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*The 7<sup>th</sup> International Conference on Eco-compensation and PES*

# **The Reform and Innovation of Ecological Compensation under New Era in China**

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**Chinese Academy of Environmental Planning**

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# The Contents

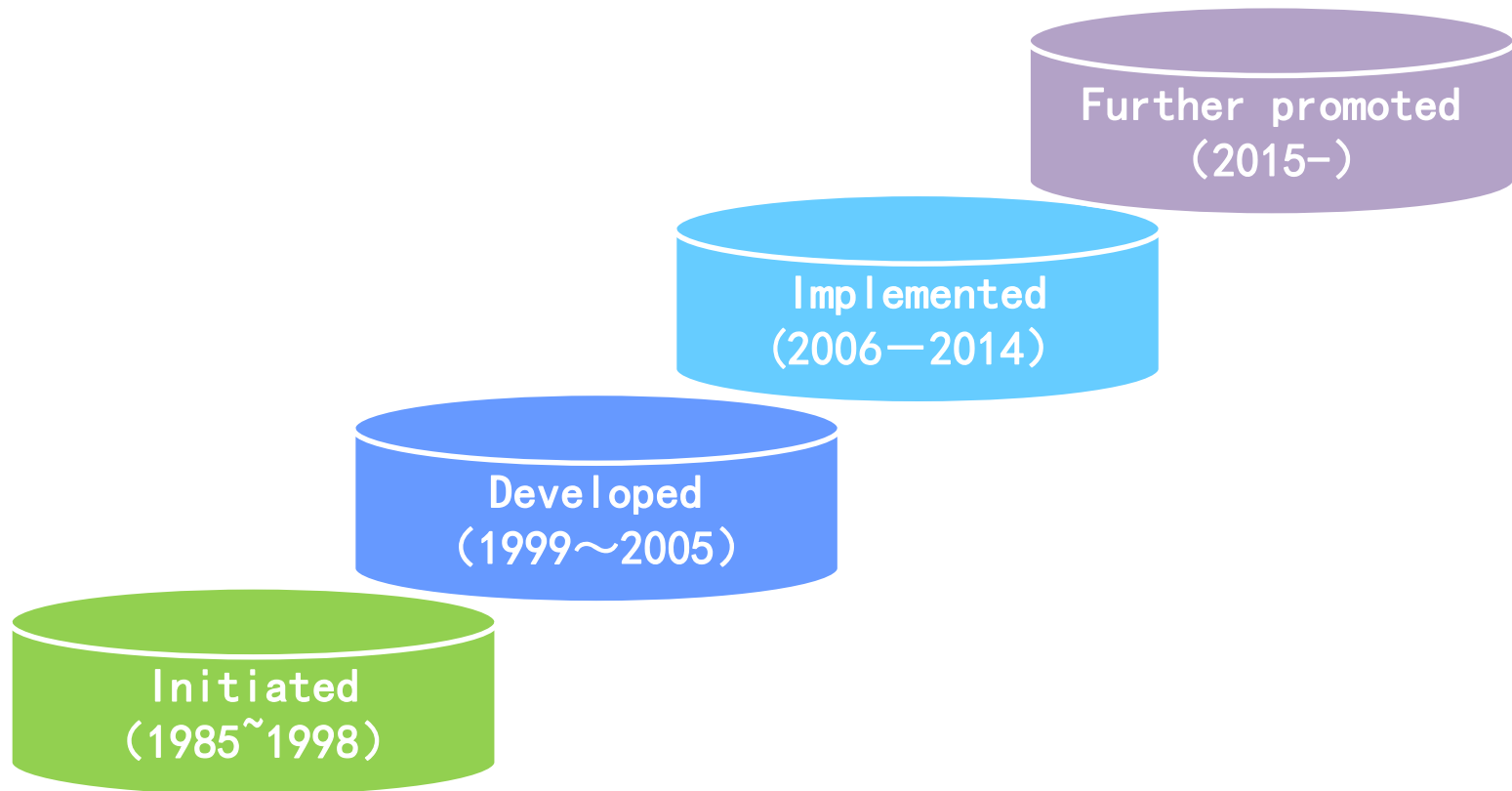
**1. Progress and Foundation**

**2. Reform and Innovation**

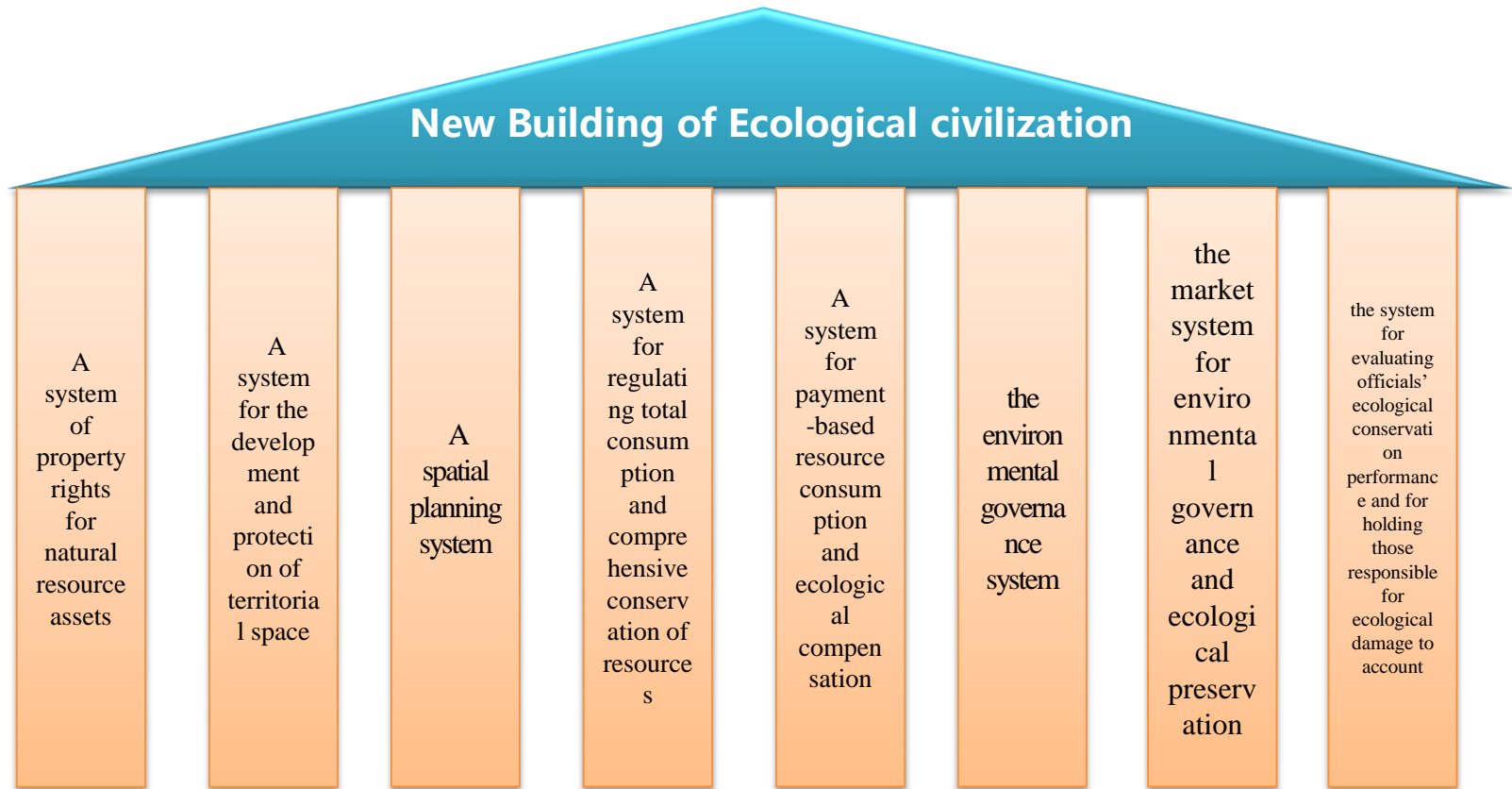
# **1. Progress and Foundation**

**On May 18, 2018, the National Ecological and Environmental Protection Conference was held during which Xi Jinping Thought on Ecological Civilization was formally established as the guiding principle for the construction of ecological civilization in the new era. Xi's thought, condensed from the new concepts and strategies since the 18<sup>th</sup> CPC National Congress, serves as the action guide to further promoting ecological civilization and enhancing ecological and environmental protection.**

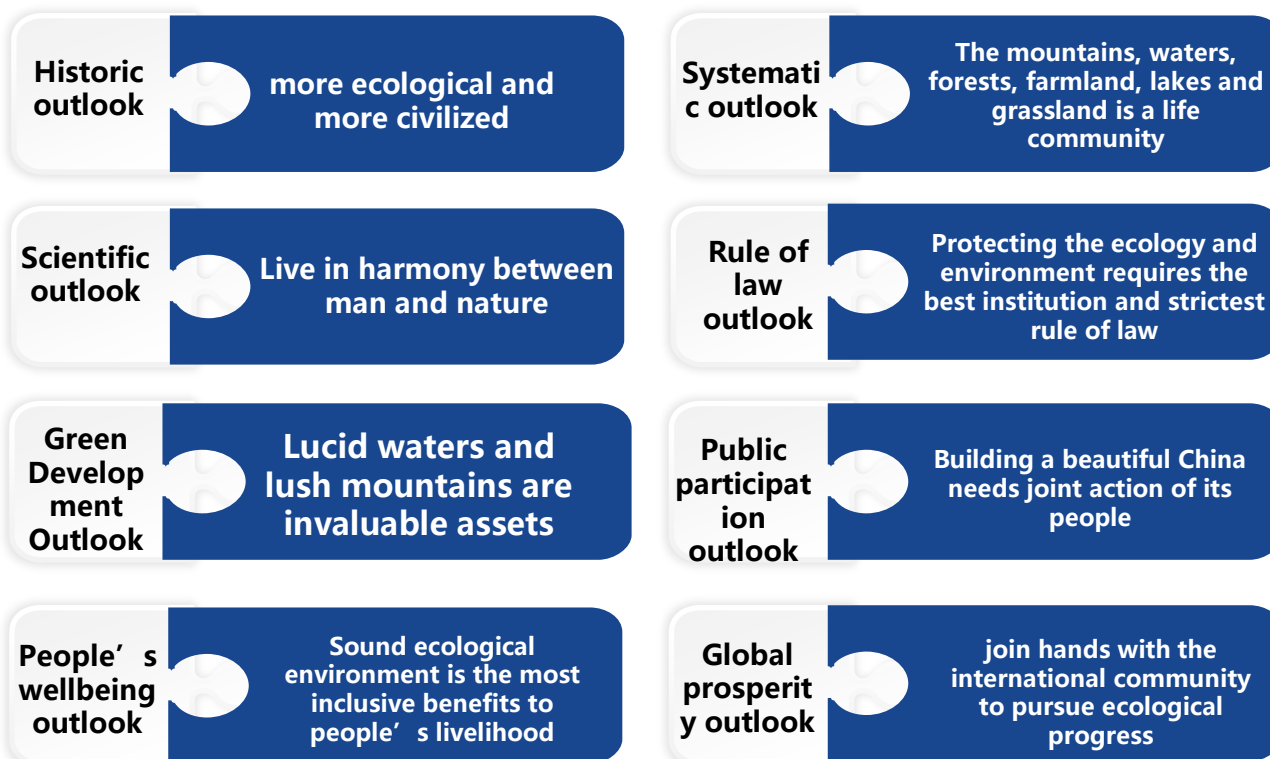
**Eco-compensation, embodied in the ecological civilization theory in the new era, has been elevated to an unprecedented height**



# Ecological compensation is one of the 8 pillars for ecological civilization



# Ecological compensation is an integral part of Xi Jinping Thought on Ecological Civilization



**The ecological compensation in China has achieved positive results, and the ecological compensation system with Chinese characteristics is taking shape**

- **The top-level design for ecological compensation system is improved**
- **The ecological compensation system is extending to a wider range**

# The top-level design for ecological compensation system is improved--Roadmap



## ***Guidelines on Improving Ecological Conservation Compensation Mechanism***

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- ❑ comprehensive arrangement
- ❑ coordination mechanism for ecological compensation

## ***Guidelines on Facilitating to Establish Upper-to-Lower River Basin Ecological Compensation Mechanism***

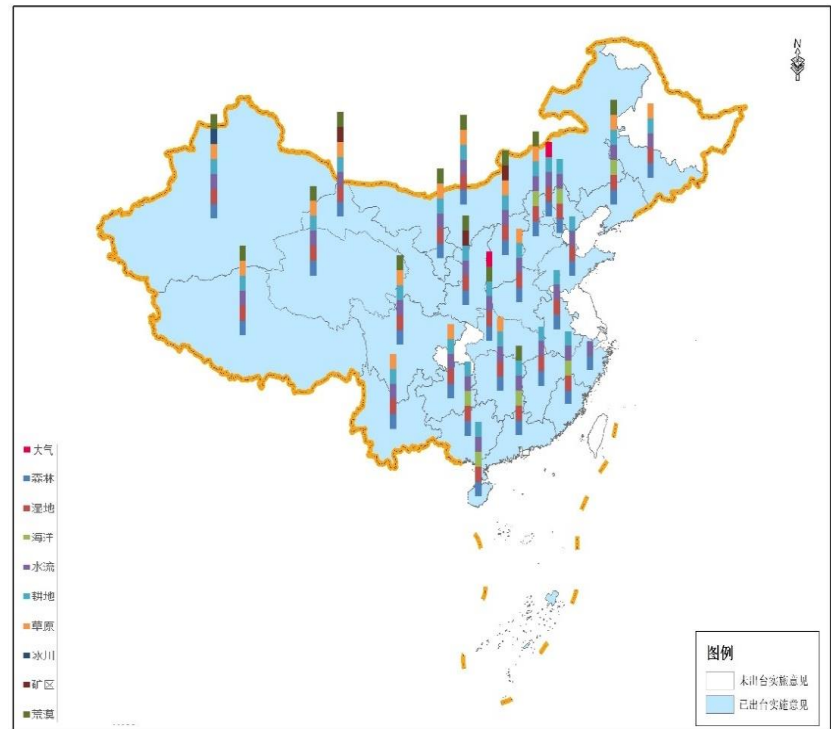
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- ❑ Watershed upstream and downstream compensation in terms of compensation benchmark, modes, standards, joint prevention and control mechanism, and signing compensation agreements.



# Ecological compensation mechanism blueprint designed by localities

27 provinces, autonomous regions or municipalities have issued local *Implementation Guideline on Improving Ecological Compensation Mechanism.*



## **Ecological compensation is more extensive and diversified**

- **Compensation Scope: single field to comprehensive compensation**
- **Compensation area: local compensation to trans-provincial compensation**
- **Way of compensation: funds compensation to diversified compensation**

## **More extensive:** from single field to comprehensive compensation

### **single field compensation**

- River basin
- Forests
- Grassland
- Wetland, farmland, etc

Mountains, waters,  
forests, farmland,  
lakes and grassland

### **comprehensive compensation**

- Key ecological function zones
- ECO-Redline
- Qinghai' s Three-River-Source national park
- Yangtze River Economic Belt

# single field ecological compensation in full operation

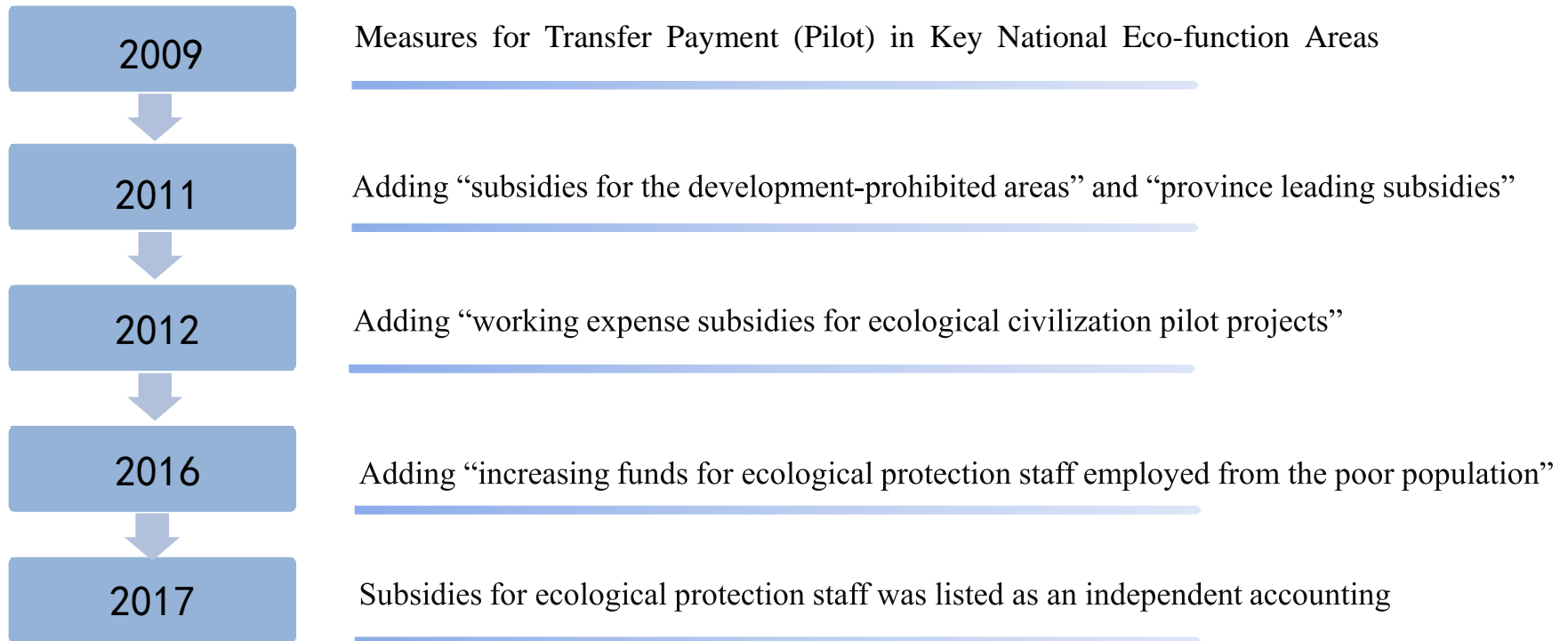
**Watershed ecological compensation:** More than 20 provinces issued watershed ecological compensation policies

**Forests ecological compensation:** the national ecological protection forests in full coverage

**Grassland ecological compensation:** by 2018, over 132.6 billion RMB has been channeled into grassland ecological compensation.

**Wetland ecological compensation:** since 2014, the funds from the central government has been allocated to encourage local provinces or cities to restore wetland ecological system and to construct wetland parks.

# Ecological compensation policies for key eco-function areas are being mature



# **Eco-Redline related compensation under exploration**

**Since 2018, Eco-Redline has been taken into account in allocating transfer payment funds for the key eco-function areas, in order to encourage the Eco-Redline areas to promote green industries and enhance ecological protection efforts.**

**Eco-Redline**

**ECO-Redline is planned to be incorporated into transfer payment based on its proportion of coverage.**

# Multi-level ecological compensation mechanism for the YREB initiated

- ❑ integrate dedicated transfer payment funds
- ❑ promote division reform on financial rights and expenditure responsibilities in the ecological and environment sector
- ❑ increase funds for the key eco-function areas and for balanced transfer payment
- ❑ implement rewarding policies for upper-to-lower stream ecological recovery
- ❑ improve the incentive and constraint mechanism based on environmental improvement

# Ecological poverty alleviation: comprehensive compensation is being explored

Compensation for farmers' technical training and transfer employment, funds for grassland management and ecological environment monitoring are annually distributed.

**Comprehensive ecological compensation for the Three-River-Source National Park**

**Ecological compensation with targeted poverty alleviation**

To develop comprehensive ecological compensation system based on the local conditions by integrating transfer payment, horizontal compensation and market-based compensation.



# **Ecological compensation is more extensive and diversified**

- **Compensation Scope: single field to comprehensive compensation**
- **Compensation area: local compensation to trans-provincial compensation**
- **Way of compensation: funds compensation to diversified compensation**

## **Deeper:** Compensation extended from within the province to trans-provincial level



- Jiangsu, Zhejiang, Jiangxi, Shandong, Henan, Hubei, Sichuan, Guizhou, Yunnan, Beijing, Hebei, Shanxi, Liaoning, Hunan, etc.

### **Provinces**

**Zhejiang--Anhui**

**Guangdong--Guangxi**

**Guangdong--Fujian**

**Guangdong--Jiangxi**

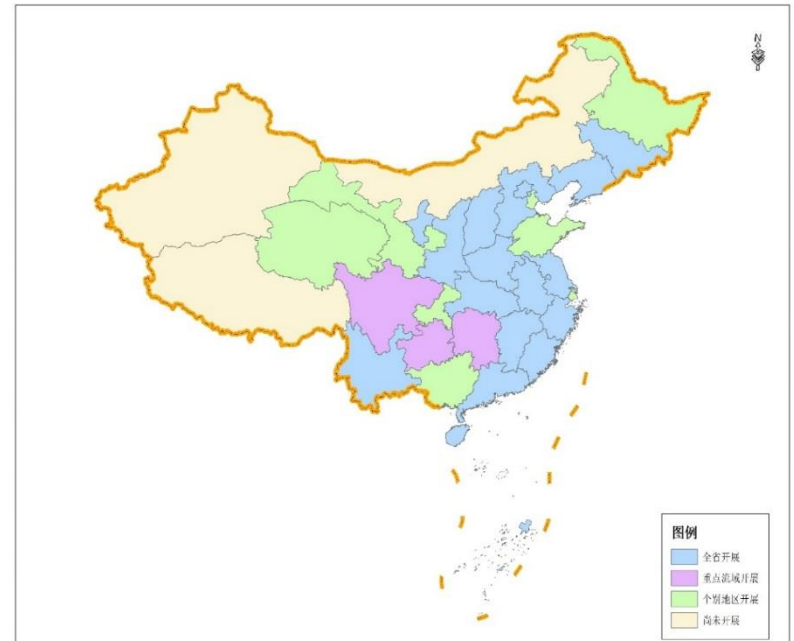
**Tianjin--Hebei**

**Yunnan-Guizhou-Sichuan**

**Beijing-Hebei**

# Fiscal incentive mechanism based on environmental improvement is being implemented

- Nearly 20 provinces, autonomous regions and municipalities issued watershed ecological compensation related policies
- Nearly 10 provinces, autonomous regions and municipalities issued air ecological compensation related policies



## Seven river basins are deepening the pilot for trans-provincial ecological compensation

Provinces	Targets
Zhejiang--Anhui	Xin'an River Basin
Guangdong--Guangxi	Jiuzhou River Basin
Guangdong--Fujian	Ting River and Hanjiang River Basin
Guangdong--Jiangxi	Dongjiang River Basin
Tianjin--Hebei	Luanhe-Tianjin Water Diversion
Yunnan-Guizhou-Sichuan	Chishui River Basin
Beijing-Hebei	ChaoBai River at upper reach of Miyun reservoir

# **characteristic trans-provincial eco-compensation model**

**Xin'an River Basin**

**social capital and public participation**

**Jiuzhou River  
Basin**

**ecological breeding model**

**Ting River and  
Hanjiang River Basin**

**inspection promoted river basin governance**

**Dongjiang River  
Basin**

**innovative project bidding, supervision,  
payment and performance assessment**

**Luanhe-Tianjin  
Water Diversion**

**tackle cage farming problem of Pat Da  
reservoir**

**Chishui River  
Basin and Miyun  
reservoir**

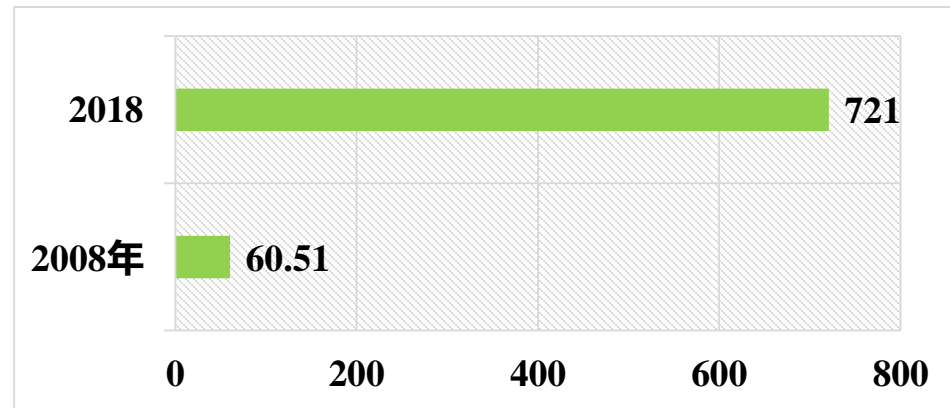
**implementation plan is underway**

# **Ecological compensation is more extensive and diversified**

- **Compensation Scope: single field to comprehensive compensation**
- **Compensation area: local compensation to trans-provincial compensation**
- **Way of compensation: funds compensation to diversified compensation**

## **Diversified:** the national ecological compensation transfer payment funds is increasing

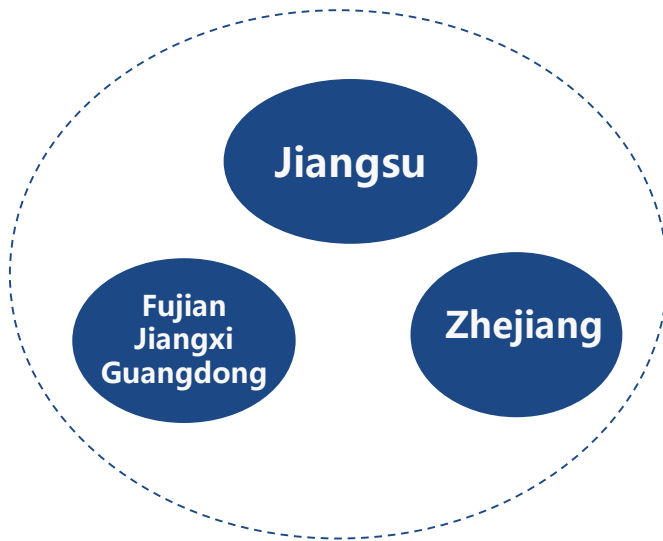
transfer payment policies for the key eco-function areas



**River basin ecological compensation policies**

In 2018, the central government issued rewarding policies for YREB ecological restoration. 18 billion RMB is planned to support Yangtze River Basin ecological compensation mechanism and environmental protection during 2018-2020.

# Ecology-based transfer payment mechanism



## Jiangsu

- pioneering in ecological compensation mechanism for ecological redlining areas

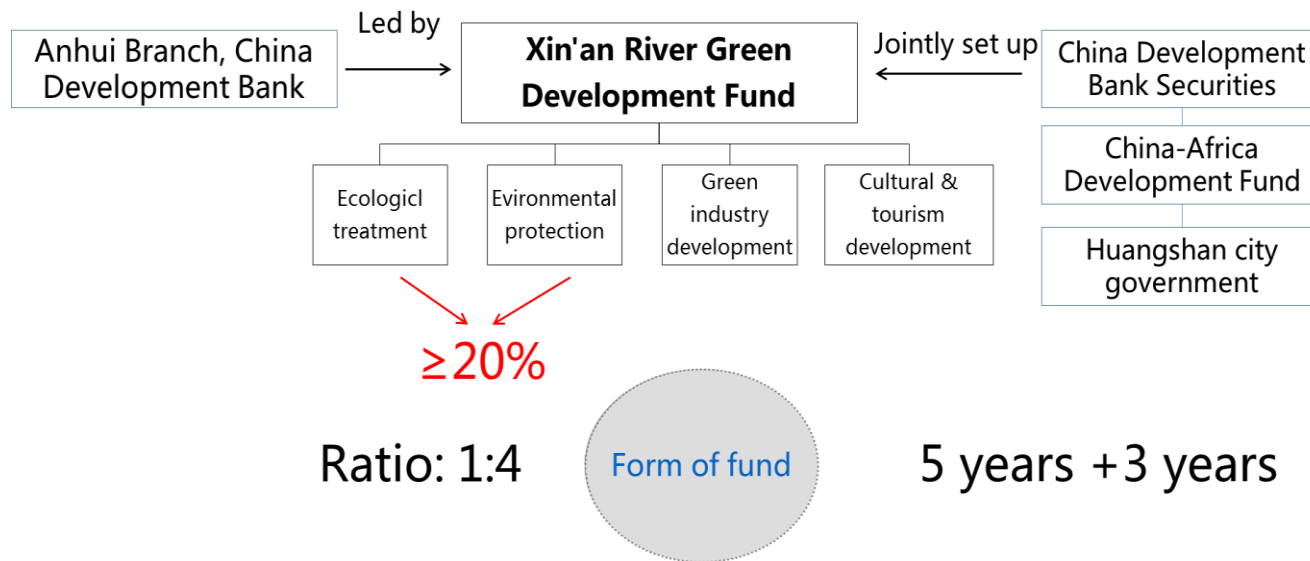
## Fujian, Jiangxi, Guangdong, Zhejiang

- Water environment, forest ecology, water resource

## Zhejiang

- Fiscal subsidy mechanism for green development

# Market-based compensation mechanism complements fiscal transfer payment



# Market-based compensation mechanism complements fiscal transfer payment

## **Pollutants discharge rights compensable use and transaction**

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In 2015, Regulations on the Remise Revenue of Pollutants Discharge Rights was adopted.

## **Water rights transaction**

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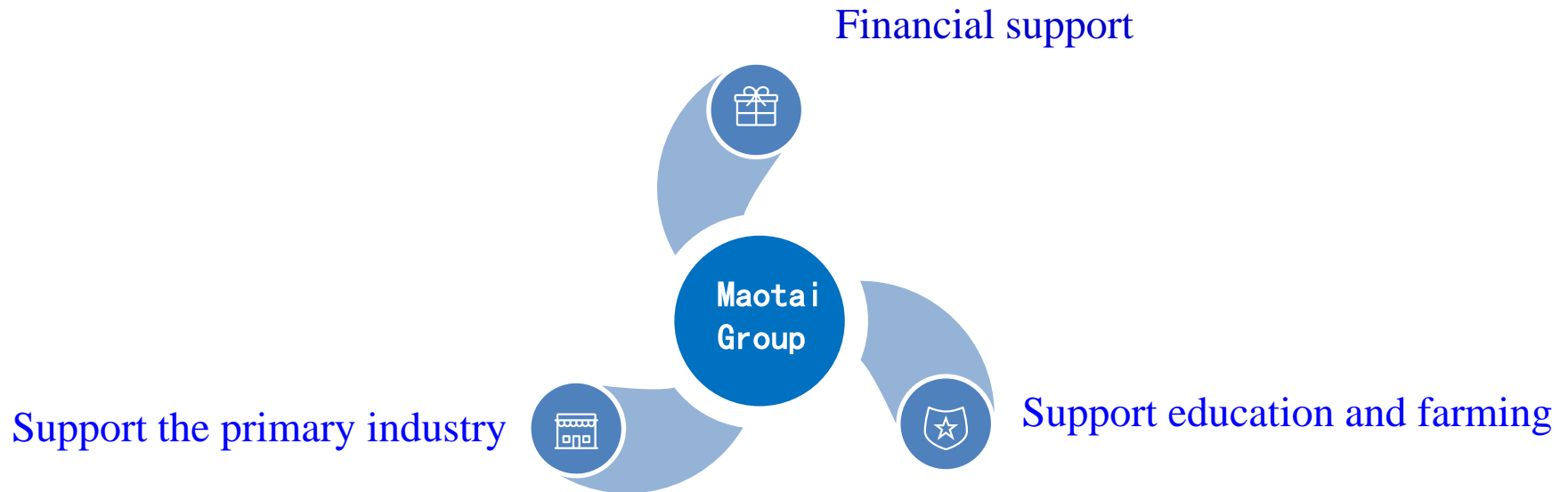
regional water rights transaction  
water drawing rights transaction  
irrigation households water  
rights transaction

## **Carbon trading**

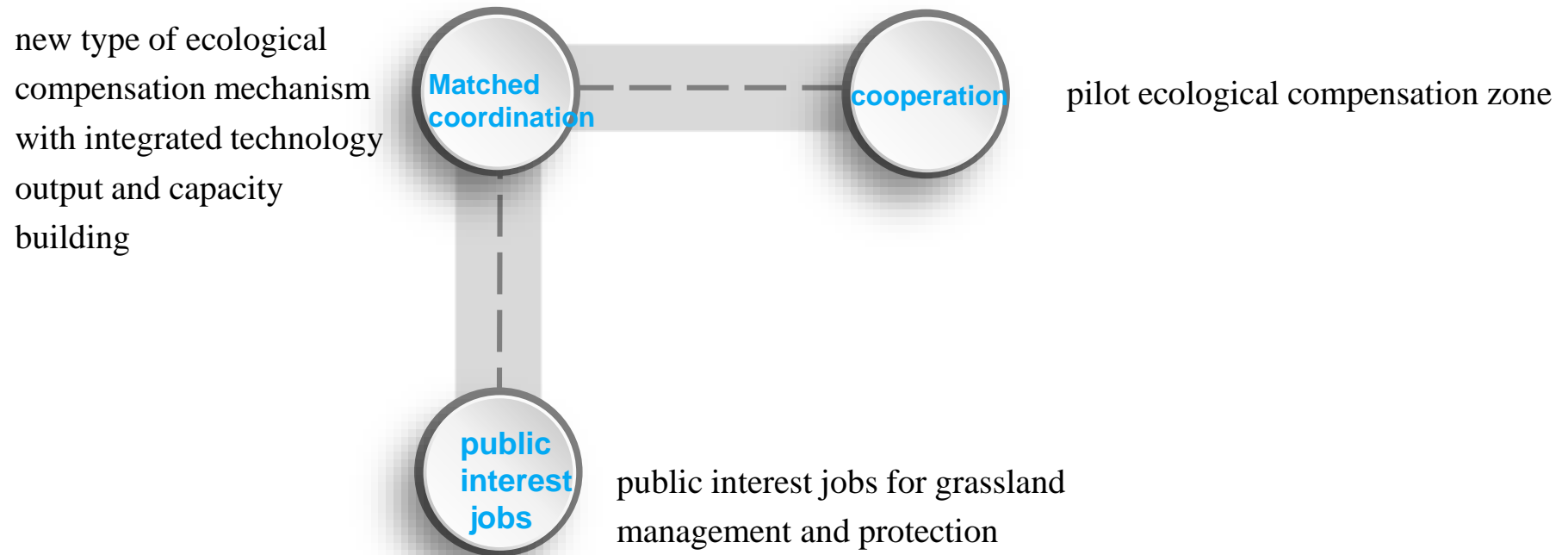
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On Dec 19, 2017, the national carbon emission trading system was initiated.

# Social participation is an important component of fiscal transfer payment



# Compensation funds transform into technologies or projects, creating more self-development mechanism



## **2. Reform and Innovation**

**Eco-compensation stakeholders was adjusted after the institutional reform in 2018. Are we well positioned to move towards integrated compensation?**

**the Original Trans-Ministerial  
Joint Eco-Compensation Meeting**

**The No. of Ministries involved is 13**

**After the Institutional Reform**

**The No. of Ministries involved is 11**

**Eco-compensation stakeholders was adjusted after the institutional reform in 2018. Are we well positioned to move towards integrated compensation?**

Key Areas	Original lead department	New leading Ministry?
Forest	NFA	NFGA?
Grassland	MOA	NFGA?
Wetland	NFA	NFGA?
Desert	NFA	MNR?
Ocean	SOA	MNR?
Watershed	MWR MEP	MEE
cultivated land	MLR	MNR?

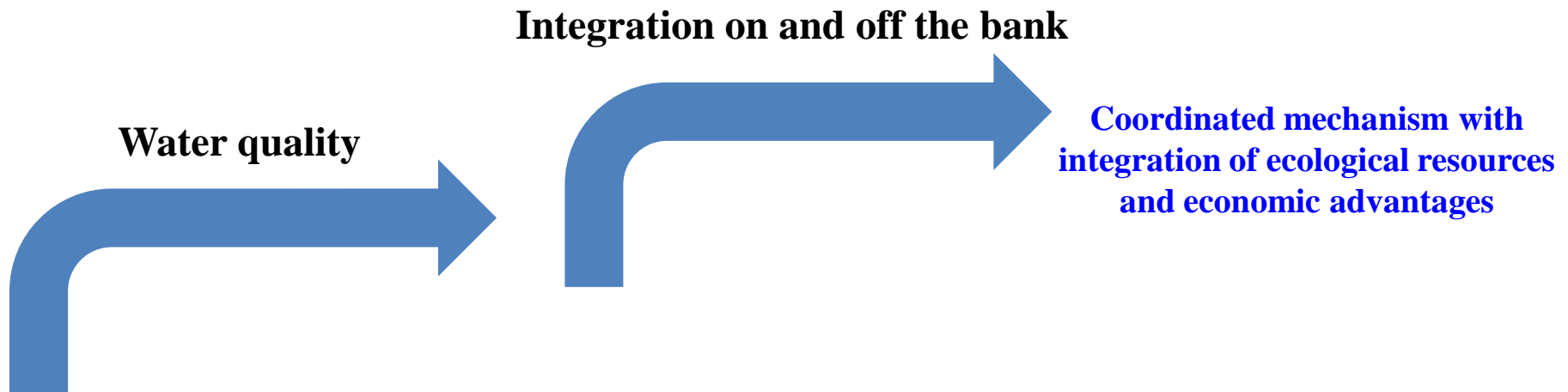
**Eco-compensation stakeholders was adjusted after the institutional reform in 2018. Are we well positioned to move towards integrated compensation?**

**New “Three Fixed Plan”**

- **Ministry of Natural Resources:** take the lead to carry out ecological compensation?
- **Ministry of Ecology and Environment:** take the lead to monitor and evaluate ecological compensation performance
- **NDRC:**

**River basin eco-compensation has achieved planned targets. MEE coordinates with MOF to summarize and disseminate experiences**

focus on the planned tasks



# **Future reform on eco-compensation in the new era**

**Diversified: multi-stakeholder involvement**

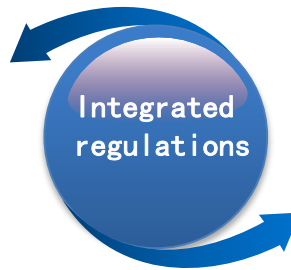
**Systematic: integrated compensation with a focus on different types of ecology**

**Market-based: give full play to the market in creating long-term mechanism**

**Rule of Law: consolidate best practice and long-term mechanism**

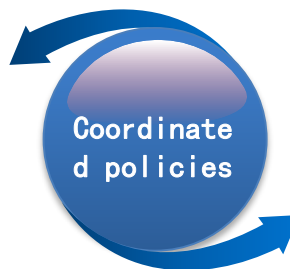
## **Diversified: the integrated compensation era calls for strengthened functions and for formulating regional cooperation and benefits sharing mechanism with multi-stakeholders**

- National economic and social development plan
- Master plan for urban development
- master plan for land use
- ecological and environmental protection plan



- urban, agricultural and ecological space
- ecological protection redlining
- permanent capital farmland
- urban development boundary

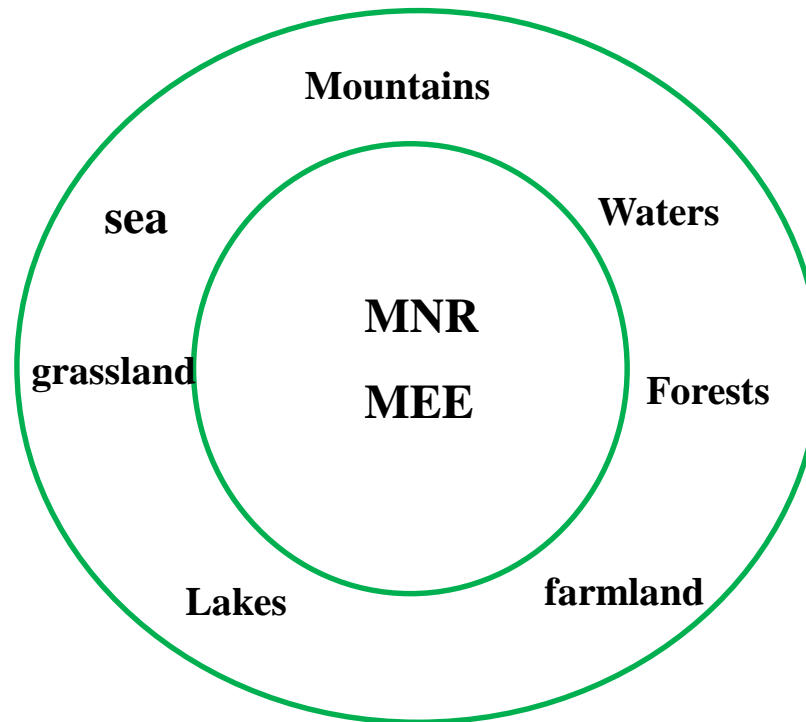
- Targeted poverty alleviation
- Rural revitalization
- ecological products transaction



- ecological environmental damage accountability for officials
- Off-office auditing for protecting natural resources assets
- compensation for ecological and environmental damages

# **Systematic: integrated protection for mountains, waters, forests, farmland, lakes, grassland and sea by promoting eco-compensation**

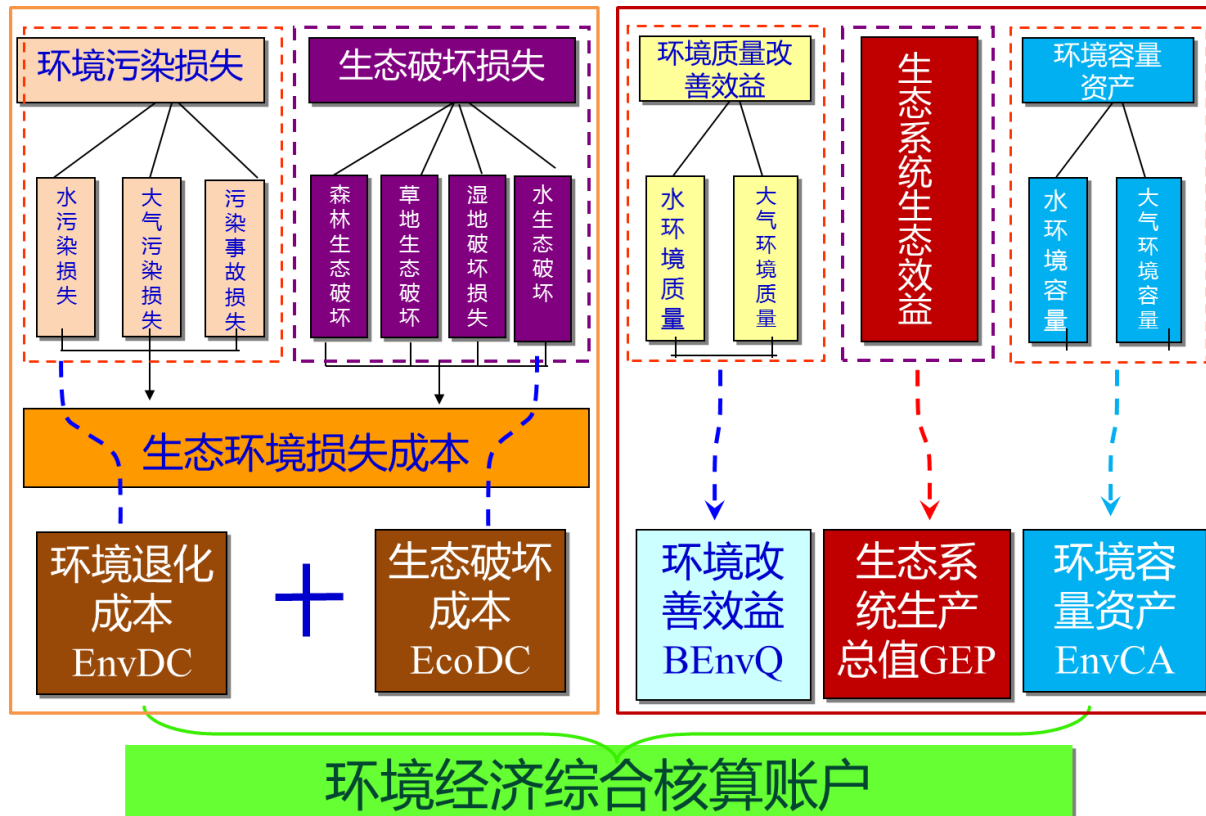
segregated to coordinated water management



## **Integrated protection for mountains, waters, forests, farmland, lakes, grassland and sea by promoting eco-compensation**

- To identify key regions for ecological recovery, integrate relevant funds through eco-compensation, introduce market mechanism and social investment, in order to make the ecological recovery more sustainable, reduce its costs, and enhance the regional ecological functions and overall value.

# Establish the GEEP calculating system oriented Eco-compensation

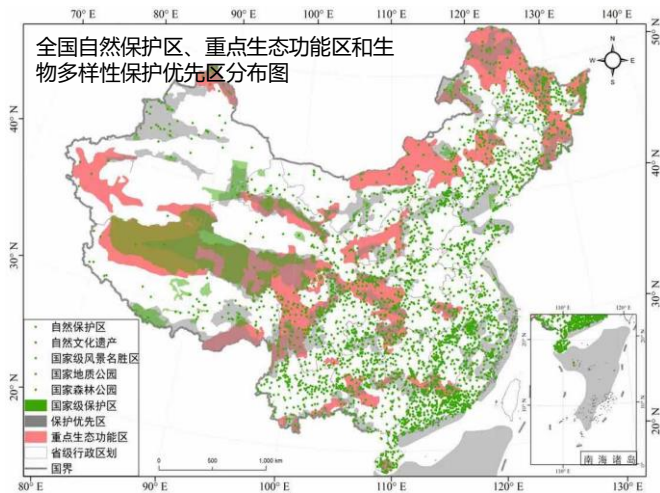


## **Market based: to develop ecological incentive mechanism based on the environment and market**

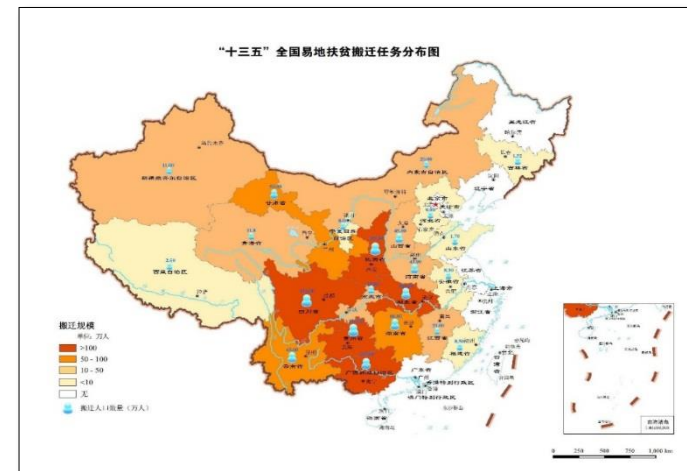
- ecological environment property rights transaction market
- Market transaction of emission rights and pollutants discharge rights
- Resource pricing representing ecological values and damage costs

# To explore offsite compensation mechanism based on the functional replacement of land resources

Priority should be given to both protected and poor regions to provide aid by integrating land resources.



图片来源: 环境生态网



图片来源: 《全国“十三五”易地扶贫搬迁规划》

# To explore a market-based sustainable financing mechanism

●Eco-funds

●enterprise alliance and protection platform



●who benefits who pays mechanism

# To establish and implement ecological and environmental compensation laws

- speed up to introduce *Ecological Compensation Regulation*
- develop *Ecological Compensation Law*
- New regulations on ecological compensation should be incorporated in the revision of relevant laws

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# Thanks for your listening!

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