

## 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 Qinghai Province: Experiences and Future Priorities**

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Ladies and gentlemen, good afternoon! On behalf of Qinghai, I would like to introduce the practical experience and prospect of eco-compensation in our province to you.

Qinghai Province is the cradle of the Yangtze River, the Yellow River and the Lancang River, and also known as the headwaters of the Yangtze and the Yellow rivers and the water tower of the People's Republic of China. In August 2016, the General Secretary paid an inspection visit to Qinghai, and emphasized the significance of the province's ecological status as an important national ecological security barrier. Therefore, Qinghai shoulders a heavy responsibility and cannot afford any mistakes. The Sanjiangyuan National Nature Reserve and the country's water tower should be well protected, ensuring a river of spring and clean water rolling towards the east.

According to the instructions of the General Secretary, governments at all levels in Qinghai Province seriously carry out the strategy of giving ecological protection topmost priority in Qinghai's economic and social development, leading the economic work of the whole province. Under Qinghai's unique plateau environment, ecotypes are unique, diverse, and vulnerable. Qinghai's ecological status not only directly influences the formation and evolution of the PRC's climate, but also plays a key role in the general atmospheric circulation of Southeast Asia and even the Northern Hemisphere.

According to the national overall function area planning, the total area of restricted region and exploitation-prohibited region accounts for nearly 90% of the total area of the province. Based on such a situation, Qinghai divided the function area into five parts:

- (i) Sanjiangyuan grassland and meadow ecological function area,
- (ii) Qilian glacier water conservation ecological function area,

- (iii) Qinghai Lake basin ecological function area,
- (iv) Qaidam Desert ecological function area, and
- (v) the Yellow River basin ecological function area.

Protecting these areas is not only essential to Qinghai's own development, in particular, but also the country's sustainable development, in general. As the nationwide construction of ecological civilization is vigorously promoted, Qinghai will play a significant role in safeguarding national ecological security.

Next, let me introduce the general situation of eco-compensation in Qinghai Province. With the strong support of the central government, Qinghai carried out a series of pilot and research programs on eco-compensation through fiscal transfer payments and national special subsidies. In addition, some long-term mechanisms are encouraged to be established. Since 2000, Qinghai has successively implemented projects such as returning grain plots to forestry, returning grazing land to grassland, ecological forest, ecological protection and project construction for forest resources, wetlands and key ecological function areas, as well as corresponding compensation policies. Our preliminary statistics show that the annual investment on these projects reaches nearly CNY5 billion.

Since 2005, as approved by the State Council, Sanjiangyuan natural ecological protection and construction project has been implemented. Housing and relocation allowances were given to ecological immigrants. Supported by the central government, though facing financial difficulties, Qinghai managed to integrate ecological compensation funds through various channels to provide difficulty allowances and fuel subsidies to ecological immigrants, establish entrepreneurship support funds, and support follow-up industry development, which amounted to an investment of CNY500 million each year.

After compensation implementation and engineering construction, the first phase of the Sanjiangyuan project was successfully accomplished in 2013. Evaluated by the third party, Chinese Academy of Sciences, the degradation trend of the whole ecosystem in Sanjiangyuan has been preliminarily contained. The general ecological situation has been improved, which is evidently seen in vegetation coverage, up by 11.6% on average; forest coverage, up by 1.6%; and water resources, up by 8 billion cubic meters. At the same time, biodiversity protection has made further progress. The number of famous Tibetan antelope increased from less than 20,000 in the 1980s to more than 70,000; and bar-headed goose, from less than 1,000 to over 3,000. In addition, farmers and herdsmen's income has further increased, with an annual growth of about 12%. Their production and living conditions have been improved, enhancing social harmony and national unity. This is the general situation of eco-compensation in Qinghai.

Our main practice in ecological protection is to actively explore methods for eco-compensation. In 2012, the State Council approved the establishment of the Qinghai Sanjiangyuan National Nature Reserve. After the establishment of the reserve, Qinghai successively introduced the *Trial Measures of Eco-compensation in Sanjiangyuan* and the *Suggestions on Exploring the Establishment of Eco-compensation Mechanism in Sanjiangyuan*, and implemented eco-

compensation policies such as living subsidies, fuel subsidies, entrepreneurship support funds, etc. for ecological immigrants. Our province worked on establishing a standard, long-term eco-compensation mechanism, as led by the country.

Secondly, we actively developed the ecological protection fund channels and compensation methods. Supported by the central government, Qinghai implemented a series of policies such as returning grain plots to forestry, returning grazing land to grassland, etc. Since 2010, we raised CNY10 million to establish the Sanjiangyuan protection and development fund. Within our province, Sanjiangyuan took the lead in implementing the pilot project of public welfare post for grassland ecological management and protection. Up till now, according to the requirements of the overall planning, we have set 19,817 posts for grassland ecological management and protection, about 60% of the total posts in overall planning.

Thirdly, we included the changes in production method and lifestyle as an important part of eco-compensation. We implemented nine compensation policies.

- (i) educational funds, CNY140 million of subsidy annually;
- (ii) awards and subsidies for operating schools in different regions, CNY110 million annually;
- (iii) skills training for farmers and herdsmen and re-employment compensation, CNY20 million annually;
- (iv) ecological environmental construction and safeguard mechanism for funds;
- (v) grassland daily management and protection mechanism, CNY140 million annually;
- (vi) fuel subsidies for ecological immigrants, CNY20 million annually;
- (vii) support farmers' follow-up industry development, CNY30 million annually;
- (viii) support the meadow resources circulation reform, offer economic compensation and award to in-and-out meadow households according to the meadow area; and
- (ix) subsidy policy for balancing pasture and livestock and the production of farmers and herdsmen.

Likewise, we are facing some major problems: the current fiscal transfer payment system cannot fully reflect the overall requirements of eco-compensation; a long-term standard mechanism for ecological compensation is still absent; and compensation standard is relatively low. Such problems need to be examined in the next step of our eco-compensation work. On one hand, we ask for high-level national specialized department to implement some mechanisms and methods for eco-compensation in Qinghai and carry out researches. At the same time, we are considering to further explore and study the standard of eco-compensation, the non-gratuitous use system for water resources, grassland and forest carbon trading system, compensation mechanism in the upstream and downstream of the river basin, as well as public welfare post for ecological management and protection.

To sum up, doing a good job of eco-compensation is crucial to the protection of natural ecosystems. This is what the 5th International Conference on Eco-compensation is all about—experts from various fields discuss and study eco-compensation and put forward many

good comments and suggestions, which provides great experience and lessons for us to do the job well.

We also recommend that the National Development and Reform Commission take the lead in researching eco-compensation policies and strengthen its efforts in formulating cross-regional and cross-basin policies. According to the requirements of main functional areas in our country, most part of Qinghai are already inside the restricted region and exploitation-prohibited region. We should consider increasing the compensation for these regions from the perspective of eco-compensation.

We hope that through this conference, eco-compensation mechanism can be further improved and we can better carry forward eco-compensation locally. Thank you!