

# **To What Extent: An Institutional Innovation**

**--- Forest Ecosystem Compensation Program (FECP):  
Impacts and Implications for Collective Forest Owners**

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# Contents

- ❖ **Background**
- ❖ **Profile of FECP**
- ❖ **Impacts of FECP**
- ❖ **Comments and recommendations**

# Background

- 1982 - decentralized forest land tenure reform
- 1985 – harvest quota established to regulate logging
- 1998 – 2 types of forest classification: commercial forest and public beneficiary forest
- 1998 - critical review of harvest quota and other forest policies following Yangtze flood
- 2001 - Forest Ecosystem Compensation Program (FECPP) piloted

# Development of FECP

FECP comes with a long  
and flexuous way

# FECF Profile

- Aims to formulate a conservation mechanism via economic instrument: institutional Innovation; inductive
- Subsidies provided to owners/users of public beneficiary forests (PBF)
- In 11 provinces
- Total area 13.33 million ha /2亿亩 ; 04年年底 : 4亿亩
- PBF identification and subsidy distribution managed by State Forestry Administration (SFA)
- US\$120.7 million of State subsidies per year US\$9/ha (70% to farmers)/10亿人民币 ; 04年底 : 20亿

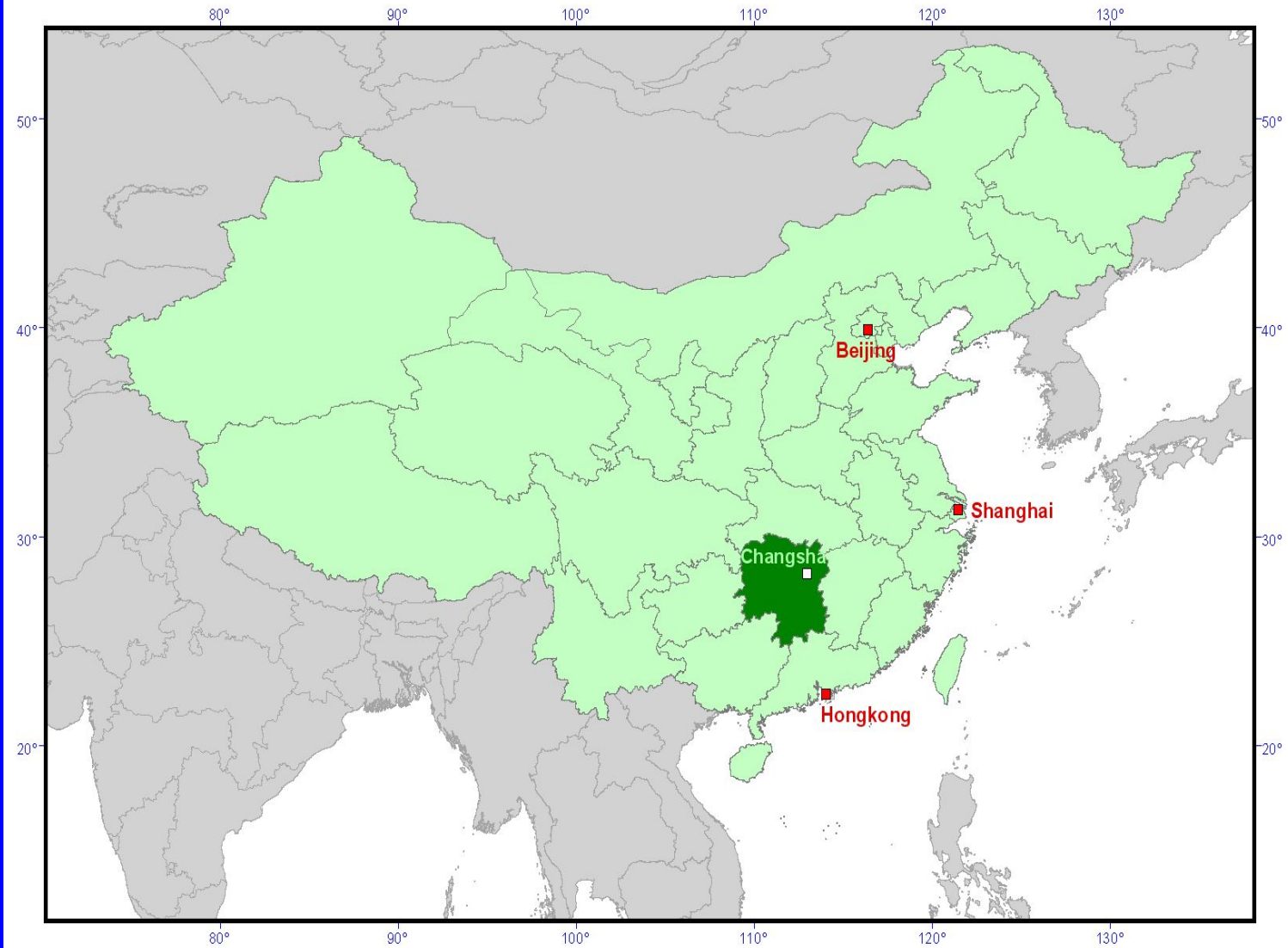
# FECF Profile

- An institutional innovation
- Inductive policy instrument

# Case Studies

- Hunan Province
- Heibei Province
- Anhui Province

# Hunan Province





# Study Cases in Hunan Province

Township	Village	No. of household	Average Farmland ( Mu per cap. )	Forest land (Mu)	FECF forest (Mu)	Major income source
Wengjiang 瓮江镇	Ta-xing 塔兴	426	0.26	11000	9200	Migration labor
Nanjiang 南江镇	Ao-li 坳里村	320	0.57	7800	6000	Migration labor
Banjiang 板江镇	Liu-jiang 流江村	400	0.2	14800	12300	Processing bamboo

1 hectare = 15 mu

# Impacts on Eco-environment

Positive: 23/25

- Deforestation at discretion controlled: Taxing
- Effective prevention of forest fire (1/20)
- Less soil erosion and flood (水利部门的监测)
- Bio-diversity improved:
  - Increased wild pigs and rabbits/ forest varieties
  - normal farming activities stopped in 11 villages in Nanjiang Township

# Impacts on farmers' Livelihood

- **Positive:**

- Taxing, Aoli, and Liujiang: 76, 65, 107 RMB/hh, per year
- Aoli: 3300 Mu collectively Mana: taxation/public services
- Previously: fuel wood collection; Now: off-farm acti.
- Female farmer: labor-saving in cooking

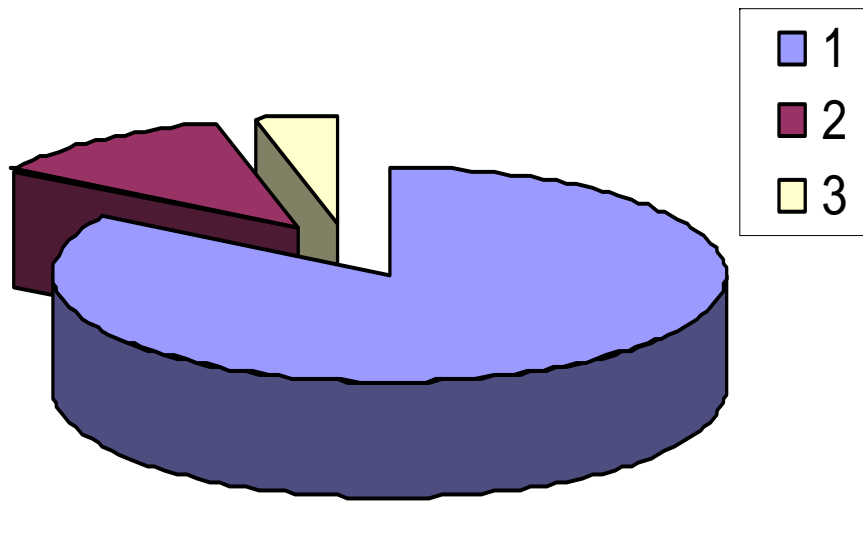
- **Negative:**

- Income decreasing from selling timber, charcoal  
(Taxing: 200RMB; Liujiang: 500-1500RMB, “砍上一棵树,能卖上几十元”)
- Increased fuel expenditure

# Fuel Structure

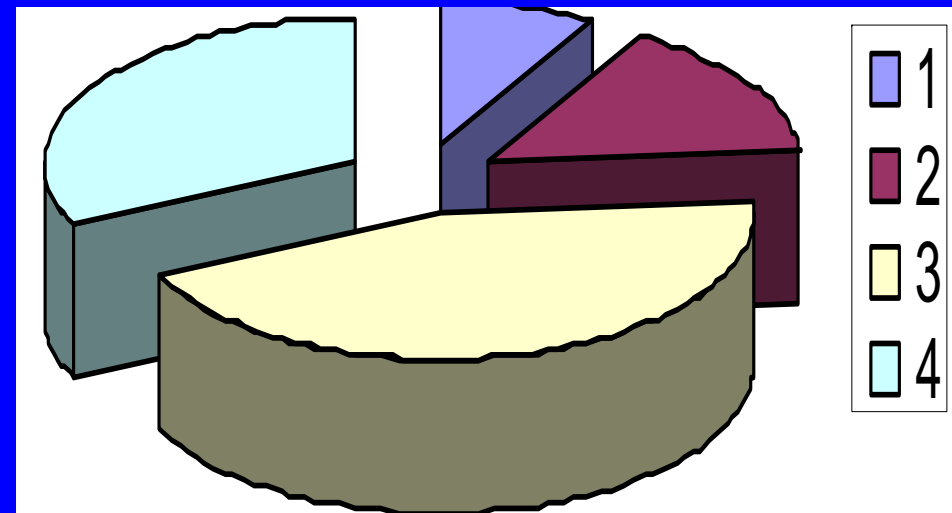
-- from firewood to coal

Before FECP



**Note:** 1. 100% firewood;  
2. 90% firewood and 10% coal;  
3. 30% firewood and 70% coal

After FECP



**Note:** 1. 100% firewood;  
2. 90% firewood and 10% coal ;  
3. 30% firewood and 70% coal;  
4. 100% coal

# Increased Fuel Expenditure

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Amount of increase (RMB / year)	Households	Percentage ( % )
0-100	2	8
101-300	2	8
301-500	8	32
501-700	9	36
701-900	4	16
<b>In Total</b>	<b>25</b>	<b>100</b>


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US\$1 = 8.28 CNY

# Gain and Loss Comparison

Pre-FECP access	Non-FECP Areas	FECP Areas
strict logging quota control/less use	No FECP subsidy No access to use	FECP subsidy No access to use
loose logging quota control/more use	No FECP subsidy Access to use	FECP subsidy No access to use





The balance between gain of FECP subsidy and loss of use access is the key concern of villagers.

Dynamic Process

Future ?

# Actor-oriented approach

- **“Human Agency”**
  - different actors have the capacity to process social experience to devise ways of coping with life (especially when changes happen), even under the most extreme conditions of coercion.

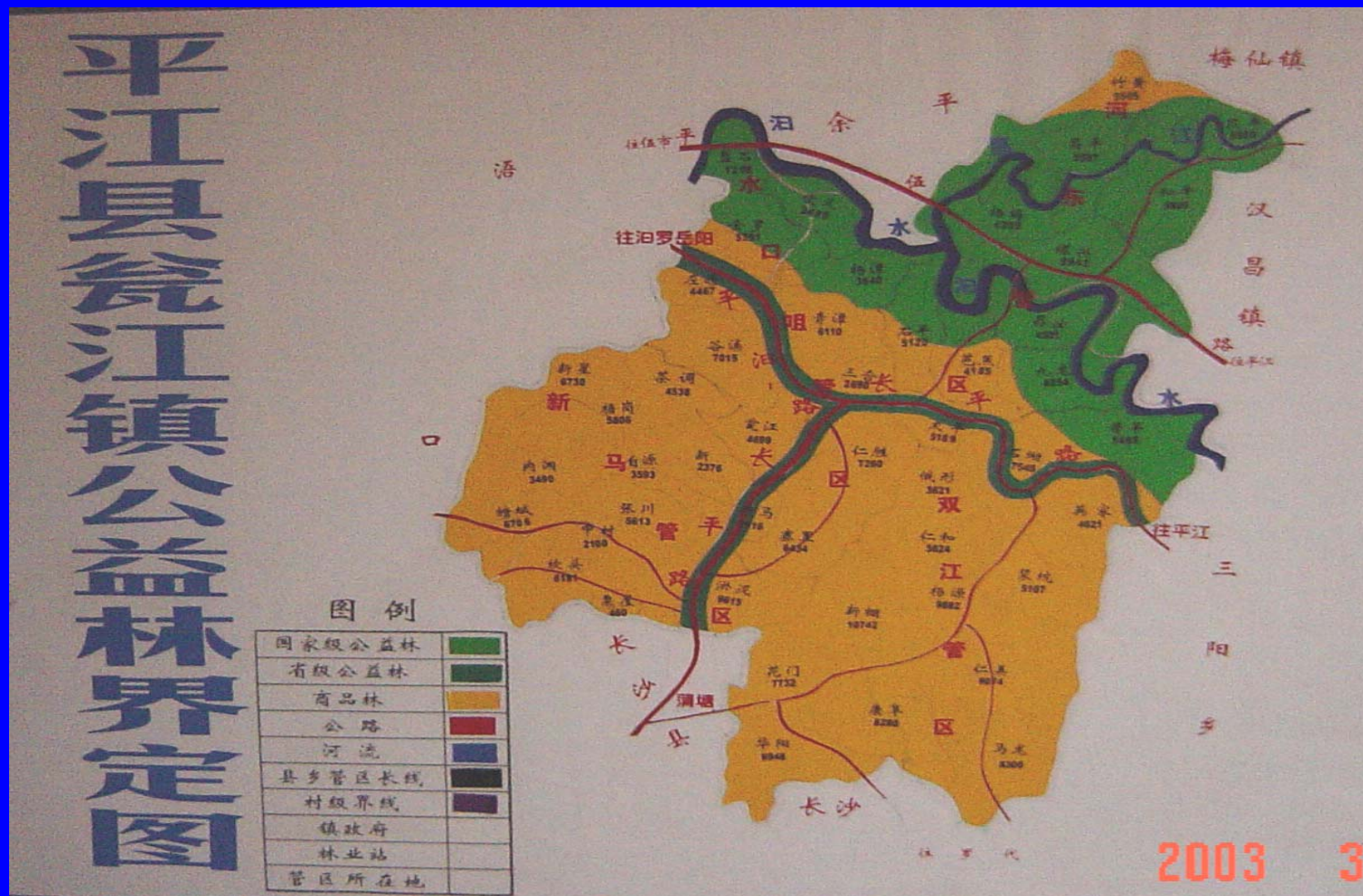


# Stakeholders

- the local forestry agencies
- the village committee
- the farmers

# Local forestry agencies

- Incentives to apply the programs, but not with commitment to the goal of FECP



Forest classification in Wengjiang Township, Pingjiang County

■ Commercial Forest    
 ■ Ecological Forest

“统一规划、集中连片”

# Village committee

- Increased income for village leaders as forest guard
  - Liujiang village: 2000RMB annually
- Village committee revenue of FECF subsidy from collective managed forest
  - Aoli: 3300 mu- public services/taxation

# Farmers' knowledge and Attitude

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Degree of satisfaction	Satisfied	Medium or unclear attitude	Unsatisfied	Extremely unsatisfied
<b>Households</b>	<b>5</b>	<b>13</b>	<b>6</b>	<b>1</b>
<b>Percentage (%)</b>	<b>20</b>	<b>52</b>	<b>24</b>	<b>4</b>

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- Primary dissatisfaction comes from low subsidies
- Secondary dissatisfaction comes from the strict ban and limit to forest resource use

# Villagers' Concerns

- Subsidy does not cover opportunity cost of forest use “20元左右”
- Miscommunication resulted in over-expectations and misunderstanding “先封山5年,5年后怎么样没说”
- Less flexibility in identification of PBF to suit local situation “划还是不划”,这是个问题?
- Can PBF be utilized in an accepted way?  
“现在树还小,大了不让采伐就坚持不了多久了”  
“轮伐?”

# Conclusions and Suggestions

- FECP can be a strategy to fill the widening gap between needs of conservation and development
- FECP could and should have flexible practical instruments and implementation.
- FECP should be considered as both a **process** and a **platform** lobbying different stakeholders, particularly villagers' **participation**

Thank you!