

2022

China and International Development Forum

Responding to Complex Development Challenges
Revitalizing Global Development Cooperation
Towards the 2030 Agenda for Sustainable Development

PLENARY SESSION - SUMMARY NOTE

October 2023

Abstract

This note aims at distilling the key insights and messages from the plenary session of the 2022 China and International Development Forum (CAID) co-hosted by the Chinese Academy of International Trade and Economic Cooperation (CAITEC) and the United Nations Development Programme (UNDP) in China, on 2 and 3 December 2022. The two-day event convened 64 Chinese and international speakers and a broader audience for exchanges and discussions around China's international development cooperation and international norms and practices. The note provides an overview of the opportunities and challenges facing China and the international community in advancing collective, effective and coordinated development cooperation efforts towards the Sustainable Development Goals (SDG).

Acknowledgement & Disclaimer

The note was prepared by Violante di Canossa (UNDP China), with the support of Shi Rong, Daniel Ruiz De La Concha and Kailai Zeng (UNDP China), Tianshu Sun and Shuai Yao (CAITEC).

This summary note solely reflects the perspectives collected during the discussion and should not be viewed as the expression of views by any government or organization, including UNDP or CAITEC. UNDP and CAITEC do not guarantee the accuracy of the data included in this document and accept no responsibility for any consequence of their use. The mention of specific institutions or products does not imply that they are endorsed or recommended by UNDP or CAITEC in preference to others of a similar nature that are not mentioned. By making any designation of or reference to a particular territory or geographic area, or by using the term "country" in this document, UNDP and CAITEC does not intend to make any judgments as to the legal or other status of any territory or area.

Contents

1	Introduction	4
2	The importance of China in international development cooperation and its evolving role	6
3	The multilateral system and the promotion of the Sustainable Development Goals	9
4	Steps towards effective and innovative international development cooperation	10
5	CAITEC's China and International Development Think Tank Alliance	13
	Appendix –Agenda of the Plenary Session of the 2022 China and International Development Forum.....	14

1 Introduction

The world is facing multiple and reinforcing challenges. Due to the economic shocks during 2020-2023, it is estimated that 165 million people fell into poverty using the USD 3.65-a-day poverty line.¹ COVID-19 alone has pushed more than 70 million people into extreme poverty by the end of 2020, reversing six years of development progress.² Inequality is increasing too, both between countries and within countries. As of 2021, 10% of highest earners in the world owned about 76% of all wealth, while the bottom 50% owned just 2%.³ The fiscal space of many developing countries is being stretched, due to unfavorable trends in tax revenues and public expenditures. Wars and conflicts are driving up the price of essential goods and energy, triggering a cost-of-living crisis and severe debt distress, exacerbated by a change in monetary policy stance in developed countries. Global CO₂ levels are at their highest in history, with the world on course to exceed the 1.5 degrees warming target set by the Paris Agreement by more than double. The SDG financing gap in

developing countries is estimated to have increased by 56% from pre-COVID levels.⁴

When the 2030 Agenda for Sustainable Development was adopted in 2015, it was envisaged as a joint roadmap to secure the future for both people and the planet. With only seven years left to meet the targets agreed upon by the international community, all countries need to step up to help strengthen global solidarity. **International development cooperation (IDC) is essential if the 2030 Agenda for Sustainable Development is to be achieved.** Taking into account different contexts, capacities and needs, multiple areas require attention including green and inclusive development, innovative and sustainable development, and financing for development.

At the same time, IDC itself is facing headwinds. Although the USD 161.2 billion mobilized for development in 2020 from OECD countries represented an increase over 2019 levels, with the private sector

1 <https://www.undp.org/publications/dfs-human-cost-inaction-poverty-social-protection-and-debt-servicing-2020-2023>

2 <https://www.worldbank.org/en/publication/poverty-and-shared-prosperity>

3 <https://wir2022.wid.world/chapter-1/>

4 <https://www.oecd.org/dac/global-outlook-on-financing-for-sustainable-development-2023-fcbe6ce9-en.htm>

being the largest financial contributor,⁵ the funding capacity is still limited in the face of rising needs. As a result of a rise in natural and human made disasters in addition to an increasingly complex international context, the international financing system faces competing demands from the development and humanitarian agendas and struggles to move beyond short-term responses to a focus on building long-term resilience and sustainability. IDC is also hampered by limited capacity in developing countries hindering their access to opportunities. Speakers also mentioned moral hazard risks, on the back of mismatches between interests and incentives across partner countries.

It is against this background that the Chinese Academy of International Trade and Economic Cooperation of the Ministry of Commerce (CAITEC) and the United Nations Development Programme (UNDP) in China hosted the 2022 China and International Development Forum (CAID Forum). The CAID Forum was founded by CAITEC in 2020, aiming to gather domestic and international officials and experts from industry, academia, research institutes and relevant development partners for a broad discussion on international development issues. The 2022 iteration of the Forum centered on responding to the complex development challenges and revitalizing global development cooperation towards the

2030 Agenda for Sustainable Development.

The purpose of the Forum is to explore the evolution of global development cooperation within a rapidly changing world, enhance mutual understanding and promote consensus and exchanges towards the realization of global sustainable development through the knowledge and practical experiences of all parties. This note distills key insights that emerged during the plenary session. A list of the speakers can be found in the Annex.

5 <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/ODA-2020-detailed-summary.pdf>

2 The importance of China in international development cooperation and its evolving role

International development cooperation has seen a paradigm shift, as development solutions are now generated for application by both developed and developing countries alike.

As the roles of China and other emerging countries are evolving, the boundary between traditional recipient countries and emerging donor countries is blurring. It was noted during the discussions that emerging economies are seeking development gained through collaboration and shared by all - also referred to as “common development”⁶, and strive for a more proactive role in setting rules and shaping public opinion.

Throughout its history, China has been committed to be a contributor to global development. Over the past 70 years, China has provided foreign aid under the framework of South-South Cooperation while its role in global development cooperation continues to evolve. Between 2013 and 2018, China’s foreign assistance totaled around USD 40 billion. As highlighted in its 2021 White Paper on *China’s International Development Cooperation in the New Era*,

China also seeks to transition from an aid provider to an international development cooperation partner guided by the 2030 Agenda for Sustainable Development and increasingly emphasizing the relevance of the multilateral system anchored around the United Nations. China’s role in this space is also drawing on learnings from its own domestic development experience and socio-economic progress.

China has reaffirmed its commitment to IDC. A most recent example of enhanced commitments was the significant effort in humanitarian relief on the back of the COVID-19 pandemic, supporting 153 countries and 15 international organizations with anti-COVI-supplies, medical expert teams and pandemic prevention and control experience.⁷ In 2021, China announced the Global Development Initiative (GDI) aimed at fostering global development partnership and speeding up the implementation of the 2030 Agenda⁸.

China’s evolving role in development cooperation opens up an important

6 http://www.cidca.gov.cn/2022-12/02/c_1211706443.htm

7 http://english.scio.gov.cn/international/exchanges/2022-05/12/content_78214119.htm.

8 Ministry of Foreign Affairs, Statement by H.E. Xi Jinping President of the People’s Republic of China at the General Debate of the 76th Session of the United Nations General Assembly, 21 September 2021. Available at http://english.www.gov.cn/news/topnews/202109/22/content_WS614a9d11c6d0df57f98e0a81.html

opportunity for it to draw on best practice and international experience and standards in the design, implementation, monitoring and measuring of development cooperation outcomes. Through demand-based cooperation and two-way knowledge exchanges, China can work with partner countries to collectively drive forward global progress on the SDGs and leverage innovation in areas such as low carbon transition and green and sustainable finance for development results at scale.

Speakers also suggested that to better understand China’s evolving IDC, the latter should be considered against the context of changes in the global development

cooperation landscape and three emerging trends, namely development demands and supply and evolving development paradigms. It was pointed out that China’s IDC should be systematic, targeted and verifiable, and based on strengthened IDC tools. These would include leveraging opportunities to mobilize diverse resources, including from the private sector, expand emphasis beyond hard infrastructure to enhance capacity building and systematic program assistance, strengthen stakeholder engagement in partner countries, as well as coordination between government, industry, academia and research, and exchanges and dialogue with the international community while expanding multilateral cooperation.

BOX 1 -- KEY FEATURES OF CHINA’S IDC

- **Adhering concepts:** adhere to joint consultation, joint construction, sharing and mutually beneficial results, do not interfere in internal affairs, and do not attach any political conditions.
- **Cooperation channels:** from mostly bilateral government assistance, China’s IDC began moving towards more diversified areas and strengthening multilateral cooperation. For example, China has been recently collaborating with 20 international organizations, including UNDP, the World Food Programme, the United Nations Children’s Fund and the International Red Cross, implementing more than 130 projects in more than 50 countries, benefiting more than 20 million people, in public health, climate change and ecological and environmental protection⁹.
- **Cooperation methods:** focus on mutually beneficial cooperation, and the development strategy of recipient countries.
- **Types of cooperation:** from turn-key to material and technical assistance, human resources development cooperation, emergency humanitarian relief, etc., with a growing emphasis on “small but beautiful, benefiting people’s livelihood”¹⁰.

9 Elsewhere, it has been mentioned that these projects were under the South-South Cooperation Assistance Fund that was integrated and upgraded into the Global Development and South-South Cooperation Fund, with increased funding of up to USD 4 billion https://english.www.gov.cn/news/202307/05/content_WS64a4c288c6d0868f4e8dd802.html

10 <https://www.cikd.org/ms/file/getimage/1673897266482683905>

The benefits of IDC supporting sustainable development in developing countries were exemplified by the mutual gains from a developed African continent. This would imply jobs and prosperity for millions of people, through industrialization promoting technological innovation and talents, with Africa as a reliable economic partner. China is already amongst the top five providers of foreign direct investment and has also played a leading role in supporting infrastructure development and human capital in Africa. Investments in infrastructure, including ports or other logistical infrastructure, are crucial for African industries to achieve efficiency and economies of scale. For example, two port projects were completed with Chinese partners in Nigeria and Cote d'Ivoire in 2022. Other areas include supporting climate change actions alongside industrialization support, including transfer of technology to support the continent's energy transition. In this respect, FOCAC, one of the largest platforms for South-South cooperation¹¹ as defined by speaker, has also an important role to play in supporting the SDGs in Africa and regional development agendas. In light of these opportunities and the framework for cooperation and development embedded in the African Union's 2063 Agenda, it was noted that there is room for further China-Africa cooperation building on existing successful examples.

Overall, China can play a critical role in

supporting vulnerable regions for a just transition, green and inclusive development, and fulfillment of the 2030 Agenda for Sustainable Development.

11 <https://academic.oup.com/book/42633/chapter/358097874>

3 The multilateral system and the promotion of the Sustainable Development Goals

Responding to global challenges cannot depend on the efforts of one country or several countries, nor on North-South Cooperation or South-South cooperation alone. Speakers emphasized the importance of working together to strengthen the multilateral development cooperation system, from within and across the entire multilateral system. It was noted that the multilateral system is envisioned by its founders as a space for collaboration. Speakers stressed that Member States should cooperate to ensure that organisations of the multilateral system are provided with the necessary resources to help deliver on the SDGs. This would allow to promote synergies and economies of scale in working with countries of the global south to advance the SDGs in the most efficient and effective way possible. Cooperation should not be a competitive endeavor.

Fostering best practices sharing, transparency and learning from each other would allow for such a system to be greater than the sum of the parts. Specifically, two areas were highlighted where development cooperation could be strengthened for future reflections of all parities:

- Enhance a common understanding of definitions and data reporting of development cooperation. Countries are encouraged to use, the Total Official Support for Sustainable Development (TOSSD) for reporting. It tracks all

resources that flow to developing countries in support of sustainable development, covering not only official flows but also private resources mobilized through official means.

- Enhanced transparency and accountability for a more impactful international development cooperation.

The United Nations Development System (UNDS) and its institutions are committed to support IDC efforts towards greater SDG attainments.

In essence, the UNDS entities help Member States adopt global norms and standards in their IDC, while also addressing global challenges that require collective actions. For example, trade can play an important role in development. The World Trade Organization (WTO), through its work on “aid for trade”, aims at enhancing developing countries’ capacity to participate in international trade, thereby helping them to achieve the SDGs. Aid for trade disbursement stood at USD 48.7 billion in 2020¹², with more than half of the funding related to addressing climate change.

A multilateral mechanism showing potential in IDC is trilateral cooperation. Differences in global development patterns provide opportunities for the integration of North-South and South-South cooperation under innovative trilateral cooperation, guided by common development goals pulling from a wider pool of resources.

12 https://www.wto.org/english/news_e/news22_e/ddgxz_28jul22_e.htm

4 Steps towards effective and innovative international development cooperation

Facing the context and challenges described above, it was noted that to strengthen China's international development cooperation three aspects should be considered:

1. **Prioritize IDC based on people-centered considerations**, rather than government-led cooperation, as foreign aid tends to be anchored around government-to-government consensus. Prioritizing people's demands and expectations, and paying attention to their livelihoods, can better address the root causes of underdevelopment. To this point, UNDP's latest Human Development Report (refer to Box 1 below) sees increased investment into people as critical to reverse the declining trend in human development, as reported by the global Human Development Index that fell for two consecutive years in a row.
2. **Support the medium- and long-term development goals of partner countries**. International development cooperation should not only be guided by the specific project objectives but integrate medium- and long-term development priorities of partner countries. This would allow

project-based assistance to become part of country-led systematic and more comprehensive programme approaches moving beyond individual projects.

3. **Shift from bilateral to inclusive partnerships**. Bilateral cooperation has been the main channel of international development cooperation. However, with the increasing diversification of participants, including the importance of the private sector, international development cooperation should be more inclusive, benefiting from the participation of all stakeholders, from local communities to diversified sources of funding and knowledge.

It was also noted by a few speakers that, in general, another set of actions would be required to strengthen IDC, namely the reform of the multilateral finance system for greater mobilization of private sector finance. While government revenues remain the largest source of financing for sustainable development, there is a need for concerted efforts to support developing countries' governments to mobilize additional resources, particularly amidst growing fiscal deficits. As noted in the G20 report on the capital adequacy ratio of multilateral

development banks, with the capital already invested in the international finance system, more resources could be mobilized by the

multilateral development banks using de-risking mechanisms to overcome perceived challenges in developing countries.

BOX 2 – UNDP’S 2021-2022 HUMAN DEVELOPMENT REPORT¹³

The Human Development Report is a UNDP’s flagship knowledge product that explores the trend of human development. The latest report shows that in 2021 nine out of 10 countries have recorded a reversal in the human development index (HDI). The global HDI fell for two consecutive years, in 2021 and 2022, back to 2016 level. The fall is happening on the back of a “new uncertainty complex”, derived from the impact of climate change, of the societal transition required to decarbonize economies and the increased polarization of societies and politics - more than 1.2 billion people are now affected by violent conflicts.

Figure 3: Reversal of HDI Trends in last two years



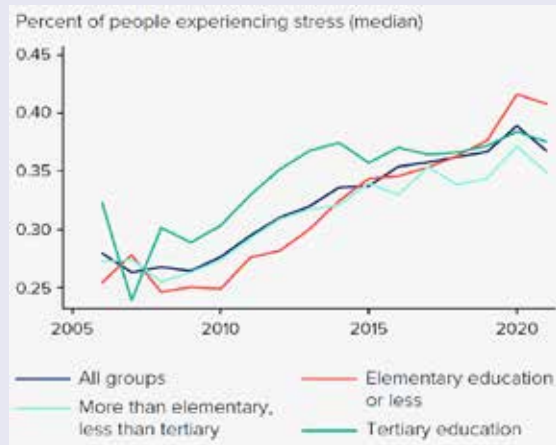
It was noted that the energy transition is bringing new kinds of uncertainties that economic and financial models are not necessarily able to capture as built under the assumption of a stable climate regime which is no longer the case. Many political uncertainties exist, too. Whether countries can promote ambitious Nationally Determined Contributions (NDCs) and implement them systematically is uncertain. Finally, human decisions and behavior are inherently difficult to model, and the current set of conventional and rational-choice models are no longer fit for purpose. Policies put in place for climate mitigation – international agreements, NDCs, carbon pricing, removal of harmful subsidies – have enabled some progress, but, globally, we still fall short of the targets and vision embedded in the 2030 Agenda.

The Human Development Report looks into opening up new ways of thinking about development, looking closely into how individuals and society make choices – what we are

13 UNDP, Sep 2022. Human Development Report 2021-22. Uncertain Times, Unsettled Lives: Shaping our Future in a Transforming World. <https://hdr.undp.org/content/human-development-report-2021-22>

bound by. The Report goes into the realm of behavioral science, how individuals make decisions, what is the role of emotions, and the choices faced by society – bounded by economic choices, the role of social norms, culture history, etc. It also investigates how human development and mental health are impacted by the current time of anxiety, a status that is affecting people independently of whether they live in high or low-human-development countries.

Figure 4: Percent of people experiencing stress (median)



Source: Human Development Report Office based on data from Gallup 2022

Against this context, it was noted that both policies and social norms need to change. Two ways were suggested as starting points:

1. For policies to ramp up investment in people, insurance to protect people from the ups and downs, and innovation to respond to whatever challenges humanity might face.
2. Shifting social norms through education to strengthen agency, social recognition, and representation to acknowledge everyone's right to be heard and listened to.

5 CAITEC's China and International Development Think Tank Alliance

Against the backdrop of compounded global crises severely hindering SDGs progress and China's new IDC trajectory, including the announcement of its Global Development Initiative in 2021, China's international development cooperation has attracted the attention of multiple academic networks in China and abroad.

CAITEC, as one of the top national think tanks specialized in China's IDC and foreign assistance, sees an opportunity for relevant Chinese academic institutions and experts to build consensus, integrate resources and forge synergies to jointly inform and provide inputs to policy makers and actors involved in China's IDC. CAITEC therefore introduced a proposal at the Forum to establish a China and International Development Think Tank Alliance (CAID Alliance), in partnership with the College of International Development and Global Agriculture of China Agriculture University, the School of International Relations and Public Affairs of Fudan University, the School of International Development and Cooperation of the University of International Business and Economics, and China Center for

International Communication Development. CAID Alliance was officially launched in May 2023.¹⁴

CAID Alliance aims at sharing global experiences and best practices with the Chinese IDC community in addition to providing advice to inform collective efforts between China and other countries to advance the SDGs through development cooperation. The focus will be placed on thematic IDC areas, producing and supporting the application of evidence-based research and analytics, and forging platforms for dialogue and exchange.

As part of its research outputs, the Think Tank Alliance will focus on developing and disseminating knowledge products, including an annual flagship report on China's international development, organizing forums, conducting comparative case studies, and engaging youth through exchanges and dialogues.¹⁵

¹⁴ <https://caidev.org.cn/news/1216>

¹⁵ The China and International Development Think Tank Alliance (CAID Alliance) was officially launched on 6 May 2023. <https://mp.weixin.qq.com/s/39rs8jRPJ2-a6rXXG58cLw>

Appendix –Agenda of the Plenary Session of the 2022 China and International Development Forum

Moderator: Ms Wang Luo, Director, Institute of International Development Cooperation, CAITEC/MOFCOM

14:00-14:40	<p>Welcome Remarks</p> <ul style="list-style-type: none"> • Mr Gu Xueming, President, CAITEC/MOFCOM • Ms Beate Trankmann, Resident Representative, United Nations Development Programme (UNDP) in China <p>Opening Remarks</p> <ul style="list-style-type: none"> • H.E. Luo Zhaohui, Chairman, China International Development Cooperation Agency (CIDCA) • Ms Susanna Moorehead, Chair, Development Assistance Committee, Organization for Economic Co-operation and Development (OECD) • Mr Zhang Xiangchen, Deputy Director-General, World Trade Organization (WTO) • H.E. Rahamtalla Mohamed Osman, Representative of the African Union to China
14:40-15:00	<p>Session on the China and International Development Think Tank Alliance</p> <ul style="list-style-type: none"> • Introduction on the Alliance: Mr Yu Zirong, Vice President, CAITEC <p>Remarks:</p> <ul style="list-style-type: none"> • Ms Xu Xiuli, Professor & Dean of College of International Development and Global Agriculture, China Agriculture University (CAU) • Ms Guo Yu, Editor-in-Chief, the Journal of International Economic Cooperation, CAITEC
15:00-16:30	<p>Keynote Session</p> <ul style="list-style-type: none"> • Mr Yu Zirong, Vice President, CAITEC • Mr Arkebe Oqubay, Senior Minister and Special Adviser to the Prime Minister of Ethiopia & British Academy Global Professor • Mr Li Xiangyang, Director-General, National Institute of International Strategy, Chinese Academy of Social Sciences (CASS) • Mr. Haje Schütte, Senior Counselor & Head, Financing for Sustainable Development Division, Development Co-operation Directorate, OECD • Mr Zhang Yuncheng, Director, the Institute of World Economy, China Institutes of Contemporary International Relations (CICIR) • Ms Tasneem Mirza, Economist, Human Development Report Office, UNDP
16:30-16:55	<p>Discussion</p>
16:55-17:00	<p>Wrap-up Mr Yu Zirong, Vice President, CAITEC/MOFCOM</p>