

Fact Sheet No.3

Make Co-benefits Work: China Case

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Co-benefits in China: A Three Dimensional View

There are two related motivations for co-benefits in China: first, some local level actions that reduce environmental pollutants also curb greenhouse gas (GHGs); second, because they address local needs, these actions offer a viable option for mitigating GHGs (IPCC, AR4, 2007). Since the Intergovernmental Panel on Climate Change (IPCC) highlighted these motivations in 2007, policy analysts have identified a number of companies that have achieved co-benefits in Chinese cities (i.e. Guiyang, Baoding and Panzhihua). While it is indeed important that companies pursue co-benefits, this fact sheet provides an overview of policy and institutions that can make co-benefits work in China.

Policies with co-benefits in China belong to three categories or dimensions:

- First, policy statements with explicit reference to co-benefits;
- Second, policy statements that imply co-benefits but do not explicitly reference the term;
- Third, policies and implementation plans that the international community has identified as potentially generating co-benefits.

The following sections will elaborate more on these three dimensions, beginning with China's 12th Five Year Plan.

D1. Co-benefits in 12th Five Year Plan

The most explicit use of co-benefits rests with the Ministry of Environmental Protection (MEP). This is readily apparent in the 12th Five Year Plan for Environmental Protection (pending approval by the State Council) which refers to a co-benefits approach as

linking multiple pollutants and low carbon development.

Encouragingly, the direct link between climate and air pollution that is likely to be included in the 12th Five Year Plan has become more consistent with the way the international community views co-benefits. Rather than only connecting different types of conventional air pollutants—as was the case in the co-control strategy during the 11th Five Year Plan—the 12th Five Year plan suggests co-benefits refers to both GHGs and air pollutants.

D2. Policies featuring Co-benefits

A co-benefits approach can also be identified in many other policy statements, albeit without a direct reference to the term. They include, but are not limited to, statements in the following areas (responsible agencies follow in parentheses):

- Energy Saving and Emission Reduction Strategy (Overarching, led by the State Council)
- Renewable Energy Plans (led by the National Development and Reform Commission (NDRC))
- Multi-Pollutants Co-Control Strategy (led by the MEP)
- Low Carbon Development Strategies (led by the NDRC)
- Low Carbon and Sustainable Transport Strategies (led by the Ministry of Transport)
- Climate Change Legislation (led by the NDRC)
- *Liang-Xing* Society Development Pilot

The above policies, programs and measures are supported by a variety of enabling conditions, such as fiscal instruments, subsidies for energy savings, and investment programs.

D3. Specific measures and plans

The awareness of co-benefits in China has generated interest in good practices from Chinese NGOs and policy researchers. CAI-Asia, for instance, has identified 12 types of interventions with the potential to generate co-benefits. To varying degrees, China is acting upon all of them:

- Cleaner fuel/renewable energy
- Combustion after-treatment
- Energy efficiency programs
- Vapor controls
- Advanced vehicle technologies
- Bans on open burning
- Methane gas recovery
- Diesel particulate filters
- Fuel economy standards for new vehicles
- Public transport and land use
- Old vehicle scrap page
- I/M programs

But while China has demonstrated it is possible to introduce co-benefits in policy, the next step will be integrating co-benefits into institutions. Especially at the highest decision making levels, there is a good support system for co-benefits in China.

Institutional Capacity

Part of the reason there is a good support system is that a top-level political body has been leading energy savings, emission reductions, and climate change work since 2007- the National Leading Group on Climate Change and Energy Saving and Emission Reduction (the Leading Group) headed by Premier Wen Jiabao. The membership of the Leading Group consists of representatives of 27 ministerial government agencies.

Below the highest levels, there are also research institutes in MEP and NDRC that have conducted studies on co-benefits, such as the Policy Research Center for Environment and Economics (PRCEE), the Chinese Academy of Environmental Planning (CAEP), and China Research Academy of Environmental Sciences (CRAES).

In addition, a number of international organizations have provided capacity building support for co-benefits. They include:

- CAI-Asia: Introduced co-benefits awareness raising for Chinese NGOs in 2008; Working with Chinese cities to implement a co-benefits approach in planning and implementation in 2010 and 2011;
- Energy Foundation: Working with Jinan and Chongqing directly on co-benefits strategies in 2011.
- PRCEE: Analysis on the co-benefits from Xiangtan *Liang-Xing* Society Pilot.
- JICA: Working with Guiyang, Panzhihua, and Baoding on co-benefits technologies in the industrial sector.

Institutional Challenges

While most of these initiatives are moving in the same general direction, there is much that can be done in terms of coordination and standardization. In fact, the biggest challenges to co-benefits in China is the lack of institutional arrangements explicitly dedicated to integrating climate and development issues into planning processes and coordinating concrete activities; and the lack of specific guidelines to support the integration between planning processes, technological options, and evaluation frameworks.

As a next step, it is crucial that China and the international community work together to develop:

- Standardized methodologies to assess co-benefits *ex ante* and *ex post*;
- Sector-specific package of technical solutions;
- Specific cases demonstrating that co-benefits are indeed more cost-effective than tackling climate and developments issues with separate measures.

Efforts made to address these needs can align the three dimensions of policy and make co-benefits work for China and the rest of the world.