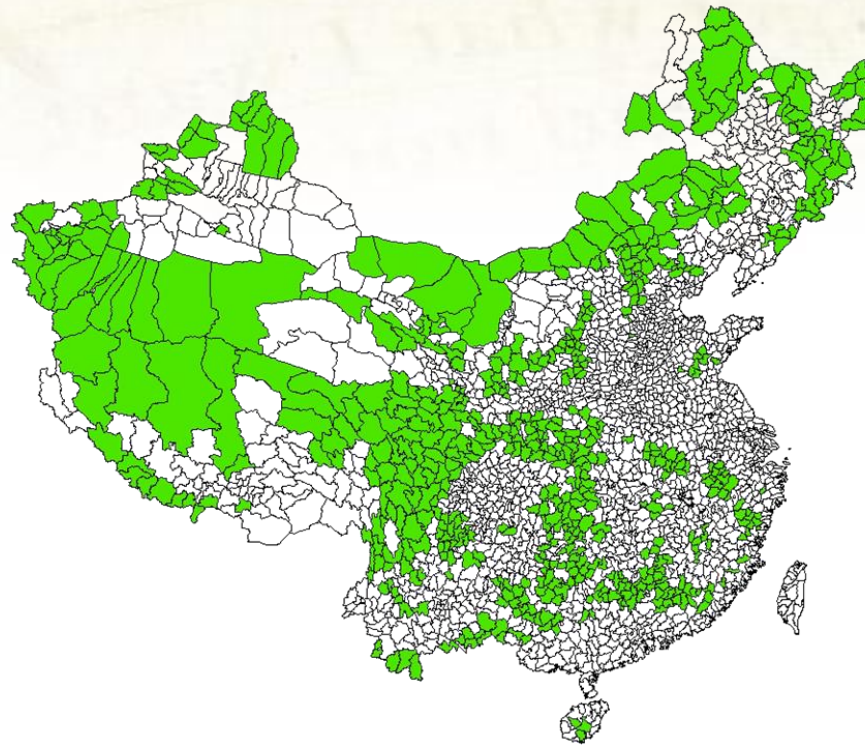
“Invest more on environmental rehabilitation in the poor areas, increase the public financial transfers to the poor areas, and provide jobs to the poor for them to protect the forests.”



## 2.2 Poverty Reduction

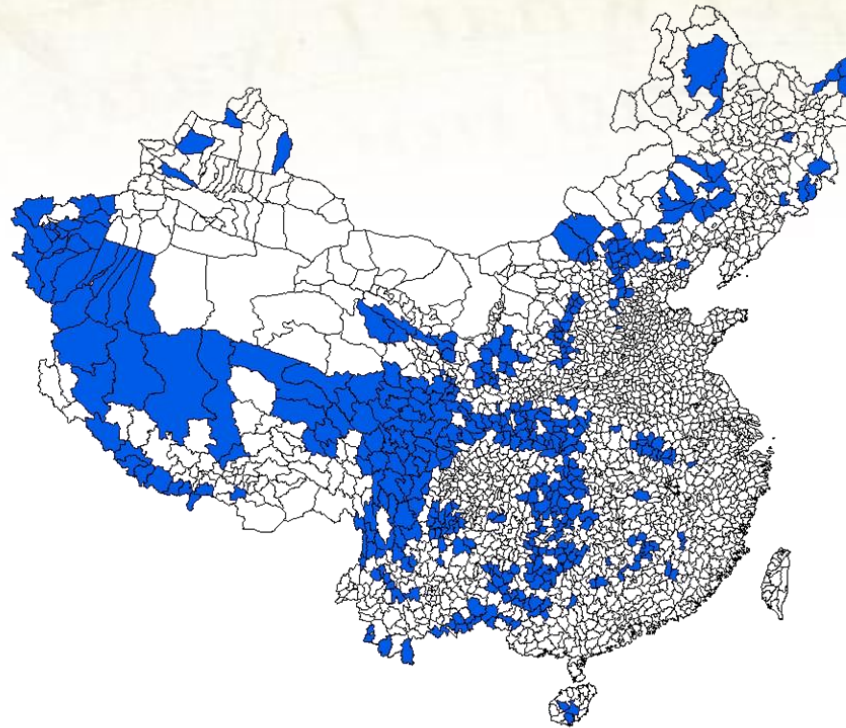


## 2.2 Poverty Reduction



725 counties with key ecological functions

## 2.2 Poverty Reduction



434 counties overlapped



## 2.3 Yangtze River Economic Belt (YREB)

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**(11 provinces, 2 million km<sup>2</sup>, 40% of population and GDP)**

- **YREB Framework Plan, issued in 2016**
- **YREB Environmental Protection Plan, issued in July 2017**

“According to the beneficiary-pays principle, to establish the horizontal eco-compensation mechanism between upstream and downstream, between service providers and beneficiaries.....to explore all possible forms of eco-compensation mechanism, and try to integrate eco-compensation into poverty reduction.”

# Yangtze River Economic Belt (YREB)







# 3. CHALLENGES

# 3.1 Performance Evaluation

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- **Challenges facing some eco-compensation programs**
  - Financial Transfer to the Key Ecological Functional Area
  - Subsidy and Rewards to Grassland Protection
  
- **To meet the challenges**
  - Alternative way of evaluation, such as GEP
  - Comprehensive eco-compensation

## 3.2 Eco-compensation Contribution to Poverty Reduction

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- **The contribution is not granted.**
  - Some are pro-poor, such as job provision.
  - Others may exacerbate the gap, such as...
- **Meet the challenges**
  - Design the pro-poor eco-compensation mechanism

# 3.3 Private Sector Involvement

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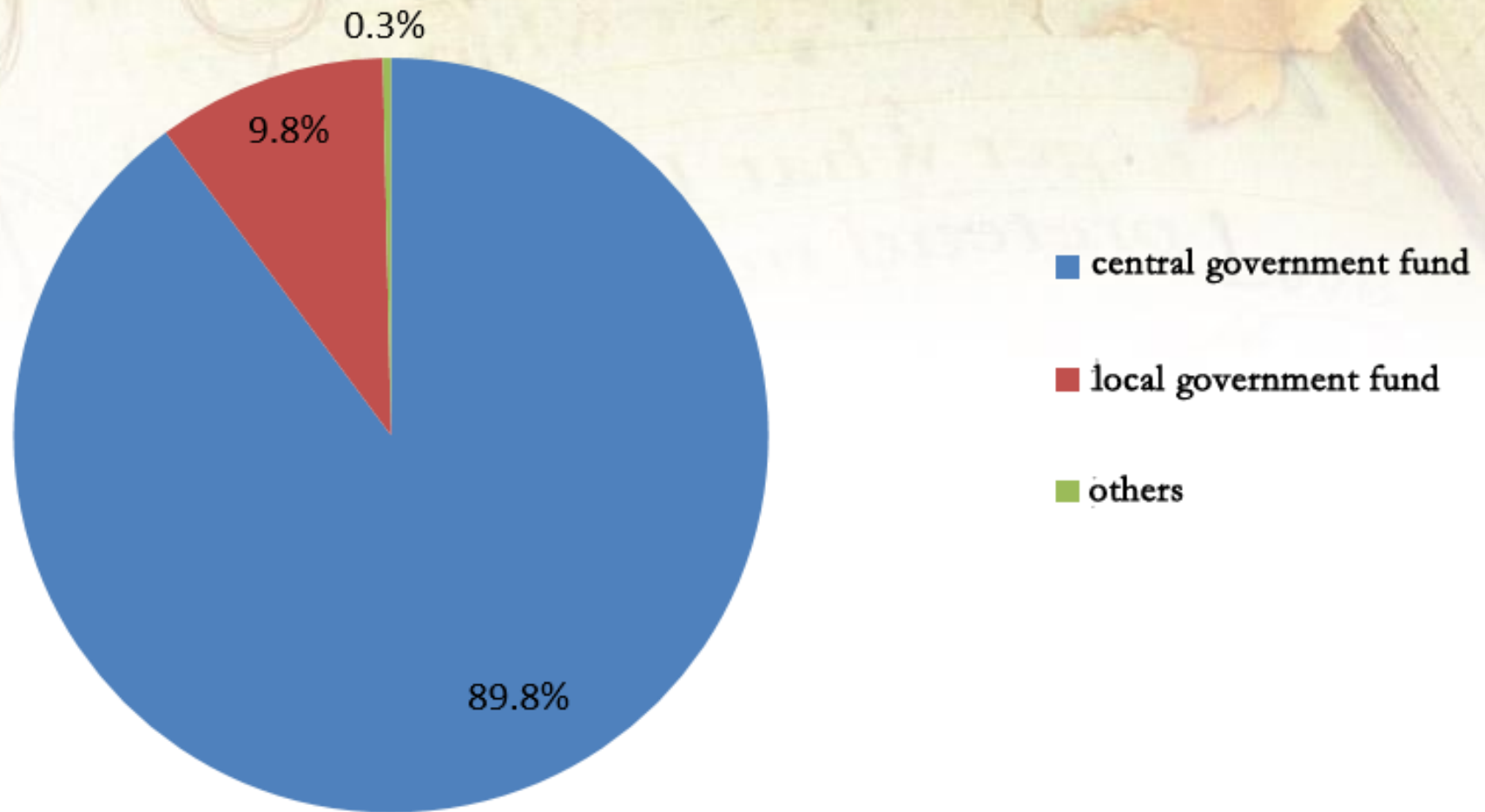
## ■ Areas of involvement

- Users pay
- Public-private partnership
- Eco-labeling
- Trading of eco-goods
- Green banking

## ■ Meet the challenges

- Legislation

# Funding Sources of All Eco-compensation Programs



Source: Jin Leshan et al. 2016. Advances of Eco-compensation in China in All Sectors. Beijing: Economic Press. Data are updated based on the database of the Knowledge Hub on Green Development and Eco-compensation managed by the CEPAC.



The background of the slide features a soft-focus image of autumn leaves in shades of yellow and orange, with a pencil resting diagonally across the upper right portion.

# Thanks for your Attention

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