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1. Evolution of Eco-Compensation Policies in China

Proposal of Eco-compensation in Official Document

“Establishing forest price and forest ecological benefits compensation system, implementing compensated use of forest resource”

——《Outlines of China’s Economic System Reform in 1992》

Early Practices of Eco-compensation

Afforestation fee ≈ Forest ecological benefits compensation
“Forest Ecological Benefits Compensation” Written in Forest Law

“China will establish forest ecological benefit compensation fund for …”

——Revision of the Forest Law of the People's Republic of China

“Forest Ecological Benefits Subsidy” Brought into National Budget

From 2001 to 2003, central financial investment in forest ecological benefit subsidy every year was 1 billion yuan RMB.
“Central Forest Ecological Benefit Compensation Fund” Founded in 2004

Forest Ecological Benefits Subsidy → Central Forest Ecological Benefit Compensation Fund

—《Administration of Central Forest Ecological Benefit Compensation Fund》

Administration of Forest Ecological Benefit Compensation Funded by Central Financial

Issued in 2007 and revised in 2009
“Forest Ecological Benefits Compensation” at the National Level

- Natural Forest Protection Program (NFPP)
- Convert Croplands to Forests Program
- Sandification Combating Program for Areas in the Vicinity of Beijing and Tianjin

“Forest Ecological Benefits Compensation” at the Local Level

- 120 yuan /ha in Guangdong province, 2007 (RMB)
- From 2009 to 2011, Beijing invested RMB 100 million yuan in forest planting in order to protect water sources in Hebei province.
2. Present Eco-compensation Policy for the Public Welfare Forests in China

- **Range of Compensation**
  
  National public welfare forest

- **Standard of Compensation**

  State-owned: 75 yuan/ha (RMB)

  Collective or individuals owned: 150 yuan/ha (RMB)
Forest Ecological Benefits Compensation in NFPP Areas

State-owned forest: 75yuan/ha (RMB) for forest management and protection

collective forest:

- National public welfare forest → 150yuan/ha (Eco-compensation)
- Local public welfare forest → 45yuan/ha (Fee for forest management and protection)
Central Financial Investment in Forest Ecological Benefits Compensation

As of the end of 2010, the central financial investment in forest ecological benefit compensation topped 29.67 billion yuan.
3. Problems Existed in China’s Eco-compensation

★ Single and Low Standard of Eco-compensation

No Regional Difference (Differential Land Rent)

Eco-compensation \[\rightarrow\] Subsidy for forest management and protection

★ No guarantee of compensation effect

How to monitor and measure the effect of eco-compensation
★ Lack of Market Mechanism

Single financial investment
Without constraint force on Environment destroyer

★ Mode of Compensation is not Flexible

Cash is not the need most of compensation objects
Balance the long-term and short-term benefit
Given more development opportunities
4. Improving China’s Eco-compensation Mechanism for Public Welfare Forest

▲ Set up the Market Compensation Mechanism

Raising standard of compensation and making up financial gap

Encouraging ecological protection and construction and preventing ecological damage

Carrying out flexible and diversified mode of compensation
▲ Set Reasonable Standard of Eco-compensation

Considering the willingness of compensation objects fully
Making up the costs of ecological protection and construction in the short term

▲ Build and Perfect Related Laws and Regulations

《Ecological Compensation Ordinance》 — detailed rules for the implementation
Local legislation and village rules
Establishing a dynamic monitoring system
Reconsideration

1. Ecosystem Service Value = Standard of Eco-compensation?

Service Value of Global Ecosystem

In 2010, USA(GDP)---14.53 trillion US$, China(GDP)---6.04 trillion US$
2. Eco-compensation——the Only Choice for Public Welfare Forest Protection?

Range of compensation: All public welfare forest?

Other way to make up the lost of compensation objects?

The time of compensation start?
your comments and suggestions are welcome

Thank You!