



PES/EC in China

On-going Approaches

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DEFINITION IN CHINA

Definition

EC purpose :

- Protect the ecological system function;
- Promote the harmonious relationship between human beings and the nature

EC basis:

- Ecosystem service value;
- Eco-conservation costs;
- Opportunity costs;

EC means:

- Regulate the relationship of ecological protectors, beneficiaries and destroyers by means of finance, taxation and market.

PES=Ecological Compensation



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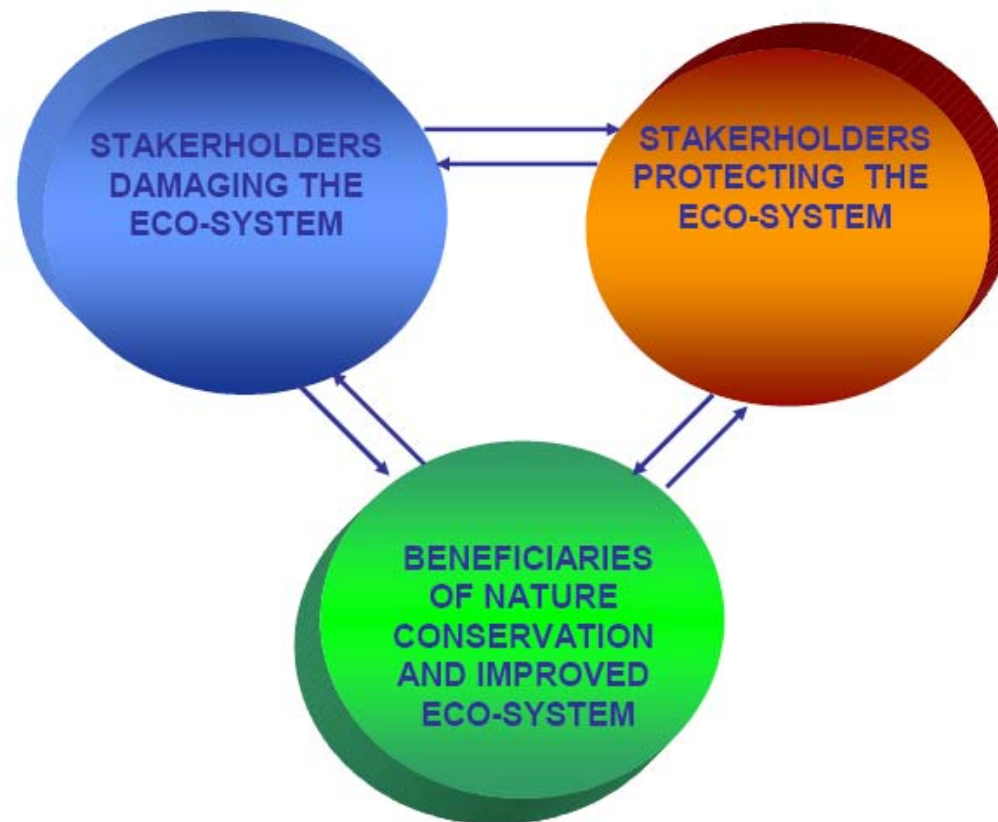


○ **Five Scopes**

- **Payment for ecological services to providers**
- **Payment for using natural resources with ecological services**
- **Payment for ecological damage caused by exploitation of natural resources**
- **Payment for lost development opportunity and the right of development**
- **Payment for the incremental costs to improve ecosystem or clean up pollution**



Stakeholders

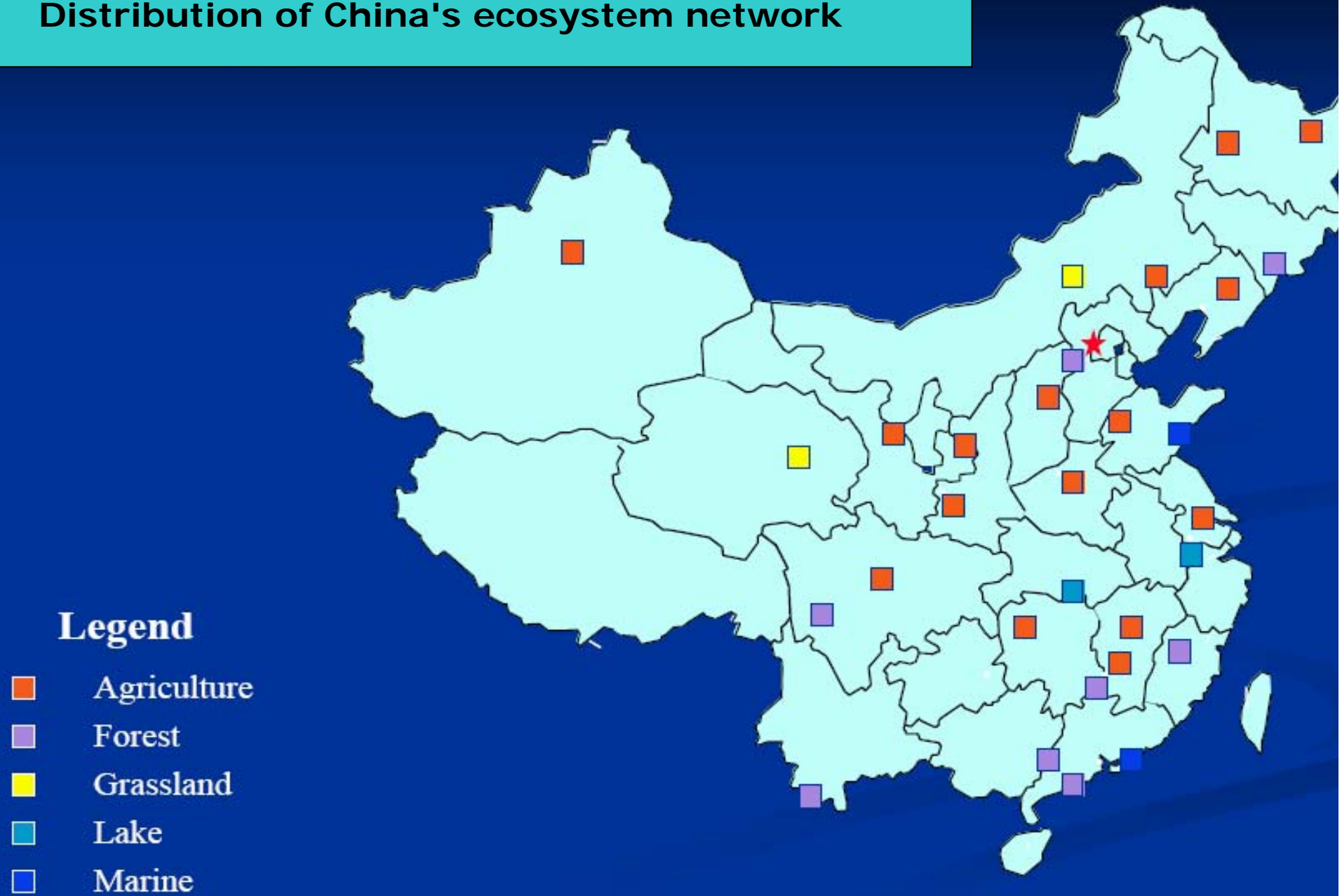


POLICY MEANS

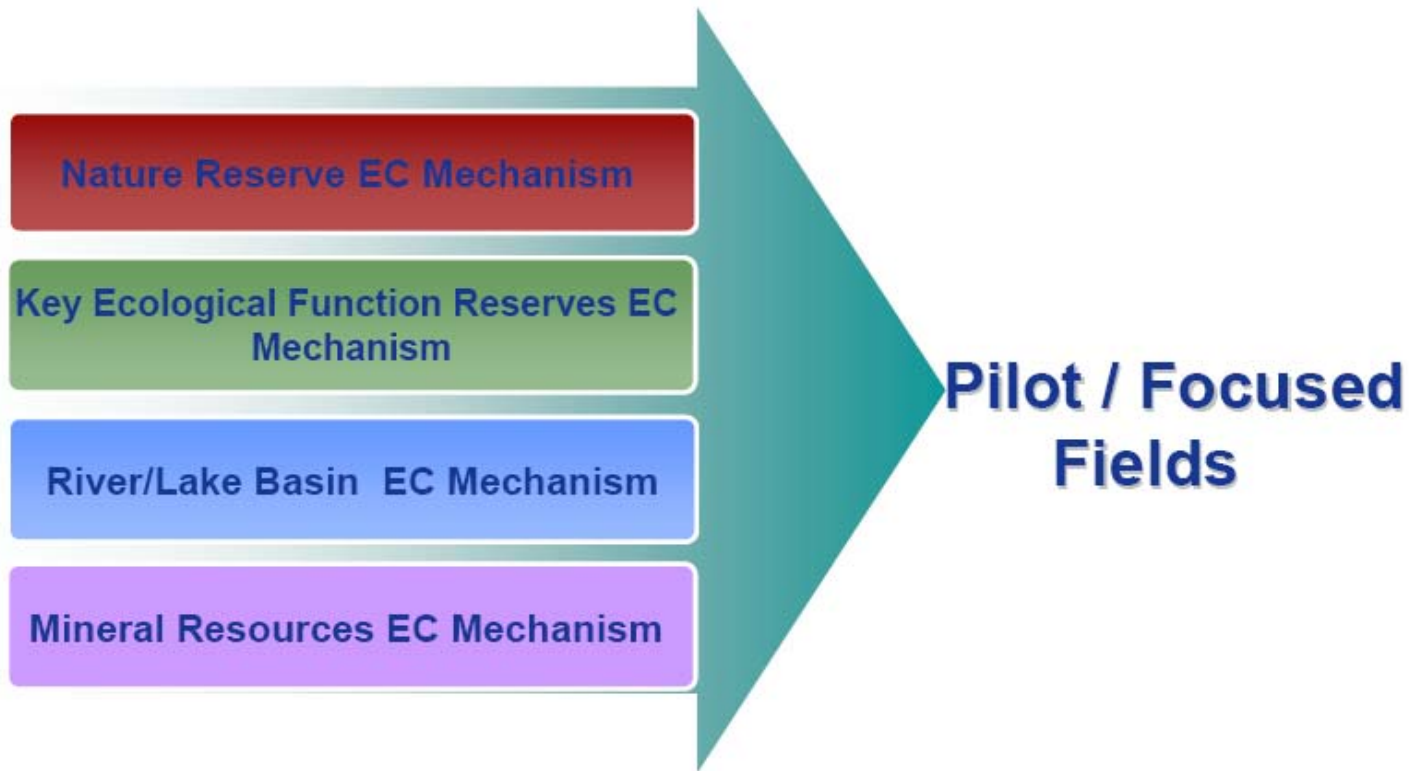
- Public policy:
 - *Direct legal regulation to internalize ecological costs;*
 - *Government funds and subsidies: special project funds, financial subsidies;*
- Market-based compensation:
 - *Ecological compensation charge;*
 - *Guarantee deposit of ecological restoration or recovery;*
 - *Ecological service payment;*



Distribution of China's ecosystem network



EC PILOT WORKS IN CHINA



*Guiding opinions on the pilot works of ecological compensation
(MEP 2007)*

Standard system, responsibility, methodology, policy framework etc.



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Compensation of Key Ecological Function Reserves



The land using right of state-level nature reserves and extremely sensitive areas of eco-conservation will belong to the state by the means of Purchasing.

The planning and construction of state-level nature reserves and key ecological function areas will be led by the state.

Special financial subsidies are used in development zones, key ecological function areas and ecological fragile zones.



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Ecological Compensation of River/Lake Basins

○ Compensation methods:



To choose small-and-medium scale basins or basins involving fewer provinces (or autonomous regions and municipalities) to develop pilot programs

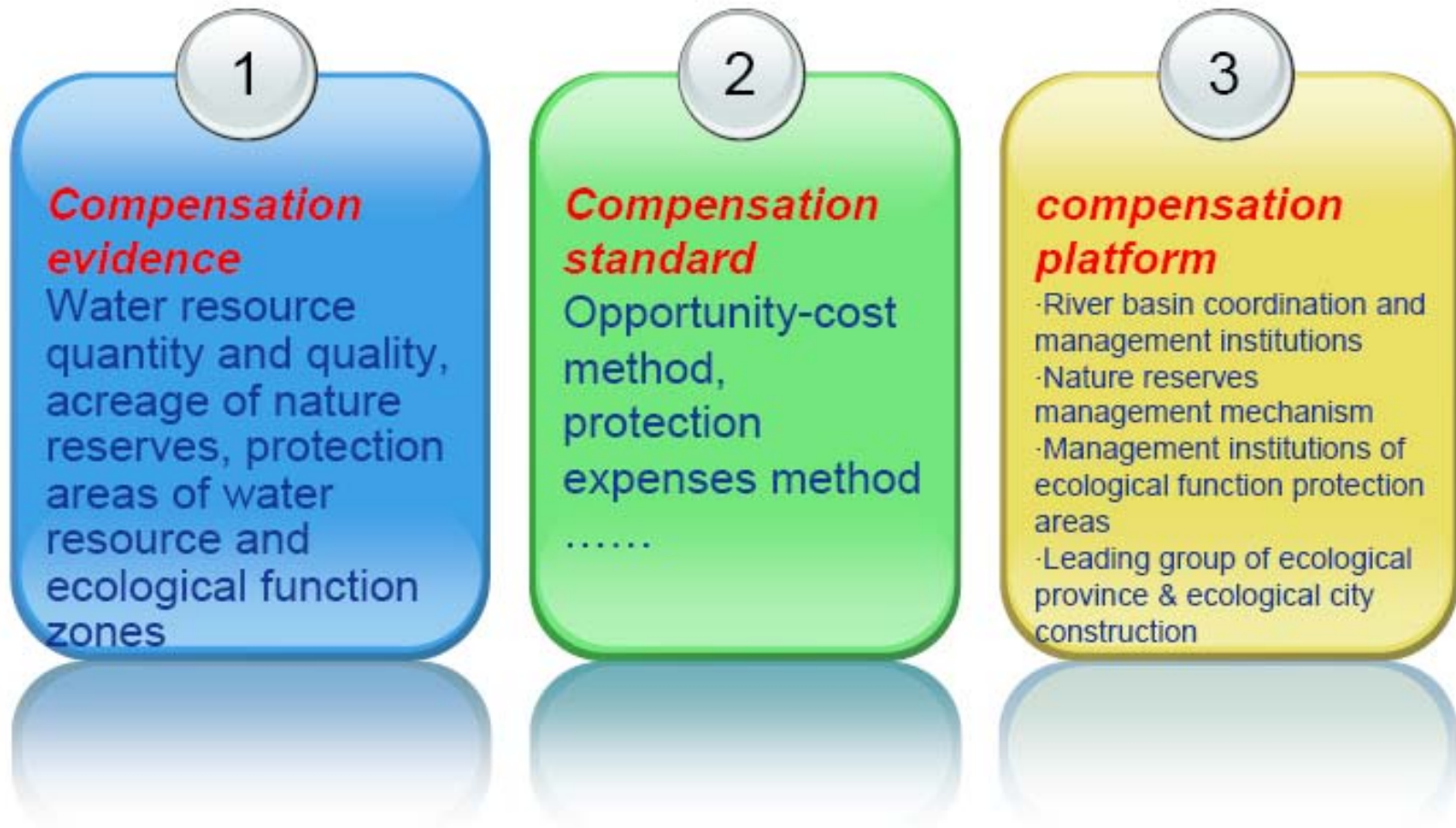


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Ecological Compensation of River/Lake Basins

○ key aspects:





ISSUES OF RELEVANT NATIONAL POLICIES AND PRACTICE

- Concerning realistic issues China faces, there is the fact that China is lack of structural policies;
- Current policies need improving;
- There is sound policy platform for setting up integrated national policy system of eco-compensation mechanism.





Barriers to Local Practice

- Without legal and policy basis, local governments have difficulties in promoting establishment of eco-compensation mechanism.
- Without coordination mechanism of central government, eco-compensation mechanism in lots of key cross-provincial border and eco-function zones could not be set up. Without coordination of central government, local governments could do nothing with this issue.
- There are theoretical and technical blank areas and barriers in local practice for the time being.





CONCLUSIONS

- EC policies would be effective to improve ecological system function and enhance environmental quality.
- However, EC policies in China are still in the tentative stage, China has just started the pilot work.
- There are a lot of key Technical Steps or questions to be solved.
- We should pay more attention to these technical steps with the pilot work progressing.






Capacity Building We Need

- How to identify the main responsible body?
- How to evaluate ecological services?
- How to analyze the investment in protection? (PES/EC Market is the core development in the future.)
- How to design the pay of PES/EC mechanism at different level (national and local level)?





Thank you!



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