



Tenure Trends

China's Great Leap Forward in Forest Tenure Reform - But is it Far Enough for REDD, CDM and a Carbon Market?

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China's recent collective forest tenure reforms are arguably the largest undertaken in modern times, both in terms of area and number of people affected. According to the Chinese government, collectives – villages and collections of villages – have the right to reallocate over 160 million hectares of forest to households, partnerships, or maintain under collective management by the village. These areas are greater than the 100 million hectares covered by Brazil's impressive reforms in its Amazon region, and are home to more than 400 million people, about four times the population of tropical forest and agroforestry landscapes in Latin America or Africa.* The government has spent hundreds of millions of dollars, so far, in implementing the reform – surveying, preparing titles, and diffusing information about the reforms.

The effects of this reform, and what it means for local rights, livelihoods, forests, and ability to help mitigate and adapt to climate change is not just a local and national-level question – but one of intense global relevance.

There is a growing recognition of the critical relationship between tenure, governance and the local conditions necessary for REDD+ and CDM to work effectively, efficiently and fairly. This makes the Chinese experience even more pertinent to today's discussions around the real potentials for REDD+. So what are the effects of this reform, what are the implications for adapting to and mitigating climate change, and is China now "REDD ready"? *Three recent studies shed some light on these questions:*

Dr. Xu Jintao and his team at Peking University led the first and only large-scale quantitative survey of collective forest reforms, covering 8 provinces, 288 villages and over 3000 households – before and after collectives were free to reallocate their forests. He found that the actual amount of forest reallocated was limited (about 7%), that most of this was shifted towards individual ownership, but that there were villages, counties and provinces where a majority of forest was reallocated to community management. He also found that participation in decision-making varied widely, but less than 30% of all households said that they were consulted in the reallocation decisions. The impacts of the reforms were also significant, leading to overall increases in household incomes, tree planting and tree harvesting. These impacts suggest that the reforms incentivized forest restoration and sustainable use, and the new flexibility to officially adjust tenure enhanced the climate resilience of collective forests. Two major questions remain unanswered: the reform's effects on indigenous or ethnic communities, and the role of local government leadership in making these decisions. The study emphasizes that major regulatory

and institutional reforms still need to be undertaken to govern the emerging land market and promote legality, efficiency and fairness.

A second study examined the world's first Clean Development Mechanism (CDM) forest project, conducted in Guangxi Province and funded by the World Bank's BioCarbon Fund. This project covered 4000 hectares of collective forest and was to benefit 20,000 local people and generate \$5.5 million, including \$2 million from sales of carbon credits. Revenues were to be divided between local people and the forest companies that invested in tree planting according to carefully negotiated contracts. Dr. Yazhen Gong and colleagues from the University of British Columbia examined the project and found that the project did reforest about 65% of the land area, and devised a shareholding system that effectively overcame the high transaction and bargaining costs that often hinder CDM or REDD projects aiming to benefit local people. There were also financial benefits to local land owners, including the over 1600 households of ethnic minorities that participated. That said, the authors conclude that the remaining land is likely to remain unforested – due to higher than expected opportunity costs, inflexible contracts, low and weak levels of property rights and social capital. In short, Gong and colleagues found that the increased price of land, timber plantations, orchard fruit, and other alternative crops decreased the attractiveness of the CDM scheme, and the restrictive nature of the contract and payment set up by the Biocarbon Fund, sustained distrust with the forest companies, and unresolved land disputes constrained execution of the full project.

A third study, led by Keliang Zhu Esq. of the Rural Development Institute in Beijing examined the question of “who owns the forest carbon of China” from a legal perspective. Zhu and colleagues reviewed Chinese land and forest law and the many large-scale forestry programs undertaken by the Chinese government to encourage tree planting or restrict tree harvesting. The land and forest law, which the authors assert is moving in the direction of recognizing and supporting individual and household ownership of land and trees, is frequently contradicted by the forestry programs that often move in the opposite direction, limiting local land rights. Zhu and colleagues found that, while China like most countries has yet to formalize carbon ownership, the answer to the question of carbon ownership in rural China appears to be clear: farmers are and should be the rightful owners of the carbon sequestered in trees and in their land. The forest land tenure system is unique in that farmers possess supposedly broad use rights, while village collectives retain landownership. They conclude that much more needs to be done for forest carbon ownership to be effective and to allow clear and sustained incentives for tree planting and carbon projects: legislation must be strengthened and clarified, laws governing land and forest contracts and transactions must be established, and legal recourse mechanisms in cases of dispute must be made more effective and efficient.

In many ways there has been tremendous progress in China in clarifying and strengthening local land and forest ownership, but is rural China ready for REDD, CDM or a carbon market?

*Population data used for Africa (106.0 million) and Latin American & Caribbean (107.8 million) pertains to mosaiclans, forest edges and forest cores in the tropical forest biomes of the regions; savanna biomes excluded. Cited from Table 1.3, page 39 of "At Loggerheads?: Agricultural Expansion, Poverty Reduction, and Environment in the Tropical Forests" by K. Chomitz et al., World Bank, 2007.

Reports Reviewed:

China's Forest Tenure Reforms: Impacts and implications for choice, conservation, and climate change

Full Report - http://rightsandresources.org/publication_details.php?publicationID=1403

Brief - http://rightsandresources.org/~rightsan/publication_details.php?publicationID=1406

Who Owns Carbon in Rural China?- An Analysis of the Legal Regime and Practices with Preliminary Policy Recommendations

Report - http://www.rightsandresources.org/publication_details.php?publicationID=1473

Participation in the world's first clean development mechanism forest project: The role of property rights, social capital and contractual rules

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Tenure Trends alerts the global development community to important news, events and research findings regarding forest tenure, rights and development in the world's forests. It is published by the Rights and Resources Initiative (RRI), a global coalition of community, development, research and conservation organizations and prepared by the Rights and Resources Group, the secretariat of the coalition. The views presented are those of the secretariat and are not necessarily shared by the agencies that have generously supported RRI, nor all of the Partners of the coalition. If you would like more information please send a message to Lopaka Purdy at L.Purdy@rightsandresources.org. For more information on RRI go to www.rightsandresources.org.