# Annex 03 Easement Rights to Issuance of Green Usufruct Bonds

**China's easement reform on collective forest land**

An easement is the right to use another subject's real estate following a contractual agreement to enhance the benefits of one's real estate. Here there are some cases. We are exploring the easement system of communal forest land in Lishui City, Zhejiang Province.

To maximize the release of easement rights of communal forest land within the national park, the Municipal Forestry Bureau, together with the local People's Bank of China and the Agricultural and Commercial Bank, introduced the "Management Measures for the Pledge of Compensation Proceeds of Forest Land Easement (for trial implementation)," an innovative loan with the same function as forest suitable mortgage loans (issued by the Agricultural and Commercial Bank). According to the management measures, the servitude right holder can pledge the compensation proceeds of collective forest land easement, which has been legally established as security. This new kind of loan includes both a pledge loan and a counter-guarantee pledge loan of the compensation proceeds of the forest easement. The maximum loan amount is not more than 20 times the annual forest easement compensation proceeds, and each mu (0.165 acres) can be pledged for a loan of 964 yuan. The compensation proceeds from collective forest land easement as pledge security solves the problem of not being able to dispose of the forest trees by harvesting them for liquidation in case of non-performing loans. Financial institutions can avoid the trouble of disposing of forest assets and repay loans with forest easement compensation, which is safe and convenient. They can greatly reduce the credit risk of financial institutions.

**Source**: <https://zj.zjol.com.cn/news.html?id=1563278>

**Easement right practices in China’s Protected Areas**

**Qianjiangyuan National Park**

The Qianjiangyuan National Park is in Kaihua County, Zhejiang Province, covering an area of 252 square kilometers, with 20.4% and 79.6% of state-owned and collective land, respectively. The local people in the pilot area have a good tradition of ecological conservation, and the oil tea forests they plant are an essential food source for the white-necked long-tailed pheasant, one of the critical conservation objects.

The Implementation Plan for the Reform of Collective Forest Land Easement in Qianjiangyuan National Park was promulgated in March 2018. The Plan stipulates that instead of simply confiscating communal forest land, the government will sign an easement right contract with indigenous people to retain the nature of collective ownership of the land. The easement compensation standard is 48.2 yuan/mu (0.165 acres) per year, and all the 3,757 peasant households have signed contracts for setting easements on communal forest land. Regarding both parties, the indigenous people are the right holders who provide servitude land, and the government representatives are the right holders who need the servitude land. The contract's content is based on not changing forest land ownership, unifying, and transferring the right of use and management from the village collective to the National Park Management Bureau (NPMB), and giving specific financial compensation to rightful owners to restrict their behavior. Through positive and negative lists, dynamic compensation, and the labeling and selling agricultural products, the government can effectively enhance the indigenous people's motivation for nature conservation.

This easement reform includes the easement reform of all communal forest land and partial arable land in the pilot area and the adaptive management approach pilot based on easement rights in one village in the protected area. The easement compensation standard for communal forest land is set at 723 Yuan/hm2 per year, and the subsidy for ecological public welfare forest enjoyed previously is canceled. The villagers entrust the village committee as their agent of the easement reform, and the village committee and the NPMB will sign the easement contract. Thus, the economic forests such as mosso bamboo, oil tea, tea, etc., which were initially operated by the farmers, will be allowed to be still operated by the farmers according to the requirements of the national park; the economic forests such as bamboo, oil tea, tea, etc., which were initially operated by farmers, are allowed to be operated and utilized by farmers scientifically and reasonably following the requirements of the NPMB.

To further strengthen supervision, the NPMB has developed the "Easement Registration System" in the protected area, which correlates the right of use of communal forest land, the ownership, and the use of forest trees, with the easement certificate of the land in the protected area, to realize the easement registration of forest land. The NPMB will issue the Easement Certificate of Collective Forest Land to discover the easement system's online supervision and ensure that Qianjiangyuan Administration can approve any changes in the relevant power of communal forest land.

As for the pilot easement reform of farmland, the Qianjiangyuan Administration signed the "Easement Reform Contract for Rural Contracted Land in Qianjiangyuan National Park" with a cooperative and the villagers, agreeing that 20hm2 of farmland will formally enjoy the easement compensation mechanism. Under unified protection and management, which prohibits using pesticides and fertilizers, straw burning, introducing of exotic plant species, and disturbing wild animals, the village collective and villagers can enjoy an annual subsidy of 3,000 yuan per hectare of farmland. It can sell the rice produced in the area to contracted buyers at no less than 22 yuan/kg.

**Source**: [http://www.kaihua.gov.cn/art/2018/4/4/art\_1387096\_1544.html](http://www.kaihua.gov.cn/art/2018/4/4/art_1387096_1544.html.)

<http://www.kaihua.gov.cn/art/2020/6/29/art_1346200_49372820.html>