

## TRANSLATED TRANSCRIPT OF PRESENTATION

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**Session 6: The Yangtze River Economic Belt (YREB) - Mainstreaming Eco-compensation into Potential Ecosystem Restoration Projects in the YREB Region**

### **Eco-compensation in Chongqing Municipality: Experiences and Future Priorities**

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Distinguished experts and friends, I am very glad to be here to share with you the situation of eco-compensation in Chongqing. Chongqing belongs to the upper Yangtze River region. It is the intersection of the economically developed eastern region and the resource-rich western region, playing a vital role in the entire Yangtze River basin as well as in the national ecological security. The *Outline of the Yangtze River Economic Belt Development Plan* specifically requires Chongqing to be built as the ecological civilization demonstration belt in the upper and middle Yangtze River and an important ecological barrier in the Yangtze River basin. In recent years, we have actively explored the establishment of eco-compensation policy and mechanism, and carried out a series of eco-compensation practices.

Firstly, we promoted the construction of five functional areas and established a system for eco-compensation. To fully implement the Five-in-One overall layout and the Four-Pronged Comprehensive Strategy, Chongqing implemented the development strategy of establishing five functional areas to divide the city into (i) urban function core area, (ii) urban function expansion area, (iii) city development area, (iv) northeast Chongqing ecological conservation development area, and (v) southeast Chongqing ecological protection development area. Among them, northeast Chongqing ecological conservation development area is a national key ecological function area, a main production area of farm products, and an important ecological barrier in the Yangtze River basin, which focuses on the function of ecological conservation and ecological barrier. Southeast Chongqing ecological protection development area is defined as a national key ecological function area and an important biodiversity conservation area, which focuses on the function of ecological protection and restoration. Different environmental protection policies were formulated according to the different development orientations of the five functional areas. Classified financial transfer payment system was optimized. In particular, the environmental

protection funds, financial transfer payments, and eco-compensations were increased in northeast Chongqing ecological conservation development area and southeast Chongqing ecological protection development area in order to accelerate the reform of natural resources and product prices, establish paid use system of resources, and form a relatively thorough eco-compensation policy system. Relevant responsibilities and target implementation were included in the municipal party committee and municipal government's annual assessment of districts and counties. In November 2016, the municipal party committee and municipal government issued the *Enforcement Regulations of Responsibilities of Chongqing Municipal Party and Government Leading Cadres in Eco-environmental Damage*, which further strengthened the responsibility of leading cadres in ecological environmental protection.

Secondly, I would like to share with you the methods adopted in Chongqing in terms of establishing and improving transfer payment in ecological function areas. Under the framework of the strategic development of five functional areas, 10 counties in two ecological development areas are included in the transfer payment of the national key ecological function areas. From 2008 to 2015, a total of CNY9.9 billion of transfer payment has been implemented. Meanwhile, special transfer payment for ecological conservation development has been carried out. We have also introduced the method of transfer payment for northeast Chongqing ecological conservation development area, further specifying detailed measures such as allocation methods, funds allocation, performance management, etc. For ethnic minorities in southeast Chongqing, we promoted local tax, land leasing fee, and city supporting facilities fee being retained in the county and local governments.

Thirdly, we promoted mountain eco-compensation driven by relocation for poverty alleviation. Since 2013, we have integrated long-distance relocation for poverty alleviation, relocation for poverty alleviation with special funds, rural dilapidated housing rehabilitation, and implemented mountain ecological relocation for poverty alleviation. By the end of 2015, CNY4.5 billion of special subsidy at municipal level or above has been allocated. The total county financial funds and integrated funds have reached CNY5 billion; 538,000 people have been relocated for poverty alleviation, effectively relieving the environmental pressure of ecologically sensitive area and out-migration area. Meanwhile, mountain ecological relocation for poverty alleviation was combined with the construction of a beautiful countryside, farmers' new village, modern agriculture demonstration area, etc, accelerating the process of ecological restoration, which achieved livelihood, economic, and ecological benefits.

Fourthly, during the 12th Five-Year Plan period, we actively carried out some eco-compensation practices in key areas, which primarily included five aspects.

- 1) Implementing a forest ecological benefits compensation. We invested a total of CNY2.15 billion as forest ecological benefits compensation fund during the 12th Five-Year Plan period—covering 38 counties, 39.227 million *mu* of public welfare forest, and benefiting over 3 million forestry households. The forest coverage increased to 45%, which is 8% higher than that at the end of the 11th Five-Year Plan period.
- 2) Investing a total of CNY487.8 million in the comprehensive rehabilitation of rock desertification.

- 3) Introducing measures for levying compensation for soil and water conservation. We collected a total of CNY459 million of soil and water conservation charges for non-profit-making service, in order to further restrict the behavior of producers and constructors and effectively conserve water and soil resources.
- 4) Promoting a constructive protection of arable lands; attract various parties to participate in land reclamation, and build 5.2 million *mu* of high standard basic farmland by means of construction before supplement, supplement for investment, and construction driven by supplement.
- 5) Promoting a comprehensive treatment of mining environment and establishing an ecological restoration cash deposit system; a total of CNY453 million was deposited.

Fifthly, I would like to introduce two innovative aspects of Chongqing's exploration in eco-compensation mechanism to experts and friends.

- 1) Promoting the pilot project of carbon emission permit trading. In June 2014, Chongqing officially started the carbon emissions trading market. So far, 92 deals have been completed, with the trading scale reaching 490,000 ton and CNY8.6 million.
- 2) Promoting the pilot project of third-party governance on environmental pollution control. We have introduced the implementation plan of third-party governance on environmental pollution control. In fact, seven pollution control projects have already finished contract signing.

We have made certain progress in the establishment of eco-compensation mechanism in Chongqing, yet this work started relatively late and features various complicated stakeholder relationships. Problems still exist such as insufficient compensation coordination, incomplete policies and regulations, comparatively simple compensation methods, and lack of marketization of compensation investment.

In the future, we will further implement the general planning of the Yangtze River economic belt development strategy; fully carry out national ecological compensation policies; continue to work on the eco-compensation in key areas such as forest, wetlands, and rock desertification area; and make vigorous explorations in compensation method, financing, and investment and policy coordination; thereby, making positive contributions to improving eco-compensation mechanism.

Thank you!