



**CASE  
STUDY**

## Case Study



Clean Energy

## Shanxi Province, China - Special Compensation Fund for Eliminating Inefficient Capacity

In Shanxi Province, a special compensation fund has been used successfully to eliminate particularly wasteful capacity. Financing for the fund comes from the central government allocation, the province's Coal Sustainable Development Fund (paid for by a resource tax on coal production), its Electricity Construction Fund, and the provincial government fiscal budget. The main uses of the fund include:

- Compensation to enterprises that close down and demolish their inefficient production equipment.
- Mandatory demolition of targeted equipment in those cases where enterprises have been shut down.
- Site clearance and restoration.

### References

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[https://siteresources.worldbank.org/EXTNEWSCHINESE/Resources/3196537-1202098669693/4635541-1335945747603/low\\_carbon\\_city\\_full\\_en.pdf](https://siteresources.worldbank.org/EXTNEWSCHINESE/Resources/3196537-1202098669693/4635541-1335945747603/low_carbon_city_full_en.pdf)

### Credentials

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