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STATE ENVIRONMENTAL PROTECTION ADMINISTRATION
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FACSIMILE SHEET

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Message:

Re: Information on Incentive measures in China

Dear Dr. Zedan,

I wish to have the pleasure to refer to your letter dated 15 July 2002 requesting for information on incentive measures.

Please find attached the information as per request which is put forward by China.

Thank you for your kind attention.

With my warmest regards.

Tu Ruihe
 Director
 Division of International Organizations
 Department of International Cooperation
 SEPA

Handwritten signature of Tu Ruihe

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Experiences and Practices on Incentive Measures in China

Incentive measures can promote and accelerate biodiversity conservation and sustainable use, particularly in China. As a developing country, China has limited financial resources. If incentive measures in terms of economy, society, culture, morality and so on can be developed, they will mobilize positive factors in all aspects and effectively protect biodiversity.

Aiming at the problems in biodiversity conservation, China launched on the sources of biodiversity loss and has achieved great effects in the evaluation of existing policies and laws, the identification of major artificial factors threatening biodiversity, the development or revision of laws, policies and action plans in favor of biodiversity conservation and sustainable use, and sufficient exertion of enthusiasms of all sections, regions and the general public.

1. Develop and revise relevant laws

In April 1998, the Standing Committee of the National People's Congress approved the Decision of Revising *Forest Law* which at first time set up Compensation Fund of Ecological Efficiency in Forest to develop, foster, protect and manage ecological protection forests for public welfare and forests for special purposes. In December 1999, *Law on the Protection of Ocean Environment*, which more specifically stipulates the biodiversity conservation in ocean and adds chapters of ecological protection in ocean, was revised and approved. In July 2000, *Law of Seeds* was passed, which stipulates the conservation of seed resources, the selection and examination of varieties, the production, dealing, use, quality control, import and export of seeds. In August 2002, *Water Law* stipulating the protection of water resources and water environment was revised and passed. In August 2002, *Law of Rural Land Contracts* was approved, which endows farmers with long-term and guaranteed right of using rural lands. The contractor has legal rights of using the contracting land, taking returns, transferring dealing right, independently organizing production and dealing, disposing products, and obtaining

corresponding compensation. As a result, the construction and protection of rural woodlands and grasslands have a legal safeguard.

2. Develop and implement economic incentive measures

Such measures as public investment, transfer payment, preferential taxation, etc. can organize as many persons and production factors as possible and help all major industries and the public participate in biodiversity conservation and sustainable use.

Chinese government has augmented public investment in biodiversity conservation and sustainable use. During 1998-2001, the government invested 18.85 billion RMB in natural forest conservation to return 1,149,000ha to artificial forest, 397,000ha to plane-seeding forest, 5,016,000ha to close hillsides to facilitate afforestation, 92,745,000ha to protected forest, 13,885ha to grow seedlings. 493,816 redundant labors was distributed and arranged. In 2001, the government invested 1 billion RMB in setting up Compensation Fund of Ecological Efficiency in Forest, which makes ecological service function of biodiversity acknowledged by the society, which makes the entrance of biodiversity value into market possible, which provides biodiversity conservation in forest with steady capital channel.

China has implemented the programme of "Return Farmland to Forest/Grassland" according to the basic policy of "Return Farmland to Forest/Grassland, Close Hillsides to Facilitate Afforestation, Store Provisions for Relieving the People in Disaster Area, and Individual Contract." The government gratuitously provides farmers abandoning farmlands with provisions and cash subsidies. The level of provisions subsidy is 150kg provisions (unprocessed food grains) for each mu reused farmland every year in Yangtze River and southern regions and 100kg provisions (unprocessed food grains) for each mu reused farmland every year in Yellow River and northern regions. The level of cash subsidy is 20 RMB for each mu reused farmland every year. The duration of provisions and cash subsidies is 2 years for returning farmland to grassland, 5 years for returning farmland to economic forest and 8 years for returning farmland to ecological forest. The price of provisions (unprocessed food grains) and cash subsidies are appropriated by central finance. The government also offers farmers abandoning farmlands subsidies for planting seedlings and afforestation. The level is 50 RMB per mu reused farmland or wilderness appropriate for afforestation. From 1999 to the end of

2001, 18.67 million mu farmland has been returned into forest and 16.35 million mu wilderness has been forested. The total returned area is 35.02 million mu.

China grants preferential taxation to income from biodiversity conservation and sustainable use. For instance, in August 2001, the State Council released *Implementation Suggestions on Several Policies and Measures of Western Development Programme*, which stipulates "exemption from agricultural special local product taxation for 10 years since the year beginning to gain income resulted from protecting ecosystems and returning farmland to forest (ecological forest should be more than 80%) or grassland.

China has also developed a series of economic incentive measures and abolished all discriminative policies to encourage local and folk force to participate in biodiversity conservation and sustainable use. For example, with the support of ICF and TUP, Caohai National Natural Reserve in Guizhou gives small grants to local farmers and communities to encourage them to participate in wetland protection and the management of the nature reserve. This measure arouses their enthusiasm of conserving biodiversity in Caohai nature reserve through giving economic boon to local farmers and communities for biodiversity conservation.

3. Develop social, cultural and moral incentive measures in favor of biodiversity conservation

China attaches importance to social, cultural and moral incentive measures in favor of biodiversity conservation. Those individuals or organizations who greatly contribute to biodiversity conservation, education, scientific research, management, etc. will be appraised on media, or awarded titles of advanced organization or individual, or promoted to higher headship or professional title, or honored in social service with a certain reputation. It highly enhances the initiativeness and enthusiasm of the public to conserve biodiversity. For example, the individuals or organizations prominently contributing to biodiversity conservation are recommended to be candidates in Global Top 500 sponsored by UNEP. The compliment on their advanced achievements can promote the global environmental protection. Another example is that in December 1999, the State Bureau of Environmental Protection, the State Bureau of Forestry, the

Ministry of Agriculture and the Ministry of Land Resources published *Decision on the Compliment of Advanced Organizations and Individuals in the Field of Nature Reserve Management*. 50 corporations were awarded the title of "National Advanced cooperation in Nature Reserve", and 100 individuals are awarded the title of "National Advanced Working Staff on the Management of Nature Reserve" or "National Advanced Working Staff on the scientific research on Nature Reserve".

4. Monitor and examine the implementation of incentive measures

Central government and relevant sections and local governments monitor and examine the implementation of incentive measures at regular. For instance, central and local governments have taken consistent actions to seriously inspect behavior of destroying nature reserves, behavior of illegally dealing in state-protected rare wild animals, behavior of trading on and using of wild animals and their products without certification, behavior of illegally hunting, purchasing, processing, importing and exporting wild animals, and behavior of illegally producing, processing, purchasing, using, bearing sporting guns and fishing gears. Lots of cases of destroying wild animal resources have been investigated and dealt with accordingly, so that the protection of wild animals is promoted.

Responsible sections have strengthened the supervision and inspection of the public investment on biodiversity conservation, preferential taxation, and economic and material subsidies. They also seriously implemented financial disciplines to ensure that any fund and material can be timely assigned to corresponding individuals or corporations without any deduction, and that false reports are uncompromisingly prohibited. These measures also effectively safeguard the enthusiasm of the public.

General speaking, China has her own characteristics and has obtained some achievements and experiences in developing incentive measures in favor of biodiversity conservation and sustainable use. However, more efforts should be contributed to this work. Although some laws and policies have been evaluated and revised, until now a comprehensive evaluation on existing laws, regulations and policies has not been initiated. A comprehensive scheme on incentive measures contributing to biodiversity conservation and sustainable use has not been developed. The training plan and capacity building plan concerning incentive measures have not been prepared. The capacity

building and professional skills are very weak. Cooperation and experience exchange with other contracting parties in these aspects are expected in order to promote biodiversity conservation and sustainable use in China.