



FOREST ECOLOGICAL COMPENSATION (FEC) IN CHINA

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Outline of Presentation



Background of FEC in China

1

Implementation and achievements

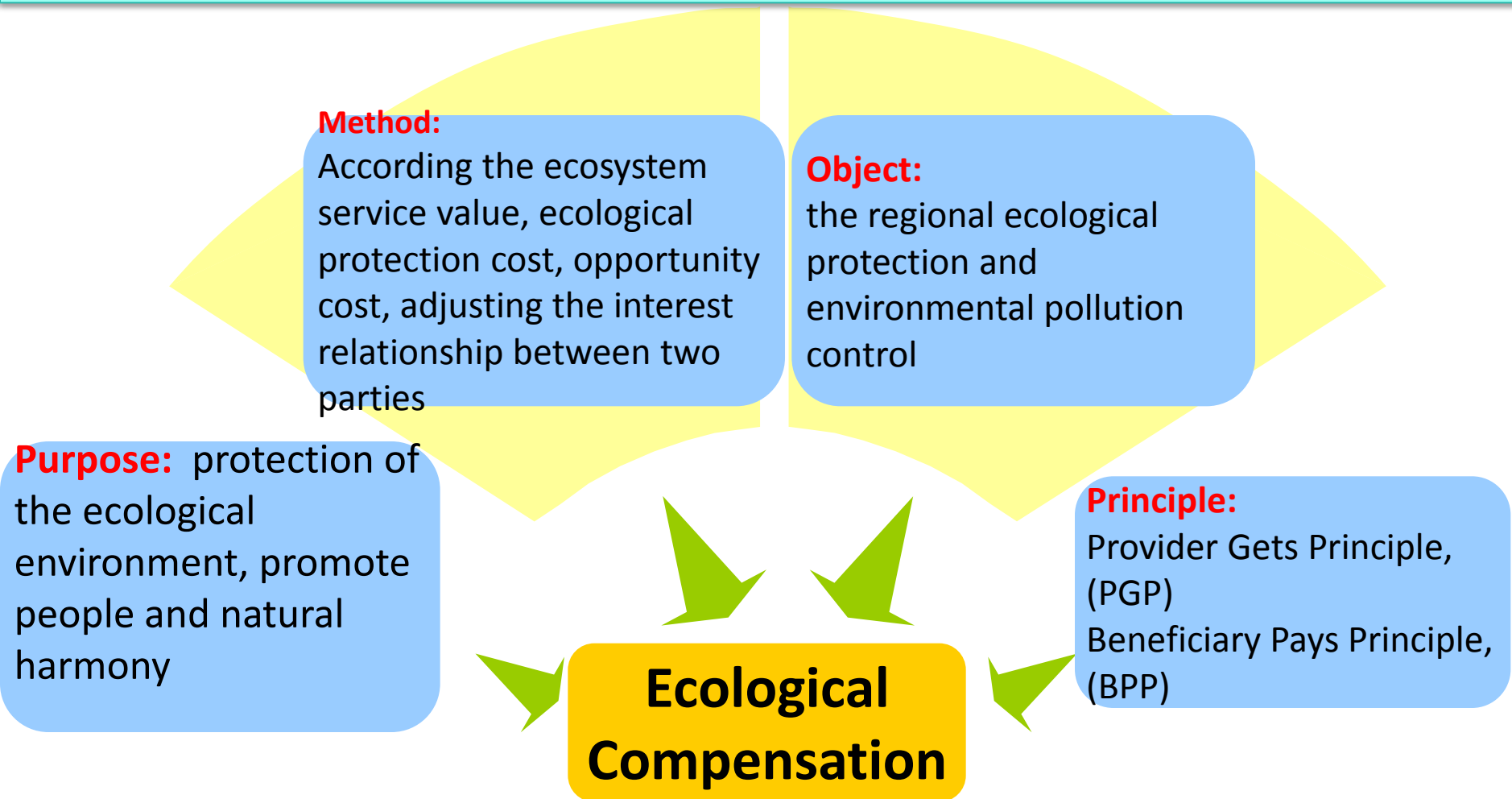
2

Problems/difficulties need to be solved

3

International general concept:
Payment for Ecological/Environmental Services, PES

China concept:
Ecological Compensation



Background

Exploration and Practice of Ecological Compensation in China: Originating from 1990s

Type	Contents	Mode
Compensation for ecosystem	Forest, Grassland, Wetland, Ocean, Farmland	National compensation financial transfer payment; Market transaction; Enterprises and individuals
Compensation for river basin	The compensation of multi-provincial river basin; river basin under local administration	Financial transfer payment; Market transaction; Local government coordination
Compensation for resource exploitation	The development of mining industry; Land reclamation; Vegetation recover	Beneficiary Pays; Polluter Pays
Compensation for different regions	Compensation for the west from east region of China	Financial transfer payment; Market transaction; Local government coordination

Forest Ecological Compensation(FEC)

Forest Ecological Compensation is the first starter

Grassland,
ocean,
Wetland,
TO be continued....

FEC refers to adjusting relations of utilization and protection parties of forest ecological benefit

Mainly Includes:
1)Forest ecological benefit compensation (FEBC)
2) Natural Forest Conservation Program (NFCP)
3) Grain to Green Program (GTGP)

Forest Ecological Compensation(FEC)

Trial 1998–2004

1998~1999 Natural Forest Conservation Program (NFCP) pilot stage

1999~2001 Grain to Green Program (GTGP) pilot stage

2001~2004 Forest ecological benefit compensation fund (FEBC) pilot stage

Begin 2004–Now

Officially launched
2000, December, NFCP

2002, January, GTGP

2004, December, Central forest ecological benefit compensation fund

2005, provincial forest ecological benefit compensation fund

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Central forest ecological benefit compensation fund (Central FEBC)

Compensation Scope

National public welfare forest,
Area: 0.13 billion ha

Compensation standard

National public welfare forest:
75 Yuan/ha per year
Non- National public welfare forest:
225 Yuan/ha per year

Cost

Year 2001: 1 billion Yuan
Year 2012: 13.3 billion Yuan
Totally 54.9 billion Yuan

Valuation

The Ministry of Finance jointly
with the Bureau of forestry established
valuation system



Provincial forest ecological benefit compensation fund (Provincial FEBC)



There are 27
provinces
have established
Provincial FEBC Fund,
totally 5.1 billion
Yuan

**Anhui
Province**

First starter, 2003, in Xinanjiang River basin

**Shandong
Province**

formed a central-provincial-city-county four class linkage
compensation mechanism
National/provincial public welfare forest: 75 Yuan/ha-a

**Zhejiang
Province**

Classification according to authority, importance of
ecological location, the highest 405 Yuan/ha (top in China)

Beijing

Establish the Ranger subsidy system, a subsidy
of 480 yuan per person per month

**Guangdong
Province**

Provincial- city-county three class mechanism to raise
compensation funds according to the proportion of public
welfare forest



Protected area for ecological
public welfare forest:
0.16 billion ha

Total control soil erosion
area of 550000 km²

Achievements

Enhanced Water conservation

Improve biodiversity
conservation



Grain to Green Program (GTGP)

Policy

one of the important policies and the implementation of the western development strategy in china

Principle

Those who returning farmland, who conduct afforestation, who do management, get benefit

Compensation

Compensation for the individual peasant household who conduct implementation of returning farmland to forests

Grain to Green Program (GTGP)

Intro

Starting from Year 2002
within a certain period of time free to provide appropriate money and grain subsidies

Policy

Grain: The Yellow River and the Haihe River Basin of farmland annually 1500 kg/ha
The Yangtze River and Huaihe River Basin of farmland annually 2250 kg/ha

Money: Returning farmland annually 300 Yuan/ha
Seedling and afforestation fees: The one-time subsidy of 750/ha
Barren hills, wasteland, sand wasteland afforestation: The one-time subsidy of 750/ha

Period: Returning to grassland subsidy of 2 years,
Returning to economic forest subsidy of 5 years,
Returning to ecological forest, subsidies of 8 years, temporarily

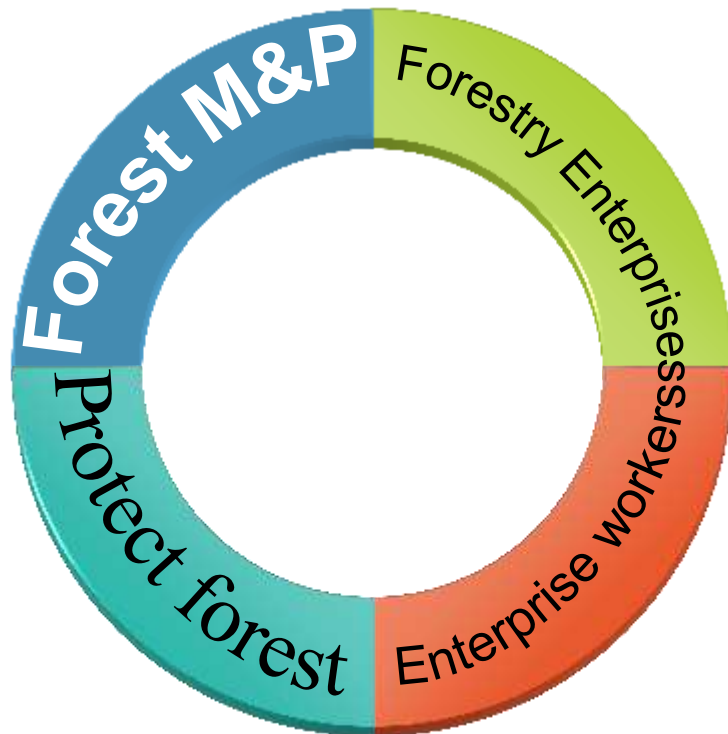
Achievements

2008—2011, cost 46.2 billion Yuan

- (1) Preserving rate of trees maintained at a higher level;
- (2) Farmers self-sufficient capacity further enhanced;
- (3) The rapid growth of farmers income;
- (4) farmers have changed life style



Natural Forest Conservation Program(NFCP)--Policy



Standards:

- **Protect public welfare forest:**
 - ① Closing hillsides to facilitate afforestation with 210yuan /ha · a, 5 years continuous subsidies
 - ② Aerial seeding afforestation 750yuan /ha · a
- **Forest management and protection:**
380 ha per person per year, 10000 yuan subsidy
- **Forestry Enterprises**
Endowment insurance
- **Enterprise workers**
Basic livelihood guarantee fee subsidy

Current distribution of the NFCP and GTGP in China



A net increase of 1 million ha of forest area, forest stock volume rose by 7.25 cubic meters, the forest coverage rate increased 3.7%

Environmental

Ecological

Economic

Conserve water sources, prevent soil erosion, carbon sequestration

Promote agricultural production structure, increase the income of peasants in western region

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Funds Guarantee

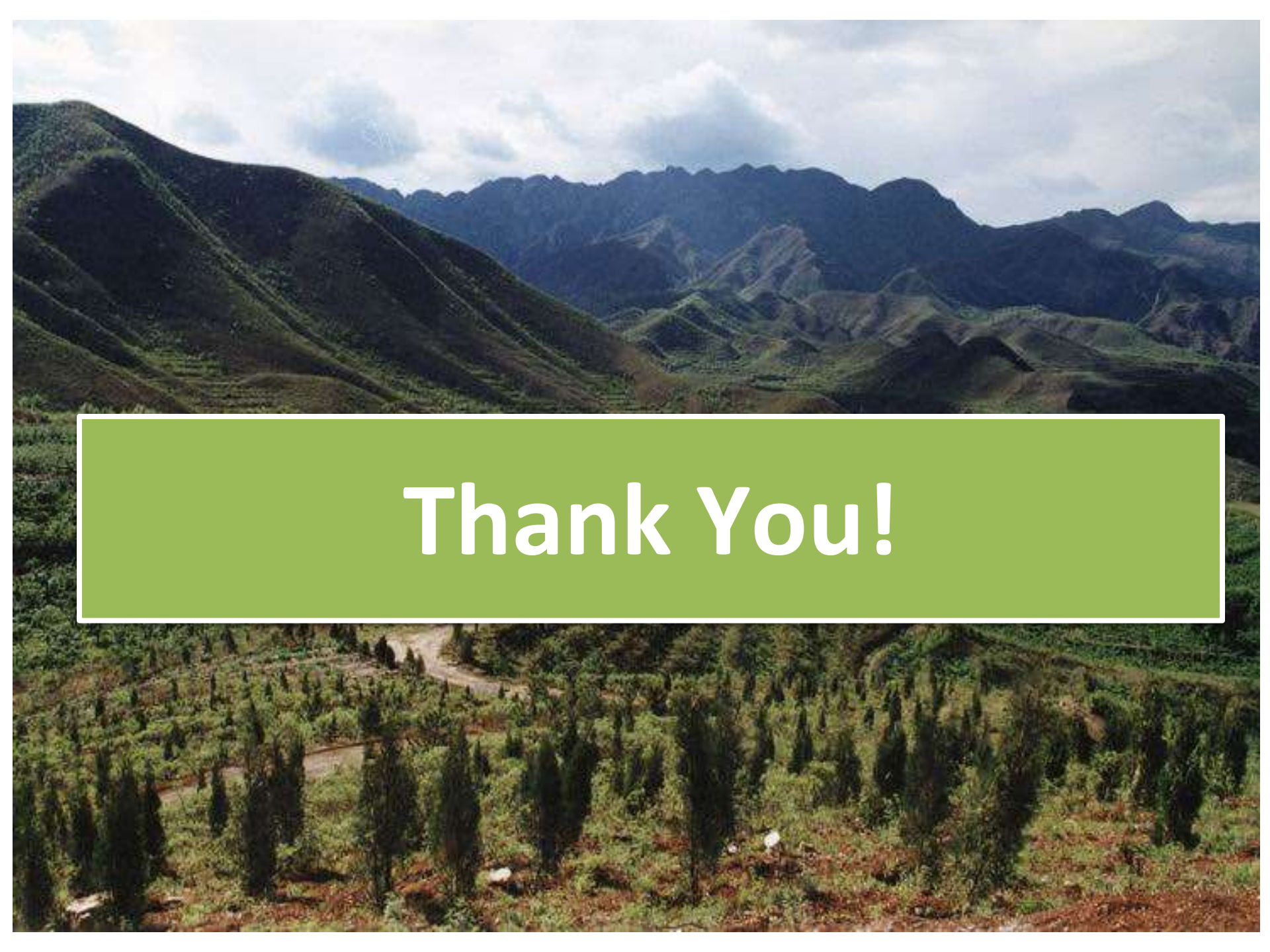
- The low standard of compensation funds
- Compensation financing channels relatively simple

The lack of law, Regulations

- the overall planning of forest ecological benefit compensation
- forest ecological benefit compensation regulations

Lack of public awareness

- To strengthen the study on ecological benefit compensation
- Raise public awareness



Thank You!