The 7th International Conference on Eco-compensation and PES Dec 3-4, 2018, Huangshan, Anhui

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Mainstreaming ecosystem services accounting

into conservation policy

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- ✦ Background
- ✦ Gross ecosystem product (GEP)
- + GEP accounting applications in policy making and innovation
 - ✓ National conservation
 - ✓ Efficiency assessment of ecological compensation
 - ✓ Ecological cooperation of river basin
 - ✓ Evaluation of progress of ecological civilization

Background



China's Dream

 \diamond Harmonizing people and nature

 \diamond Building the ecological civilization of the 21st century



Key issues: how to coordinate conservation and development ?

- ✓ Where we must protect to ensure sustainable supply of ecosystem services?
- ✓ How to achieve natural capital conservation & poverty alleviation?
- ✓ How to evaluate the development achievements, not only GDP?



绿水青山就是金山银山 生态系统具有巨大生态价值

生态价值可以带来经济效益

Green mountain and clear water are gold and silver mountains

Ecosystems provide human with valuable ecological products

Background



Gross ecosystem product (GEP) accounting

- A region or city is a coupled human and natural system, consisting of social, economic and natural sub-systems.
- China, as well as many other countries, needs a index or system to evaluate:
 - ✓ contribution of ecosystems to human welfare.
 - ✓ effects of natural conservation efforts.
 - ✓ performance of local government or communities in natural conservation, particularly in China.
- Gross Ecosystem Product (GEP)
 - ✓ the total value of ecosystem final goods and services supplied to human well-being in a region annually, like a country, province/state, county or city.



 ♦ GEP accounting can be a potential tools to link ecosystem service accounting to conservation policy.





- China is studying GEP accounting methods and technical guideline at national, provincial, and county levels.
- ♦ Pilot studies were widely distributed in China.

The principles of GEP accounting

♦ Use value of ecosystem services

- Direct use value: food, bio-energy, water resource
- Indirect use value: water retention, soil retention, pollutant purification

♦ The value of final eco-services

Ecosystem goods, regulating services, cultural services

$\diamond~$ The bio-physical value accounting

Amount of food production, amount of water retention, amount of soil retention

♦ The monetary value accounting

✓ The economic value accounting based on bio-physical value accounting.

GEP = EPV + ERV + ECV	✓GEP: the sum economic value of ecosystem provision
$\sum_{i=1}^{n} \sum_{j=1}^{m} \sum_{i=1}^{l} \sum_{j=1}^{l} \sum_{j=1}^{l} \sum_{i=1}^{l} \sum_{j=1}^{l} \sum_{j=1}^{l} \sum_{i=1}^{l} \sum_{j=1}^{l} \sum_{j$	services (EPV), regulating services (ERV) and cultural
$GEP = \sum_{i=1}^{k} EP_i \times P_i + \sum_{j=1}^{k} ER_j \times P_j + \sum_{k=1}^{k} EC_k \times P_k$	services (ECV) in the given area annually.

Ecosystem services

Categories	Goods and services (examples)				
	Food: grain, vegetable, fruits, meat, milk, egg, fish,				
Provisioning	Materials: wood, fiber, water, genes,				
services	Energy: bio-energy(fuelwood), hydro-power				
Others: herb medicine, seedling, ornament					
	Regulation services: water conservation, carbon sequestration,				
Pogulating convices	climate regulating, pollutant purification, pollination, pest control,				
Regulating services	Sheltering services: sand storm prevention, flooding mitigation, soil				
	conservation				
Cultural convice	Aesthetic services: recreation and ecotourism				
	Cultural value: knowledge, education, arts, spirit				

GEP accounting applications in policy making and innovation

- ✦ National conservation
- ✦ Efficiency assessment of ecological compensation
- ✦ Ecological cooperation of river basin
- + Evaluation of progress of ecological civilization

Applications in national conservation policy making

- The information and findings in GEP accounting have been used in supporting national, regional, provincial conservation policy making and environmental management.
 - \diamond National and provincial ecological redline planning
 - ♦ National key ecological functional region planning
 - \diamond National park planning
 - ♦ National ecological transfer payment
 - \diamond National and provincial natural reserve monitoring
 - $\diamond\,$ Ecological carrying capacity assessment and early warning

Database: <u>http://www.ecosystem.csdb.cn/</u>: 3T



Identify the crucial areas for conservation

Spatial pattern of ecosystem services









Sand storm prevention



Based on spatial patterns of bio-physical value of ecosystem services, we identified the crucial areas for conservation.

Ecosystem function conservation areas







- + 63 areas with critical ecosystem services were identified as Ecosystem function conservation areas (EFCAs) released in 2015 by MEP and CAS.
- + Total 63 EFCAs, 49% of China.

- Water retention
- Biodiversity conservation
- Soil retention
- Sand fixation
- Flood mitigation

Ecological Protection Redline (EPR)



Ecological financial transfer



Year	Budgets (billions RMB)	Benefited Counties
2008	6.0	221
2010	24.9	437
2014	48.3	512
2017	62.7	715

- In order to push conservation in key ecological function areas, Center government launched ecological financial transfer program based on ecosystem service pattern.
- The budget was increased to 62.7 billion yuan in 2017 from 6.0 billion yuan in 2008.

National park system planning



GEP accounting for ecological compensate

In Qinghai province, Qiandongnan city and Eshan county









◆ 青海位于藏高原东北部。

- ◇ 面积为70万km², 人口583万, 2017年地区生产总值(GDP)2642.8亿元
- ◆ 草地面积, 占全省58.3%, 荒漠, 占27.5%。
- ◆ 我国重要生态功能区与国家生态安全屏障

GEP accounting in Qinghai Province

Ecosystem areas and quality

生态系统合计			t	t		良		中		差		劣	
8	类型		面积	比例 (%)	面积	比例 (%)	面积	比例 (%)	面积	比例 (%)	面积	比例(%)	
Ŕ	森林	2943.5	1280.2	43.5	94.7	3.2	150.3	5.1	461.7	15.7	956.6	32.5	
ž	雚丛	26426.3	3196.5	12.1	1679.3	6.4	4147	15.7	7962.5	30.1	9441	35.7	
1	草地	377374.3	24267.3	6.4	75359.5	20	78927.9	20.9	120562.4	31.9	78257.2	20.7	
Ĩ	可流	5254.2	3945.9	75.1	436.1	8.3	541.2	10.3	105.1	2	225.9	4.3	
3	胡泊	14313.8	14313.8										
j	召泽	28142.1	28142.1										
7	荒漠 225707.8 225707.8												
	섴	上态资 方	产指数		20	10		200	0	갲	え 化率	(%)	
	オヤ	₹林生?	态资产		1.	1.89 1.87 1.1							
	灌	_霍 丛生?	态资产		12	.61		12.33 2.3					
草地生态资产 203.95					179.	58		13.6					
	沾	显地生活	态资产		4.9			4.37			12.1		
	킅	青海生 ?	态资产		223.35			198.15			12.7		

Ecological asset changes in Qinghai

GEP accounting in Qinghai Province

The value of regulating services of Qinghai Province in 2015

Sorriges	Sourcions Indiantous		ion	Value	Total	
Services	Indicators	Quantification	Unit	(billion yuan)	(billion yuan)	
Water retention	Amount of water conservation	638.72	$10^{8} {\rm m}^{3}$	517.36	517.36	
	Amount of soil retention	3.91	$10^{8} {\rm m}^{3}$	6.99		
Soil retention	Reduction of nitrogen non-point source pollution	0.08	10 ⁸ t	14.58	28.38	
	Reduction of phosphorus non-point source pollution	0.02	10 ⁸ t	6.81		
Sand fixation	Amount of sand fixation	11.74	10 ⁸ t	33.19	33.19	
	Amount of lakes flood mitigation	48.04	$10^{8} {\rm m}^{3}$	38.91		
Flood mitigation	Amount of reservoirs flood mitigation	11.60	$10^{8} {\rm m}^{3}$	9.40	60.75	
_	Amount of swamps flood mitigation	15.36	$10^{8} {\rm m}^{3}$	12.45		
	Amount of sulfur dioxide absorption	93.63	10 ⁴ t	1.18		
Air purification	Amount of nitrogen oxide absorption	4.92	10 ⁴ t	0.06	1.25	
	Reduce the amount of industrial dust	2.11	10 ⁴ t	0.003		
	Reduction in the amount of COD emission	220.39	10 ⁴ t	3.09		
Water purification	Reduction in the amount of total nitrogen emission	17.08	10 ⁴ t	0.3	3.86	
	Reduction in the amount of total phosphorus emission	17.08	10 ⁴ t	0.48		
Carbon sequestration	Amounts of carbon sequestration	0.2567	10 ⁸ t	9.91	22.57	
-oxygen release	Amounts of oxygen release	0.1867	10 ⁸ t	13.66	23.57	
	Energy consumption of plant transpiration	6534.60	10 ⁸ kwh	346.33	017.02	
	Energy consumption of water surface evaporation	10782.81	10782.81 10 ⁸ kwh 571.49 91		917.82	
Biological control	Area of pests and diseases occurrence	0.29	10 ⁸ mu	8.85	8.85	
	Total			1,595.04	1,595.04	

GEP accounting in Qinghai Province

Qinghai GEP changes (2000-2015年)

功能类别	2015	2010	2000	2000 (不到	-2015 变价)
	亿元	亿元	亿元	变化量	变化率
产品提供	453.82	430.94	141.45	253.31	126.3
调节功能	15950.36	14672.9	13318.93	1036.76	7.0
文化功能	化功能 744.09 213.06		33.0	697.31	1490.7
合计	17148.27	15316.90	13493.38	1987.38	13.1



Ecological cooperation of river basin:

Beijing-Hebei

Miyun Reservoir catchment

Miyun Reservoir is most important surface water resource

- Area of Catchment: 1.58x10⁴ km²
- Location: Hebei (3/4), Beijing (1/4)
- Runoff decreased, water quality declined

Beijing-Hebei ecological cooperation

- ✓ Goals: increase water yield; improve water quality
- ✓ Budgets: 60.0 million yuan/yr







- Forests: increased by30%, built areas: increased 2 times
- Grassland: Decreased by 47%; Ecological cooperation of river basin by 30%;
- Since 2006, the program launched
 - The volume of water flow into reserior increased, and total N and P decreased



Influences on local residents (2006-2010)

Income changes of livelihood

Table 1. Changes in sources of income (yuan per household) between PLDL participants and nonparticipants

Income sources	PLDL participating households	Nonparticipating households	Simple difference	Difference-in- difference (Z _{DD})	Difference-in-difference with matching (Z _{DIDM})
Income sources in 2006 (before PLDL)	А	В	A - B		
All income	13,227	12,816	411		
Agricultural income	5,068	2,293	2,775		
Nonfarm income	1,018	1,824	-806		
Migrant income	6,891	8,424	-1,533		
SLCP income	250	275	-25		
PLDL income		2003 (A	_		
ncome sources in 2010 (after PLDL)	C	D	C - D	(C - D) - (A - B)	
All income	28,419	24,865	3,554	3,143 (1.40)	6,501 (3.21)***
Agricultural income	4,331	3,658	673	-2,102 (-3.27)***	-1,704 (-2.89)***
Nonfarm income	2,490	3,302	-812	-6 (-0.01)	1,048 (1.52)
Migrant income	19,579	17,630	1,949	3,482 (1.80)*	5,396 (2.98)***
SLCP income	250	275	-25	0 (0.00)	-70 (-0.21)
PLDL income	1,768	0	1,768	<u></u>	

For DID results, t stats are shown in parentheses. *, **, and *** denote the differences are significant at P < 0.1, P < 0.05, and P < 0.01, respectively. SLOP, Sloping Land Conversion Program.

Agricultural practice changes

Table 2. Changes in agricultural production practices between PLDL participants and nonparticipants

Production activities	PLDL partidpating households	Nonparticipating households	Simple difference	Difference-in- difference (Z _{DD})	Difference in-difference with matching (Z _{DIDM})
Production activities in 2006 (before PLDL)	A	В	A – 8		
P application, kg/mu	1.98	1.96	0.03		
N application, kg/mu	17.5	12.2	5.4		
Estimated P export, kg/mu	0.022	0.003	0.019		
Estimated N export, kg/mu	0.72	0.38	0.34		
Agricultural intensification, person-days/mu	15.56	11.22	4.34		
Production activities in 2010 (after PLDL)	c	D	C – D	(C – D) – (A – B)	
P application, kg/mu	2.66	2.11	0.55	0.52 (2.28)**	0.51 (2.16)**
N application, kg/mu	20.0	12.5	7.5	2.07 (1.76)*	1.38 (1.12)
Estimated P export, kg/mu	0.005	0.004	0.001	-0.018 (-12.14)***	-0.15 (-10.37)***
Estimated N export, kg/mu	0.62	0.39	0.23	-0.12 (-2.82)***	-0.13 (-3.12)***
Agricultural intensification, person-days/mu	9.15	12.17	-3.02	-7.36 (-6.53)***	-7.40 (-6.66)***

For DID results, t stats are shown in parentheses. *, **, and *** denote the differences are significant at P < 0.1, P < 0.05, and P < 0.01, respectively.

Consumption behavior changes

Table S4. Changes in agricultural consumption practices between PLDL participants and nonparticipants

Consumption activities	PLDL participating households	Nonparticipating households	Simple difference	Difference-in- difference (Z _{DID})	Difference-in-difference with matching (Z _{DIDM})
Consumption activities in 2006 (before PLDL)	А	В	A – B		
Education, yuan/hh	2,322	3,449	-1,127		
Natural resources					
Wood, kg/hh	3,008	3,355	-347		
Coal, kg/hh	1,062	1,737	-675		
LPG, kg/hh	98	193	-96		
Material assets					
Motorcycle, #	0.25	0.19	0.06		
Television, #	0.90	1.08	-0.17		
Refrigerator, #	0.28	0.46	-0.18		
Washing machine, #	0.37	0.53	-0.16		
Consumption activities in 2010 (after PLDL)	C	D	C – D	(C - D) - (A - B)	
Education, yuan/hh	3,139	3,218	-79	1,048 (1.74)*	1,054 (1.79)*
Natural resources					
Wood, kg/hh	2,185	2,926	-741	-394 (-1.15)	-282 (-0.82)
Coal, kg/hh	1,944	2,379	-435	240 (0.60)	336 (0.77)
LPG, kg/hh	291	329	-38	57 (0.55)	109 (1.10)
Material assets					
Motorcycle, #	0.49	0.35	0.14	0.08 (1.56)	0.10 (2.08)**
Television, #	1.15	1.26	-0.11	0.06 (0.74)	0.19 (4.22)***
Refrigerator, #	0.63	0.74	-0.11	0.07 (1.28)	0.15 (2.79)***
Washing machine, #	0.68	0.77	-0.09	0.08 (1.44)	0.12 (2.32)**

For DID results, t stats are shown in parentheses. *, **, and *** denote the differences are significant at P < 0.1, P < 0.05, and P < 0.01, respectively. LPG, liquefied petroleum gas.



研究成果发表在《美国科学院院刊(*PNAS*)》上(2013) Benefits, costs, and livelihood implications of a regional payment for ecosystem service program

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- Forest expanding resulted in increasing of soil conservation and water quality.
- PLDL program significant improving water yield and water quality.
- PLDL program significant changes household livelihood: more assets and educational expense; more migrating work, less firewood uses.
- This case suggested that a good compensation policy design would help to achieve conservation and income improvement of local residents.



Progress evaluation of ecological civilization

Ecological assets accounting of Guizhou Province

Change of ecological assets



GEP accounting of Guizhou Province

Comisso	Indiantors	Quantificati	on	Value	Total	
Services	indicators	Quantification	Unit	(10 ⁸ yuan)	(10 ⁸ yuan)	
Provisioning service	Amount of ecosystem goods	3258.65	10 ⁴ t	1212.66	1212.66	
Water retention	Amount of water conservation	689.84	10 ⁸ m ³	5698.06	5698.06	
	Amount of soil retention	6.63	10 ⁸ m ³	120.95		
Soil retention	Reduction of nitrogen non-point source pollution	320.18	10 ⁴ t	56.03	203.15	
	Reduction of phosphorus non-point source pollution	93.46	104 t	26.17		
Flood mitigation	Amount of reservoirs flood mitigation	649.55	10 ⁸ m ³	5365.26	5365.26	
	Amount of sulfur dioxide absorption	16.3	10 ⁴ t	22.14		
Air purification	Amount of nitrogen oxide absorption	7.51	104 t	0.95	23.15	
	Reduce the amount of industrial dust	4.06	10 ⁴ t	0.06		
	Reduction in the amount of COD emission	16.3	104 t	2.28		
Water purification	Reduction in the amount of total nitrogen emission	1.26	10 ⁴ t	0.23	2.86	
	Reduction in the amount of total phosphorus emission	1.26	10 ⁴ t	0.35		
Carbon sequestration	Amounts of carbon sequestration	182.44	10 ⁴ t	182.33	506.10	
-oxygen release	Amounts of oxygen release	5539.01	10 ⁴ t	413.79	596.12	
Climate regulation	Energy consumption of plant transpiration and water evaporation	18024.79	10 ⁸ kwh	4422.75	4422.75	
Biological control	Area of pests and diseases occurrence	55989.04	km ²	265.8	265.8	
Culture service	Amount of tourists	-	-	3788.86	3788.86	
	Total			21578.67	21578.67	



GEP of Guizhou Province: 2157.87 billion Yuan

Ecosystem services	Monetary value Billion Yuan	Proportion (%)
Provisioning services	121.27	5.62
Regulation services	1657.72	76.82
Culture services	378.89	17.56
GEP	2157.87	100



GEP accounting of Lishui City

Ecosystem	Indicators		Bio-physic	al value	Monetary value (10 ⁸ Yuan)						
services		multators	Amount	Unit	Amount	Proportion (%)	Total	Proportion(%)	Total	Proportion(%)	
	Agri	culture products	221.06	10 ⁴ t	99.93	2.14					
		Woods	62.64	10 ⁴ m ³							
Provisioning	Forestry products	Bamboo	4938	10 ⁴ plant	16.25	0.35					
service		Others	55245	t			160.29	3.43	160.29	3.43	
Scivice	Hus	bandry products	8.86	10 ⁴ t	19.19	0.41					
	Ac	uatic products	2.19	t	3.02	0.06					
	Ec	ological energy	41.34	10 ⁸ kWh	21.91	0.47					
	W	ater retention	142.78	10 ⁸ m ³	1197.92	25.61	1197.92	25.61			
		Reduction of sediment	5.29	10 ⁸ m ³	98.11	2.10					
	Soil retention	Reduction of pollution-N	258.2	10 ⁴ t	45.19	0.97	164.40	164.40	3.51		
		Reduction of pollution-P	75.4	10 ⁴ t	21.10	0.45					
	Flood mitigation	Flood mitigation of lakes	0.0039	10 ⁸ m ³	0.03	0.00					
		Flood mitigation of reservoirs	17.04	10 ⁸ m ³	142.96	3.06	143.03	3.06			
		Flood mitigation of swamps	0.0043	10 ⁸ m ³	0.04	0.00					
		Purification of sulfur dioxide	1.04	10 ⁴ t	0.13	0.00	0.2			2570.40	
Regulation	Air purification	Purification of nitrogen oxide	0.42	10 ⁴ t	0.05	0.00		0.01	2570 /0		55.20
services		Purification of industrial dust	0.92	104t	0.02	0.00			2373.43	55.20	
		Purification of COD	2.23	104t	0.31	0.01					
	Water purification	Purification of TN	0.25	10 ⁴ t	0.05	0.00	0.37	0.01			
		Purification of TP	0.03	104t	0.01	0.00					
	Carbon sequest	ation and oxygen producing	0.02	10 ⁸ t	16.10	0.34	56 56	1 21			
	carbon sequest	ation and oxygen producing	0.05	10 ⁸ t	40.46	0.87	50.50	1.21			
	Climate regulation	Climate regulation of plants	1701.42	10 ⁸ kwh	901.75	19.28	979 53	20.94			
	chinate regulation	Climate regulation of water	146.75	10 ⁸ kwh	77.78	1.66	575.55	20.34			
		Pests control	0.12	10 ⁸ mu	37.48	0.80	37.48	0.80			
Culture services	Na	tural landscape	2840.21	10 ⁴ person	1933.11	41.33	1933.11	41.33	1933.11	41.37	
		GEP			4672.89	100.00	4672.89	100.00	4672.89	100.00	



♦ GEP of Lishui City is 467.29 billion Yuan

- ♦ Regulation service: 257.95 billion Yuan
- ♦ Culture service: 193.31 billion Yuan
- ♦ Provisioning service: 16.03 billion Yuan





✦ Changes of GEP of Lishui City

Ecosystem services	2017 (billion Yuan)	2006 (billion Yuan)	2006-2017	
			Change (billion Yuan)	Change ratio (%)
Provisioning services	16.03	8.07	5.73	55.6%
Regulation services	257.95	190.95	32.32	14.33%
Culture services	193.31	10.61	178.95	1246.37%
GEP	467.29	209.63	217	86.7%

🗲 生态系统评估与保护政策创新

+ The methods and findings were published in *Science, PNAS, Nature series, Ecology* Letters, Frontier in Ecology and Environt Sciences, and Biological conservation,...



GEP核算与生态保护政策创新

- ♦ GEP accounting can be a useful tools to evaluate
 - Ecosystem status
 - Ecological benefits for human being
 - Effectiveness of conservation (policy, ecological compensation,..)
 - Regional linkages between regioans
 - Ecological civilization progress, with GDP
- Data from existing monitor and statistics can basically support GEP accounting system in provincial, municipal and county scales.
- ♦ Next
 - ✓ To improve GEP and ecological asset accounting index system and methods
 - Strengthen the sharing from environmental, hydrological, forest, meteorological and statistical data, improving the eco-environmental monitoring system

Chinese Academy of Sciences (CAS) Ministry of Environmental Protection of China National Development and Reform Commission of China Ministry of Science and Technology of China National Natural Science Foundation of China Natural Capital Project Asian Development Bank **IUCN-China**

Thanks !