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UNDP promotes sustainable human development to help build resilient nations and to empower people to build better lives. As the UN's development network, UNDP has drawn on world-wide experience for over three decades to assist China both in developing solutions to its own ongoing development challenges, and in its South-South cooperation and engagement in global development. Domestically, UNDP China's work focuses on Poverty Reduction, Governance, Environment & Energy, and Disaster Management. In terms of South-South cooperation and global work, our focuses are China's South-South dialogue and foreign aid work, trilateral cooperation in third countries, sustainable businesses abroad, global and regional cooperation, and climate change.

United Nations Development Programme in China

UNDP-China Partnership on
South-South and Global Cooperation

2015 Highlights

APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
AU	African Union
BAR	Belt and Road
BRICS	Brazil, Russia, India, China and South Africa
CAITEC	Chinese Academy of International Trade and Economic Cooperation
CBDM Asia	Community Based Disaster Management in Asia
CCICED	China Council for International Cooperation on Environment and Development
CCIEE	China Center for International Economic Exchanges
CELAC	Community of Latin American and Caribbean States
CICETE	China International Center for Economic and Technical Exchanges
CITW	China in the World UN Theme Group
COP	Conference of the Parties
DfID	Department for International Development
EPC	Engineering Procurement and Construction projects
ESCAP	Economic and Social Commission for Asia and the Pacific
FOCAC	Forum for China Africa Cooperation
GIZ	German Federal Enterprise for International Cooperation
GPEDC	Global Partnership for Effective Development Cooperation
GTI	Greater Tumen Initiative
IMF	International Monetary Fund
IPRCC	International Poverty Reduction Center in China
IRENA	International Renewable Energy Agency
LCC	Local Cooperation Committee
MAFF	Cambodian Ministry of Agriculture, Forestry and Fisheries
MCA	Ministry of Civil Affairs
MOFA	Ministry of Foreign Affairs
MOFCOM	Ministry of Commerce
MoU	Memorandum of Understanding

NCDR	National Committee for Disaster Reduction
NDRC	National Development and Reform Commission
NeST	Network of Southern Think-Tanks
SASAC	State-owned Assets Supervision and Administration Commission
SILK	Silk Road Think Tank Network
SSC	South-South cooperation
UN	United Nations
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organization
WWF	World Wildlife Fund

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Foreword

Over the past year, UNDP in China has supported various Chinese stakeholders' efforts to co-operate effectively with other countries. UNDP's research, dialogue facilitation and projects also provide a public good for those already or seeking to understand and work more closely with different Chinese partners.

Recognizing the importance of experience sharing and knowledge exchange in enhancing development, the partnership between UNDP and China emphasizes South-South and trilateral cooperation approaches when seeking solutions and providing policy choices for development.

The year 2015 was a notable and critical year in this regard, as we made significant progress – from supporting the Chinese government to engage in the post-2015 agenda to instituting a strong portfolio of trilateral cooperation projects, and much more.

This **UNDP-China Partnership on South-South and Global Cooperation: 2015 Highlights** brochure is presented to share experiences, lessons learned and key milestones for the year 2015, setting the stage for further collaboration in 2016.

I hope you will enjoy reading it, and please reach out to us if you would like to know more or would like to support our work in the future. Xie Xie!



Agi Veres
UNDP Country Director



Introduction

The United Nations Development Programme (UNDP) has operated in China for more than three decades, developing a deep level of trust with the Chinese government and understanding of the Chinese society. As China has developed economically, politically and culturally, the country has also developed in its global role.

China has become one of the largest South-South cooperation (SSC) providers, and is increasingly an influential and constructive voice in global forums such as climate change and trade negotiations.

Over the past five years, UNDP has provided support related to China's global cooperation in five focus areas:

- A. China's South-South Dialogue and Foreign Aid Work
- B. Trilateral Cooperation
- C. Sustainable Businesses Abroad
- D. Global and Regional Cooperation
- E. Climate Change

In all of these areas, UNDP China's strategy has been aligned with China's priorities and UNDP's Strategic Plan. UNDP has been working with China along the key development cooperation principles of country ownership (especially mutual respect, equality and demand-driven interventions), as well as transparency, focus on results and inclusivity. UNDP has used innovative models for joint projects and financial or in-kind support from those partners.

In 2015 UNDP strengthened its position as key partner and knowledge hub within and outside China on South-South and global cooperation-related issues.

During 2015, working with a wide range of partners, the UNDP China office:

- Highlighted a new "bottom-up" method of understanding Chinese development cooperation flows;
- Carried out and analyzed the largest survey ever of Chinese firms operating overseas and their impact on sustainability;
- Initiated new practical "trilateral" cooperation projects in African countries with China;
- Provided recommendations for a development focused G20 Presidency by China – now in action!
- Compared China's and African countries' experiences of Special Economic Zones to support sustainable industrialization in Africa;

- Brought Chinese partners, the diplomatic community, high-level personalities, experts and UN agencies together (including under the UN China in the World Theme Group) for dialogue, experience sharing and networking on a wide range of topics – from development finance in Africa to the Belt and Road Initiative.

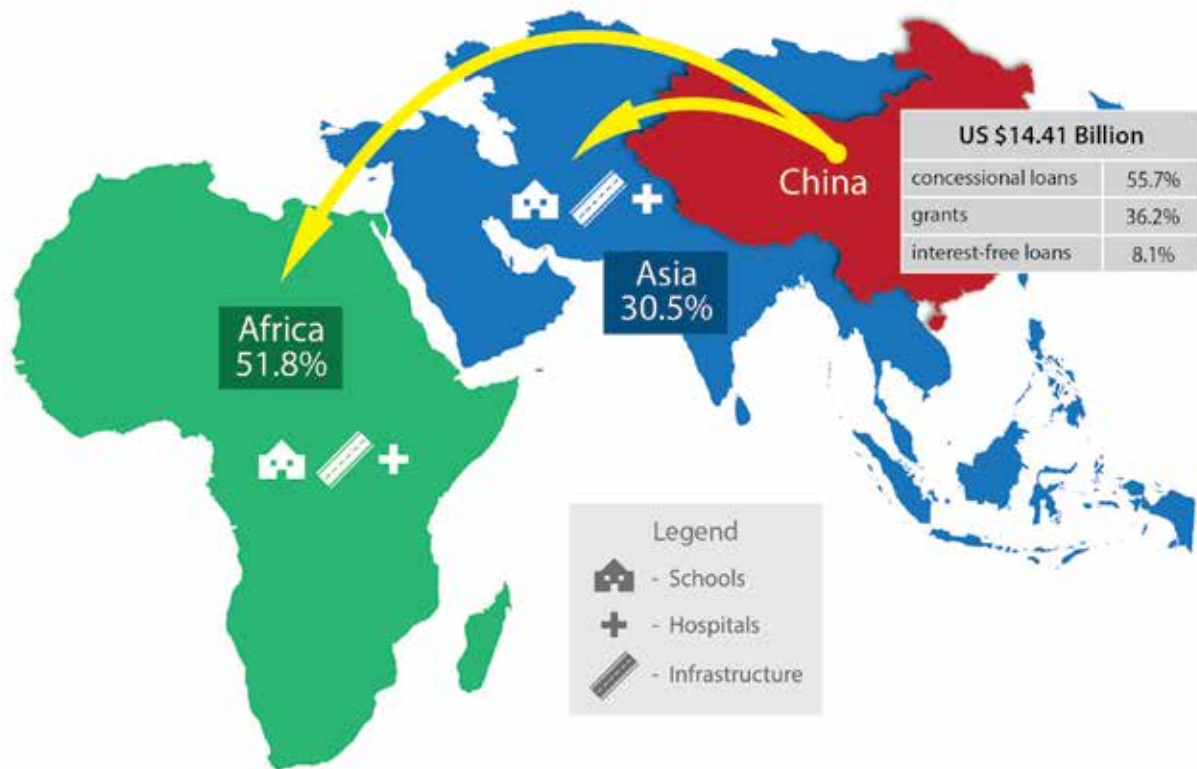
The following pages provide more detailed information on these, with a final section setting out the list of partners on South-South and global cooperation that we are grateful to for their support in order to deliver all the above and more.



A

China's South-South Dialogue and Foreign Aid Work

China's Foreign Aid Distribution
(2010-2012)



Source: China's White Paper II

China's international development cooperation has increased over the past 5 years. For example, according to the 2nd White Paper on China's Foreign Aid, for the period 2010-2012, China provided a total of US\$14.41 billion in grants, interest-free and concessional loans, of which 51.8 percent went to Africa and 30.5 percent went to Asia. Overall, 52.1 percent went to least developed countries (LDCs). This accounts for around 0.03 percent of China's GNI over the same period 2010-2012.

China currently has various ways of offering its support for other countries. These are:

- complete projects (also known as “turn-key projects” or “EPCs”);
- goods and materials;
- technical cooperation (i.e. experts);
- human resource development cooperation (i.e. training, scholarships);
- medical teams sent abroad;
- emergency humanitarian aid;
- volunteer programme in other countries; and
- debt relief.

In 2015, China made a number of major announcements to increase its cooperation on all of these fronts. For example, China pledged at the 2015 UN Summit the establishment of a South-South Aid Fund with an initial funding of US\$2 billion, US\$1 billion to the China-UN Peace and Development Fund, and US\$5 million to fight Ebola. Over time, China has pledged various new contributions to UN and other agencies – for instance in 2015 China made a US\$6 million contribution to the UN Syria response Trust Fund. At the UN and other forums, China also announced new ambitious targets for volunteers, scholarships and training for officials, professionals and students from developing countries.

Essentially, this now makes China the largest South-South cooperation provider and a source of major support and lessons to other developing countries as a result of its remarkable transformation from a low-income country to a middle-income country and its experience in lifting millions of people out of poverty over the last 30 years. Yet, as the demand for such support grows and China scales up its support to other countries, the question remains: how can it be as effective as possible in delivering real impact and change in other countries? How can

Key Highlights of 2015

Dialogue

January: CAITEC-UNDP workshop on the Role of CSOs in Foreign Aid

July: the 9th ASEAN-China Forum on Social Development and Poverty Reduction

August: Held a South-South Cooperation Reception to celebrate 5 years since the signing of the UNDP-China MOU to enhance collaboration in global development issues on the margins of the IAAF event

October: International Volunteer Service Exchange Conference

December: Africa-China Poverty Reduction and Development Conference – a sub-forum under FOCAC

December: Presented analysis of “Demand-Driven Data” at 2015 International Aid Transparency Initiative



UNDP Administrator, Helen Clark discusses China's South-South policy achievements with the media. In September 2015, UNDP China celebrated 5 years of partnership with China to enhance global development issues through South-South cooperation

developing countries best engage with China to get the support they really need?

In 2015, UNDP China delivered a number of outputs aimed at supporting China in enhancing the understanding of and effectiveness of its financial support to other developing countries in particular.

For instance, one of the key questions other developing countries have when engaging with China is whether it is possible to get more detailed information from China about its support at the global level, as China's official data currently only released broken down by region.

Thus, UNDP China published the report "Demand-Driven Data: How Partner Countries are Gathering Chinese Development Cooperation Information".

The report examined eleven partner countries that submitted data relating to Chinese development cooperation through the Global Partnership for Effective Development Cooperation (GPEDC) process, set up in 2014, highlighting how these countries went about building the relationships with China to gather this data.

In 2015, UNDP China also began to explore practices by China and other countries in delivering non-financial support to developing countries. Specifically, we explored how volunteering (as a form of "people-to-people exchange") might form a greater and more influential part of China's future development cooperation to ensure a "participatory approach" to development.

To do so, first, UNDP China published a 2-page briefing on the topic, in both English and Chinese, providing background on the scale and type of China's volunteers globally, as well as that of other similar middle-income countries. Second, on 12th-13th October, UNDP supported the inaugural "International Volunteer Service Exchange Conference" in Beijing, jointly with United Nations Volunteers (UNV) and the Beijing Volunteer Service Federation. The conference brought together administrators of volunteering schemes from countries as different as Norway and Nigeria, providing a unique opportunity for all and Chinese counterparts to share challenges and best practices. UNDP has now offered its support to China's key volunteering actors should they want to test out innovative volunteering methods and approaches.

Key Highlights of 2015

Publications

Demand-Driven Data: How Partner Countries are Gathering Chinese Development Cooperation Information (**publication**)

China's Humanitarian Aid (**issue brief**)

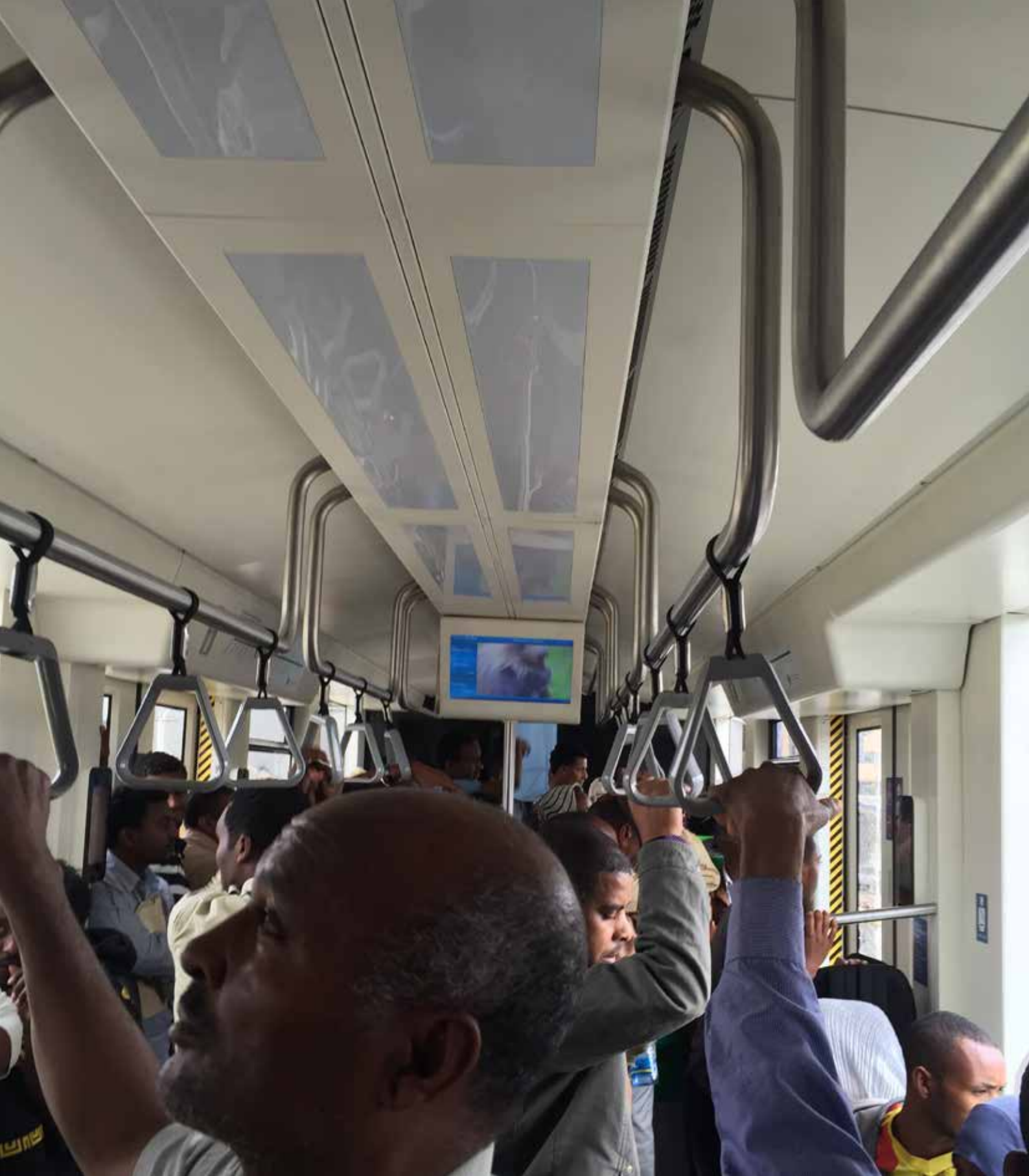
China's South-South Cooperation: Opportunities Ahead (**issue brief**)

Volunteerism in China's SSC: Promoting a Holistic Development Agenda (**issue brief**)

In 2016 – look out for:

- 1) A report that will summarize and examine how seven very different countries – a mix of traditional bilateral donors and South-South cooperation providers – spend their development cooperation in other countries, and draw suggestions for China based on this analysis.
- 2) A report aimed at helping China understand how other countries communicate the results of their development co-operation spending to their domestic citizens, especially when their citizens are concerned that there are greater difficulties deserving support “at home”.
- 3) More summary information about China’s non-financial support to other developing countries.

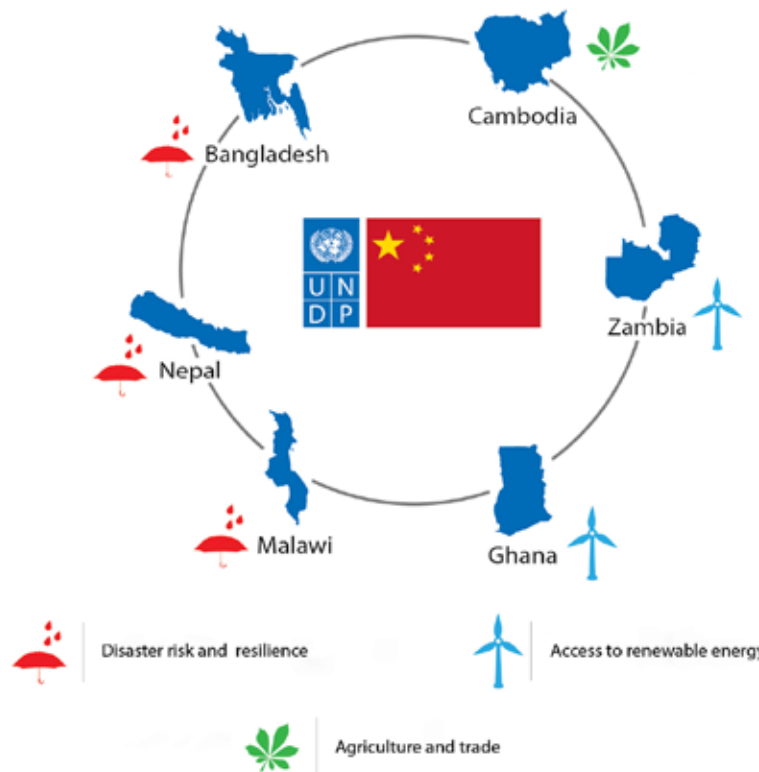
The new tram or “over-ground metro” as it is known in Addis Ababa, Ethiopia’s capital city, was built in partnership with a Chinese State-owned Enterprise – the China Railway Group. The tram runs from 6am to 10pm, and is cheaper than getting the bus



B

Trilateral Cooperation

UNDP - China's Six Trilateral Cooperation Projects



Trilateral cooperation offers a unique approach to development in which three parties join hands in promoting innovative solutions that build on international best practices and concrete country experiences of reducing poverty. In a trilateral cooperation setting, the sum of all actors combined is stronger, more effective, and brings greater results than if either party had acted alone.

While trilateral cooperation is an important emerging modality for delivering development cooperation, UNDP China believes its main aim is to improve the effectiveness of all the partners involved in delivering development solutions. It is a means to an end – rather than an end in itself.

UNDP and China first engaged in trilateral cooperation through a project with Cambodia in 2011 and have subsequently expanded the portfolio. During 2015, UNDP and China extended cooperation on trilateral projects by beginning implementation of two renewable energy transfer trilateral projects with Ghana and Zambia (2014-2018, US \$5.2 million), and making the transition from a first phase (US\$4.2 million) to a second phase of disaster risk management support for Bangladesh and Nepal (2015-2017, US\$6.1 million).

UNDP and China also began implementation of a new disaster risk management project in Malawi. Progress on all these respectively is set out below. In addition, in 2015, China's Ministry of Commerce (MOFCOM) contributed an additional US\$1 million to trilateral cooperation with UNDP – taking MOFCOM's total contribution to trilateral cooperation to US\$ 3.4 million.

The trilateral project with Cambodia, begun in December 2011, aimed to strengthen Cambodia's cassava export sector and improve the income and livelihoods of over 200,000 farmers in Cambodia. Three key outputs were the focus:

- i) Improving knowledge – in particular, via a comprehensive “Needs Assessment” identifying specific needs of the Cambodian cassava sector in relation to production and processing; and Cambodia's first ever Environmental Impact Assessment on cassava;
- ii) Improving yields: Specialized training on cassava cultivation was provided for processors, exporters and farmers based on China's expertise;
- iii) Increasing trade: UNDP organized a visit for a delegation of key Cambodian stakeholders to visit the city of Nanning in China's Guangxi Province, to meet with potential Chinese cassava buyers, local trade and commerce officials, and other major actors in the industry, so that they could directly understand market requirements and entry points.

The China-Cambodia-UNDP project closed successfully in March 2015, having contributed to innovative solutions to generating pro-poor growth in Cambodia by providing technology and know-how from China and creating direct linkages with the Chinese market. But it also

Key Highlights of 2015 Dialogue

March: China-Cambodia-UNDP trilateral pilot project completed.

A comprehensive data base was established for the Ghana-Zambia Renewable Energy Projects.

September: Phase II of the Community Based Disaster Management in Asia (CBDMA Asia) begins.

December: Approval of the China-Malawi-UNDP trilateral project.

had a much larger impact. The project uniquely demonstrated that trilateral cooperation can leverage comparative strengths, create synergies and facilitate mutual learning more strongly than any three parties acting alone. This will itself improve development effectiveness and support poverty eradication all over the world.

In collaboration with UNDP, China's Ministry of Science and Technology (MOST), the Department of Energy (DoE) in Zambia and the Energy Commission in Ghana have developed two new trilateral projects on Renewable Energy. The projects are financed by Denmark and constitute some of the first examples of triangular South-South cooperation between China and African countries. The projects are important because access to electricity is available to only 40 percent and 3 percent of rural residents in Ghana and Zambia respectively, and is a priority for the government of both countries.

In line with this national priority, the projects aim to ensure that Chinese renewable energy technologies are optimally responding to needs in Ghana and Zambia, and include the transfer of critical skills needed to use and maintain those technologies on the ground. Overall, the projects increase and sustain access to energy for the rural poor in the two countries. As such, it contributes to the UN Secretary-General's Sustainable Energy for All initiative. The project also enable UNDP and China to gain experiences that may be of use and relevance to other developing countries in the future.



Implementing partners, stakeholders and UNDP convene for Global Steering Committee meeting under the Ghana - China - Zambia renewable energy project

In 2015, the project partners reached a number of important early milestones. For instance, a project website was created to provide open and clear information about the project, China's renewable energy policy, access to energy information and lessons learned. Similarly, the idea of a new "stakeholder alliance" took shape – and once fully created will have the participation of private sector, research institutions and public bodies from the three countries.

With financial support from the UK's Department for International Development (DfID), trilateral projects with Bangladesh and Nepal on Sharing and Learning on Community Based Disaster Management in Asia (CBDM Asia) also made substantial progress in 2015. Following a successful first phase, Phase II was officially launched in September 2015, in cooperation with the National Disaster Risk Reduction Center of China (NDRCC) and Beijing Normal University (BNU).



Experts from China and all over the world listen as a South African entrepreneur tells his story of struggling to run Korema Farms – a small business selling cucumbers and peppers. But dealing with recent drought in the area has been difficult. He and his family therefore decided to buy machines from China to process the vegetables before taking them to market, and now other farmers in the area bring their raw vegetables to be processed in the machines – to get more out of the products they all sell

Bangladesh is one of the most disaster-prone and poor countries in the world, and with a population of over 150 million – about 80 per cent of whom live in rural areas – Bangladesh is also one of the most densely populated countries in the world. This combination means the impact of any natural disaster can be devastating.

Nepal too sits within the top 20 most disaster-prone countries globally. In 2015 Nepal suffered its worst natural disaster since 1934. The April 2015 Nepal earthquake killed over 9,000 people and injured more than 23,000. While governments in both Bangladesh and Nepal have made consistent efforts for decades to manage their natural disasters, consensus has emerged that the government alone cannot properly manage all types of disasters on its own - active participation by people is needed. China's own successful experience in disaster risk management also attests to this.

In 2015, project partners published research on social participation in disaster relief and began to develop new standards/regulations for disaster relief material. Participants from the governments, enterprises, academia, civil society organizations of China, Bangladesh, Nepal and the UK also came together in China to share ideas and good practices of building effective multi-stakeholder partnerships to strengthen disaster management. BNU also established an International Center for Collaborative Research on Disaster Risk Reduction (ICCR-DRR) to over-

see the research activities and enhance academic exchanges among the partner countries on this issue.

Last but not least, towards the end of 2015, UNDP China and the MOFCOM formulated and approved a new disaster risk management project with the Government of Malawi's Department of Disaster Management Affairs. This too is a project badly needed. In early 2015, nearly a quarter of a million people in the country were affected by devastating floods, with over 230,000 people forced to flee their homes, around 64,000 hectares (158,147 acres) of land damaged – much of it agricultural – causing damage estimated at US\$51 million.

Given this context, the trilateral project aims to increase community resilience to flooding in Malawi through the introduction of technically feasible, locally available, easily implementable environmentally and socially sustainable disaster risk management solutions to rural communities. To in turn also positively affect food security, livelihoods and local economic activities in Malawi. Again, combining flood management with agricultural development, draws directly on China's own domestic experiences at community level. 2016 will be a critical year for the 18-month project.

In 2016 – look out for:

- 1) A report about the Cambodia project that clearly articulates the case for further trilateral cooperation – in particular involving China and UNDP but also in partnership with others.
- 2) More trilateral cooperation projects with China in new countries and in new sectors.

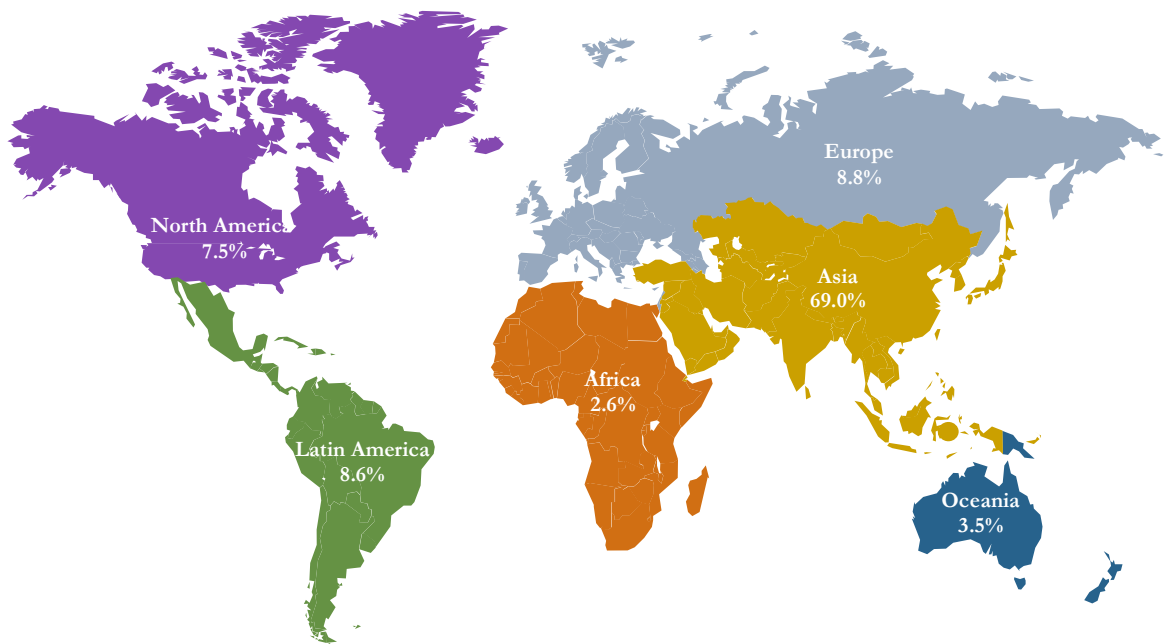
A vegetable farmer using integrated renewable energy systems to power 85 percent of his farm's energy needs. Solar, wind and biogas systems work in unison to power the farm's water irrigation system including groundwater pumping, and the households energy needs





Sustainable Businesses and Industrialization Abroad

China's ODI Flow in 2014 by Region



Source: 2014 Statistical Bulletin of China's Outward Foreign Direct Investment by the Ministry of Commerce, the National Bureau of Statistics and the State Administration of Foreign Exchange.

In 2015, China became a net importer for the first time, due to declining trade with other countries, associated with a drop in domestic manufacturing and slower growth. However, since 2000, Chinese outward direct investment (ODI) has continued to rise at an average rate of over 36 percent each year. Within this, Chinese companies are not just investing in developed economies such as the US, they are also rapidly expanding their overseas operations in developing countries. Many are increasingly doing so within what are known as "Special Economic Zones" (SEZs) in those countries, which are aimed at attracting businesses to spur industrialization and manufacturing.

Indeed, African countries in particular need industrial development, investment and new jobs. The number of young people (defined as age 10-24) in Sub-Saharan Africa is currently just under 300 million, and is projected to almost double to around 570 million by 2050. A recent IMF report suggested that relocation of a good proportion of China's businesses and industry to Sub-Saharan Africa could help boost economic activity and income in that region by 4 percent

after 10 years compared to business as usual.

At the same time, the perception of Chinese overseas investment is often misunderstood. Of course, Chinese FDI contributes to needed infrastructure in host countries, economic development and higher taxes to host governments, as well as skills and technology transfer. Indeed, more and more Chinese companies are meeting international standards for sustainability. More than 90 Chinese companies are involved in Extractive Industries Transparency Initiative (EITI) reporting; 270 Chinese companies are members of the UN Global Compact. Environmental management systems, like ISO14001, are also increasingly gaining traction within Chinese companies.

However, there remains significant room for improvement, and companies have come under increased scrutiny from the media and the public. There is also a concern that SEZs have not worked in the past to deliver sustainable investment, and therefore may fail, including those supported by Chinese developers and/or the Chinese government.

UNDP has therefore begun working with the Chinese government and Chinese companies to promote both the creation of high-standard SEZs, as well as adherence to sustainable development principles in Chinese company operations more broadly in developing countries, particularly with respect to environmental and labor standards.



Around a new bypass to the airport in Kenya's capital city Nairobi, a string of small and medium businesses have sprung up, including 'Kapari works', which makes paving stones. The stones used to be imported to Kenya, but after buying machinery from China and India, Kapari's owners were able to start local manufacturing. They now have an engineer that can replicate and improve the machines, important as the market is growing fast. The company wants to expand, but their main constraint now is finding a cheap loan to buy land and more machines

Key Highlights of 2015

Dialogue

January 2015: CITW group discussion 'Could China's transition be Africa's opportunity?'

November 2015: *2015 Report on the Sustainable Development of Chinese Enterprises Overseas* was launched on November 10th (**publication**)

November 2015: CITW discussion on *the Sustainable Development of Chinese Enterprises Overseas*

December 2015: *If Africa Builds Nests, Will the Birds Come? Comparative Study on Special Economic Zones in Africa and China* (**publication**)

In 2015, UNDP China delivered two game-changing reports as a starting point for identifying and initiating practical collaboration with China on these issues. In particular, with these reports, UNDP China tried to go beyond the existing literature – which tends to be focused on one or two disparate case studies and are therefore difficult to draw broad conclusions from.

First, UNDP China worked with Chinese Academy of International Trade and Economic Cooperation (CAITEC) under MOFCOM, and the Research Centre of State-owned Assets Supervision and Administration Commission (SASAC) to conduct a pioneering survey and analysis of the perceptions of the sustainability performance of over 250 Chinese firms with operations in other countries, entitled "The 2015 Report on the Sustainable Development of Chinese Enterprises Overseas."

Amongst other findings, the report shows that the scale of a company is positively correlated with its sustainability performance; the longer an enterprise operates overseas, the better its sustainability performance; and the more government regulations on a particular sustainability issue, the better performance by firms on that issue as well. This means that as experience is accumulated over time, and as China or other governments issue more policies or regulations, Chinese firms are likely to do better in future.

The report also confirmed that the key challenges for the companies are with regard to ensuring more use of local people, technology and services as well as environmental stewardship – which has been a major challenge within China to date as well. The report thus ended with a set of tailored recommendations for the Chinese government, governments in other countries and other organizations seeking to ensure more positive impacts by Chinese firms operating in developing countries.



The 2015 Report on the Sustainable Development of Chinese Enterprises Overseas received considerable media attention with Chinese national newspaper, China Daily featuring the report on the front page (11th November 2015)

Second, in 2015 a report entitled “If Africa Builds Nests, Will the Birds Come? – A Comparative Study on Special Economic Zones in Africa and China”, was jointly published by UNDP and the International Poverty Reduction Center in China (IPRCC). The study examined both Africa’s and China’s historic experiences of creating SEZs to date, including six detailed case studies of such zones in three countries – Ethiopia, Nigeria and Zambia – and two case studies in China. The study provided tailored recommendations for African governments and SEZ developers from China on how to best design and manage SEZs, and also set out recommendations for how the Chinese government can design its cooperation with African countries on SEZs to ensure that they are mutually beneficial in the future.

In 2016 - look out for:

- 1) The 2nd annual report on the *Sustainable Development of Chinese Enterprises Overseas* – with an improved questionnaire and a new special theme;
- 2) The launch of practical training on sustainability issues for Chinese firms going overseas, and announcement of one or two sustainability projects in other countries in partnership with Chinese firms, supported by CAITEC, the Research Centre of SASAC, UNDP China and other interested partners;
- 3) The initial outputs of a new collaboration to follow-up the SEZ report, called the “Made in Africa Initiative” which aims to work directly with African countries, prospective Chinese investors and international buyers to generate quick successes in export-orientated manufacturing, whilst at the same time promoting inclusive and sustainable development.



*Comparative Study
on Special Economic Zones in
Africa and China*



*2015 Report on the
Sustainable Development of Chinese
Enterprises Overseas*

D

Global and Regional Cooperation

Changing the Balance:
Regional and Global Development Banks
Approximate Capital Base (US\$)



Source: Development Bank's Corporate Reports

In 2015, China's political and economic role globally and regionally became more prominent than ever. In particular, China took up the G20 Presidency from 1st December and continued work towards establishing the Asian Infrastructure Investment Bank (AIIB) and the BRICS New Development Bank (NDB) with a wide range of other countries. China also released an action plan for the "Silk Road Economic Belt and the 21st-Century Maritime Silk Road" (hereafter the "Belt and Road initiative") – first announced in 2013, with an initial pledge of US\$46 billion to Pakistan. At the 6th Forum on China-Africa Cooperation (FOCAC) summit in South Africa, China made larger-than-ever financial, trade and people-to-people based commitments – of the value of US\$60 billion.

In this context, UNDP supported China by specifically providing impartial and innovative advice and options for China to use its global and regional reach to support global poverty reduction and development. This was especially vital because at a UN Summit in September 2015, 193 member states adopted 17 new ambitious Sustainable Development Goals (SDGs), and China had the potential to be a major proponent for the goals. China's major initiatives offer multiple high-profile platforms on which to help shape the global economic order and support inclusive, sustainable development worldwide. UNDP's work in this area can be divided into two parts – globally and regionally-focused support.

Globally-focused support

The key goals for UNDP in this area in 2015 were to support China to articulate how it has been able to achieve many of the Millennium Development Goals, as well as take a positive and constructive position on the new SDGs, at the UN Summit in New York and beyond.

In terms of articulating MDG achievement, UNDP China initially published a short discussion paper entitled, "China, the Millennium Development Goals and The Post-2015 Development Agenda". The paper remains interesting and useful for any other developing country in particular seeking to understand the processes, thinking around prioritization, as well as specific policies that China used to drive its MDG success.

During the year, UNDP was asked to provide policy and recommendations to the Chinese Ministry of Foreign Affairs (MOFA) on how to best prepare for the SDG summit. In a position paper released in May 2015, China became the first G20 country (and Presidency) to announce that it would align its national plan with the SDGs.

MOFA and UNDP China then held the 2nd International Conference on the Post-2015 Development Agenda in July 2015, which offered a timely update to Chinese

Key Highlights of 2015 Dialogue

May: CITW 'China's future vision concerning the Belt and Road Initiative'

July: UNDP and Ministry of Foreign Affairs joint conference on 2030 Agenda for Sustainable Development

July: CITW 'China-Africa cooperation in post-2015 agenda'

September: CITW 'How can China's G20 presidency push forward the global development agenda'

October: Global Poverty Reduction and Development Forum

November: Co-hosted the workshop themed "BRICS: Inequality and Sustainable Development"

Publications

China, the MDGs and The Post 2015 Development Agenda (**publication**)

Rebalancing Global Economic Governance - Opportunities for China and the G20 beyond 2015 (**publication**)

China, the Millennium Development Goals, and the Post-2015 Development Agenda (**publication**)

FOCAC: In Perspective (**issue brief**)

Greater Tumen Region Trade Facilitation Study (**publication**)



UN Resident Coordinator & UNDP Resident Representative in China, Alain Noudehou and Chairman of SIIS, Yang Jiemian and Vice President of CCIEE, Wei Jianguo at the launch of the 2015 Global Governance Report

government officials from over 20 line ministries and non-governmental organizations of the content and key issues dominating discussion of the SDGs by New York negotiators, as well as a Chinese and international perspectives on those targets and issues.

At the UN Summit in September 2015, Chinese President Xi reiterated China's commitment to aligning its plan with the SDGs, and made some major announcements in support of other developing countries – unprecedented for China in a UN forum.



During a UN-supported Global Poverty Reduction and Development Forum, President Xi ensured China was on the front-foot on the SDGs, by announcing its contribution to the SDG1 target – saying China will support 70 million people living in rural areas to lift themselves out of poverty by 2020.

UNDP has also provided advice and recommendations to China’s Presidency of the G20 through a report entitled “Rebalancing Global Economic Governance: Opportunities for China and the G20 Beyond 2015”, which presented nine ideas for outcomes that China could seek to deliver during its G20 Presidency that would have a positive impact on development in poorer countries.

This report was the second edition in the biannually-released Global Governance Report series jointly published by UNDP, the China Center for International Economic Exchanges (CCIEE) and the Shanghai Institute for International Studies (SIIS). UNDP also hosted an event for the diplomatic community in September 2015 on this topic, with speakers from MOFCOM, SIIS, the NDRC and various ambassadors and diplomats from G20 countries. UNDP remains a close supportive partner of China’s G20 Presidency with development one of China’s top 3 priorities for the presidency.

Regionally focused-Support

The key goals for UNDP in this area for 2015 were to support better understanding of China’s current and potential impact on the development of different regions, to reiterate the importance of China tailoring its support to different region’s needs, and use the SDGs as a framework to plug gaps in the existing architecture – including through new development banks such as the AIIB and NDB.

With respect to the African continent, UNDP China focused on enhancing the openness and understanding of China’s support to Africa, and the hot topic of poverty-reducing industrialization. To illustrate the importance of this, based on World Bank data, China has 149.56 million people under the US\$1.90 poverty line¹, while Sub-Saharan African countries have 389 million people under the same line².

In May 2015, in a seminar ‘China-Africa Cooperation in Post-2015 Agenda’ UNDP asked Dr. Donald Kaberuka, President of the African Development Bank to share his thoughts with the international diplomatic community on the challenges the African continent is facing, and explored how China, his own bank and other organizations, such as the AIIB and NDB, can be innovative and adapt to the changing dynamics.

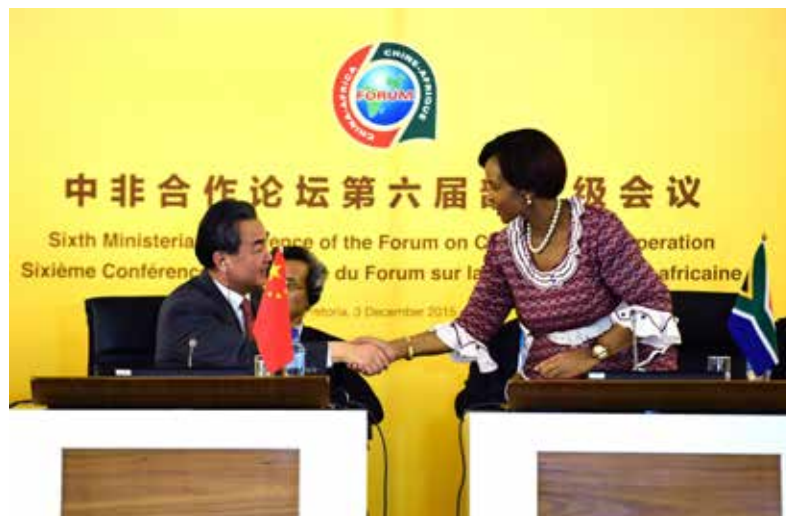
¹ Data source World Bank (2010) <http://iresearch.worldbank.org/PovcalNet/index.htm>

² Data source World Bank (2012) <http://wdi.worldbank.org/table/2.8.2>

In the margins of the FOCAC Summit in South Africa, UNDP supported an Africa-China Conference entitled “Towards Post-2015 Africa-China Sustainable Cooperation on Poverty Reduction and Development”. The conference was attended by around 200 people, including from South Africa, Nigeria, Djibouti and Senegal, and outcomes included the launch of the Made in Africa Initiative (see Section C). For the first time, this conference was “upgraded” and integrated as a sub-forum of FOCAC, which means it will now continue to support the implementation of SDG1 in Africa and the “Program for Strengthening Cooperation on China-Africa Poverty Reduction” agreed in 2014 between China and the African Union.

In addition, UNDP issued a 2-page issue brief examining FOCAC trends in terms of commitments and priorities, and its organization. The briefing also went beyond FOCAC to take a closer look at other partnerships with individual countries that Africa enjoys, comparing their outcomes to those of China, and examining the participation of international organizations in the process.

With respect to the Asian continent, UNDP China focused on the ASEAN grouping of countries and the North East Asian Region, and the hot topic of inequality, as this remains high in the region. In July 2015, the 9th ASEAN - China Forum on Social Development and Poverty Reduction was held in Vientiane, Lao PDR, with UNDP’s support. Participants examined new challenges and ideas for promoting more inclusive growth in the region. UNDP China also continued to support the creation of a new independent organization to promote growth and development through the Greater Tumen Initiative, an outcome that is set to be finally achieved in 2016.



Minister of Foreign Affairs, Wang Yi, and South African Minister of International Relations and Cooperation, Maite Nkoana-Mashabane at the Sixth Ministerial Conference of the Forum on China-Africa Cooperation (Photo: Unati Ngamntwini)



UN Resident Coordinator & UNDP Resident Representative in China, Alain Noudehou and President of the African Development Bank, Dr. Donal Kaberuka discuss leveraging resources and mobilizing development finance in post-2015 context

Finally, with respect to the Belt and Road, UNDP China focused on exploring its potential impact in various regions, and the hot topic of green financing (See Section E). Alongside keeping track of the many - now well over 30 - bilateral agreements that have been signed between China and other countries regarding the Belt and Road, legal developments and the activities of associated institutions such as the Silk Road Fund (SRF) and AIIB, there were two other notable activities UNDP undertook during 2015.

First, in May 2015, UNDP convened speakers from MOFA, the China-Africa Development Fund and the diplomatic community in China to discuss China's vision for the Initiative, comparing its potential impact on Asian, African and Latin American countries, and making recommendations for China and other countries on its implementation.

Second, in October 2015, UNDP agreed to become a founding partner of the new Silk Road Forum and Think Tank Network, both of which are led by the Development Research Center (DRC) of China. The Forum and Network aim to be open, light and flexible new institutions that inspire think-tanks to help each country enhance its understanding of other nations, as well as

tap into the potential of international cooperation. The Network currently has 43 members and partners from 27 countries, and they will meet annually at the Forum. UNDP will now support DRC to think through the governance and management structure for SILKS, its mission, as well as plan its activities throughout the year.

In 2016 - look out for:

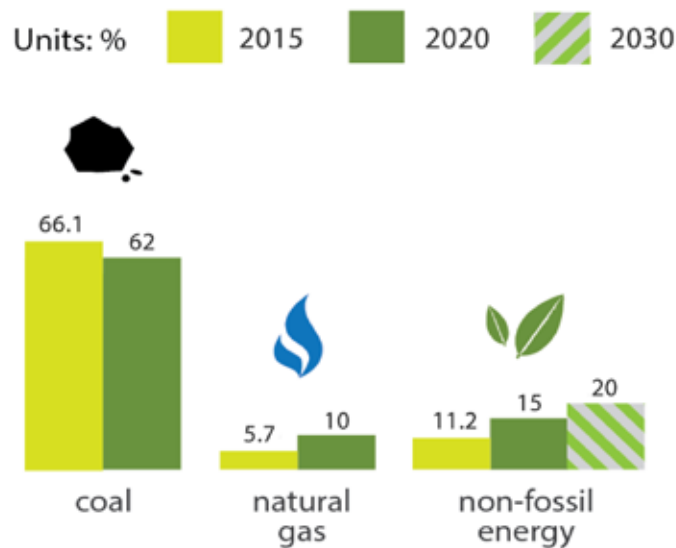
- 1) A discussion paper which will be exploring exactly what the links are between China's 13th Five-Year Plan and the 17 SDGs, as a contribution to joint UN work.
- 2) The outcomes of China's G20 Presidency at the Summit in September 2016 – how much will they lead to development in poorer countries around the globe?
- 3) A pioneering and impartial study, jointly with DRC, of the impact to date of the Belt and Road Initiative.



*Rebalancing Global
Economic Governance*



China's Climate Change Pledge



China is a critical actor when it comes to climate change. It is the largest single emitter of carbon dioxide in the world and its per capita emissions are 7.60 tons CO₂/ca as of 2014. While they remain much lower than the United States' level of 16.4 tons, they are now higher than the EU's 6.69 tons per capita. Recent research also suggests more than 1.2 million premature deaths in China and an estimated decrease of 5.5 years in life expectancy in the north of China is due to air pollution.

But China's carbon emissions don't just have domestic effects. Every carbon emission saved by China has a global impact – particularly on the poorest developing countries who will suffer the most from climate risks. Therefore, it is a crucial part of China's global cooperation strategy.

The good news domestically and internationally is that China is taking a leadership role in addressing climate change. In 2015, China committed to lowering emissions per unit of GDP by 60-65 percent from the 2005 level and increasing its non-fossil fuel share of energy to 20 percent by 2030. In a joint announcement with the United States in September 2015, China also pledged that it will make available US\$3.1 billion for South-South cooperation on climate

change, which was reiterated at the climate change negotiations Conference of the Parties in Paris in December 2015.

Indeed, China is better placed than ever to cut emissions. In 2015, UNDP hosted the launch of a survey of over 250 Chinese stakeholders conducted by China Carbon Forum and ICF International, who were very optimistic about China's ability to tackle climate change. 83 percent expect China's emissions to peak before 2030 and only 4 percent after 2035. A two-page briefing by UNDP China in April 2015 also explored the question of how China's policies on air pollution could be complementary to China's emission reduction goals.

With this optimistic outlook, in 2015, UNDP prioritized two types of activities in China.

First, helping the government and people in China to make these big goals a reality. In this respect, UNDP managed multiple projects that contributed to a reduction of over 200 million tons of CO² in 2015, and therefore helped minimize climate risks in other developing countries.

Second, we prioritized connecting China's policies to other developing countries' needs – given that all countries around the world suffer from a lack of experience with strong climate change policy. This is especially important at the city level, as around the globe, cities account for over 40% of emissions, and most developing countries will continue to experience high urbanization.

For instance, China has committed to putting a price on carbon in the country, and in 2014 set up emissions trading schemes in 7 areas to experiment with different models. With these, China has become the second largest carbon trading market in the world, following the EU. Now, China is working very hard to take the next step, to put a national emissions trading scheme in place by 2017.

In 2015, UNDP China contributed to and hosted the launch of a report by the Environmentalist summarizing and evaluating the pilot schemes so far, to ensure greater understanding of lessons learned, by Chinese industry and finance stakeholders but also other developing countries. There is high potential to deepen analysis and support in this area going forwards.

Another key policy in China is a target to spend 20 percent of the government budget on climate change – sometimes known as “green finance”. Given huge potential sums going forwards, and the potential for other developing countries to have similar targets, understanding

the impact of China's green finance will be very important globally. However, China, like most countries, does not have "climate change" budget lines. UNDP China therefore, in collaboration with the Research Institute for Fiscal Science (RIFS) under the Ministry of Finance, initiated a report to identify how "climate-relevant" (high, medium, low or no relevance) 800 items on the Chinese central government budget were. The study suggested that for 2014, RMB 138 billion (US\$ 23 billion) – or 6.9 percent of China's central budget was devoted to climate action. However, it also highlighted that even more green spending may be happening at the sub-national level, which will be explored in our further work.

In a bid to help cities understand their sustainability performance compared to others, in December 2015, UNDP launched a new "China Sustainable Cities Index", a quantitative and objective evaluation system, combining UNDP's Human Development Index (HDI) and an Urban Ecological Input Index (UEII). The special index was applied to 35 cities, including China's four largest cities (Chongqing, Shanghai, Beijing, and Tianjin), and revealed trends that can be now used by cities to plan their future development models in a more carbon-friendly way. China has over 600 cities, therefore the index will be compiled and extended annually. UNDP hopes to also explore how this new methodology and China's experience applying it can be useful for other countries.

Last but not least, in 2015 UNDP China began to explore how China can best directly support other developing countries. In particular, in November 2015, UNDP presented the case that the new financial institutions associated with the Belt and Road Initiative – namely AIIB, SRF (See Section D) – with their US\$140 billion in initial funding will offer major opportunities for green growth globally.

This offer is significant compared to, for instance, the Green Climate Fund that aims to mobilize US\$100 billion per year by 2020, and the Global Environment Facility that has spent around US\$70 billion since it was created in 1991. We presented this case during a forum co-hosted

Key Highlights of 2015 Dialogue

April: China Public Expenditure and Institutional Review launched

June: 2015 Eco forum Global Annual Conference, Guiyang

November: Co-hosted the CCICED sub-forum on 'Green Belt and Road'

December: The China Sustainable Cities Report: Measuring Ecological and Human Development launched at the 2015 International Forum on Sustainable Cities at the Great Hall of the People in Beijing

Publications

The China Sustainable Cities Report: Measuring Ecological and Human Development (**publication**)

China Carbon Market Research Report 2015 (**publication - chapter contribution**)

Finance: Seeing through China's Commitments at COP21 (**issue brief**)

Air Pollution in China (**issue brief**)

Energy Efficiency Policy in China and India (**publication**)

with WWF and the China Council for International Cooperation on Environment and Development (CCICED) – a key advisory body to China’s State Council and therefore top leaders. This will be an important space to watch, and the signs from AIIB – with its commitment to “green, lean and clean” financing - are very positive. The BRICs NDB has also recently announced plans to prioritize lending to green projects.

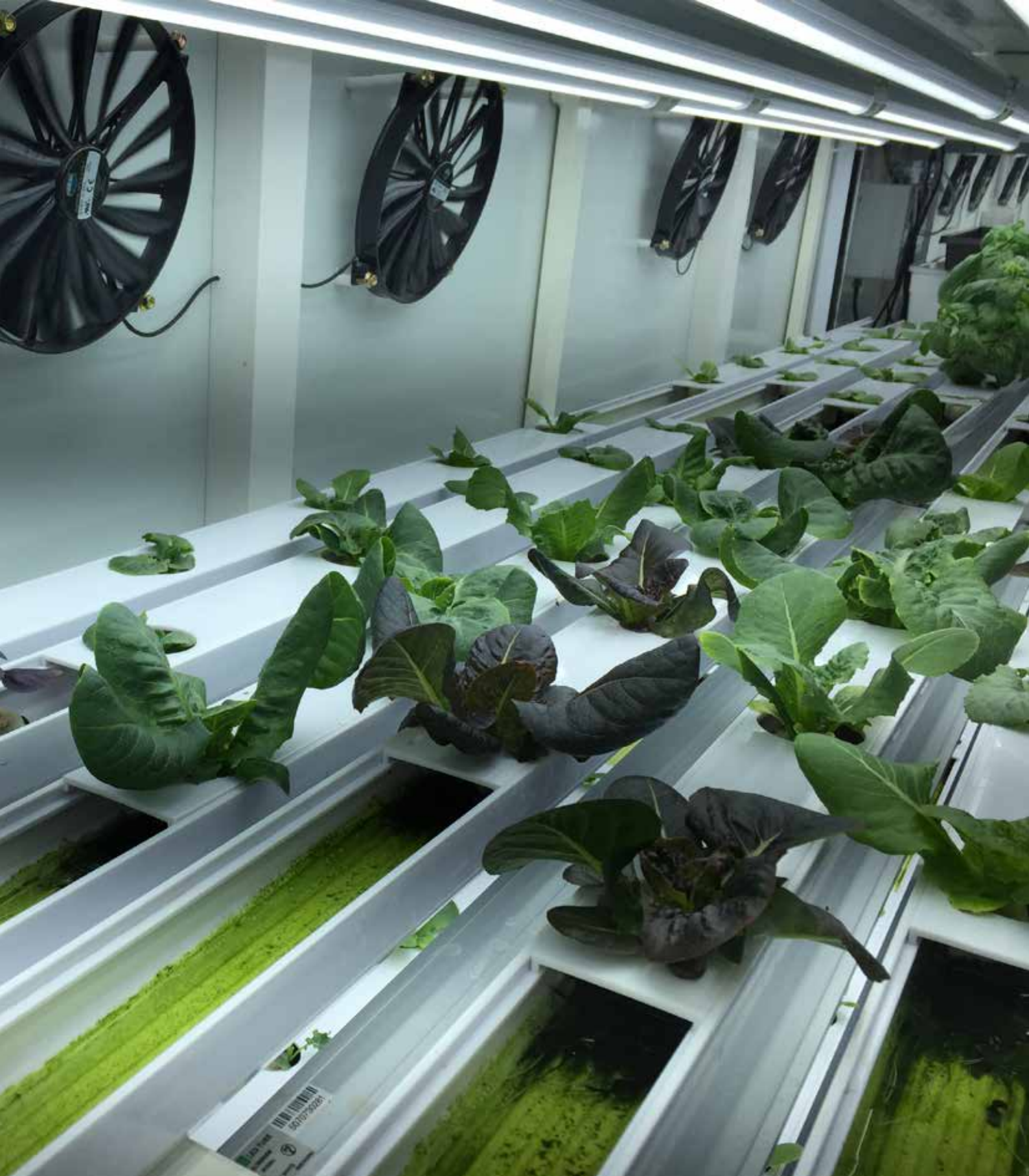
In 2016 - look out for:

- 1) A report on the current impact of China climate change support to other developing countries from the perspective of countries receiving that support with ideas on how to extend this impact even further in light of China’s announced US\$3.1 billion climate change financing;
- 2) The third edition of the evaluation of China’s Emissions Trading Scheme Pilots, with a special section on lessons from these schemes for other developing countries;
- 3) An updated China Sustainable Cities Index.



2015 China Sustainable
Cities Report

Could urban farming be the solution to solving problems of land scarcity in Africa as well as avoiding polluted soil in China? As part of a new partnership with TEDxBeijing, UNDP China participated in this and several other “TEDxAdventures” aimed at exploring innovative ideas and solutions to solve development problems. This is a solution proposed by Alesca Life, who are experimenting with growing fresh vegetables in a controlled environment in a shipping container in Beijing





SUSTAINABLE DEVELOPMENT



GOALS

TY
ON

5 GENDER
EQUITY

6 CLEAN WATER
AND SANITATION



Hannah Ryder, Head of Policy and Partnerships Unit with UNDP Policy specialists, celebrating the launch on the United Nation's 17 Sustainable Development Goals, launched September 2015

Index of Key Chinese Partners



New
Partners
2015

Action Aid (China) is an international non-governmental organization with branches all over the world including in China, working to further human rights and defeat poverty for all.
<http://www.actionaid.org/china>

Beijing Normal University is a renowned institution of higher education known for teacher education, education science and basic learning in both the arts and the sciences.
<http://english.bnu.edu.cn>

China Carbon Forum is an independent platform created in China in 2007 to foster trust and cooperation among Chinese stakeholders for climate action.
<http://www.chinacarbon.info>

Environomist Ltd. (China) is a professional carbon consulting company that facilitates low-carbon economic transition and promotes carbon management capacity in the public and private sectors.
<http://environomist.com.cn>

Peking University (China) One of China's leading institutes in top-level research and higher education. In 2015 it was ranked 48 globally and no. 4 within Asia in the Times Higher Education University Rankings in 2015.
<http://english.pku.edu.cn>

TEDx Beijing (China) is a programme of local, self-organized event that brings people together to, through TED talks, share ideas and initiatives that have or could make a positive difference on lives around the world.
<http://www.tedxbeijing.org/home>

CAFS (Chinese Academy of Fiscal Sciences) conducts policy research on economic and financial issues in China and in particular taxation and spending decisions. It provides this analysis and advice to its affiliate, the Ministry of Finance, other government departments and the financial community.

CAITEC (Chinese Academy of International Trade and Economic Cooperation) conducts policy research on economic, development cooperation and trade and provides analysis and advice to its affiliate, the Ministry of Commerce, government departments and the business community.

<http://www.caitec.ird.cn/en/index.html>

CCICED (China Council for International Cooperation on Environment and Development) was established in 1992 as a high-level international advisory body to the State Council composed of renowned Chinese and international figures and experts in the field of environment and development.

<http://www.cciced.net/enciced>

CCIEE (China Center for International Economic Exchanges) was established in 2009 to promote international economic research and cooperation domestically and internationally under the guidance and supervision of the NDRC, see below.

<http://english.cciee.org.cn>

CICETE (China International Center for Economic and Technical Exchanges) is a specialized international assistance executing agency under the Ministry of Commerce that supports China's economic and social development and the achievement of the MDGs; CICETE implements UNDP projects under the UNDP Country Programme in China.

<http://www.cicete.org/en>

IPRCC (International Poverty Reduction Center in China) was established in 2005 by the Chinese government, UNDP and other international organizations as a platform for knowledge sharing, information exchange and international collaboration in the areas of poverty reduction and development.

<http://www.iprcc.org>

MOCA (Ministry of Civil Affairs) is responsible for disaster management, civil society and social organization policies and social administrative affairs.

<http://www.mca.gov.cn>

MOFA (Ministry of Foreign Affairs) is responsible for the implementation of China's diplomatic principles and policies.

http://www.fmprc.gov.cn/mfa_eng

MOFCOM (Ministry of Commerce) formulates policy on foreign trade, export and import regulations, foreign direct investments, negotiating bilateral and multilateral trade agreements as well as China's foreign aid.

<http://english.mofcom.gov.cn>

MOST (Ministry of Science and Technology) is responsible for science and technology development plans and policies, including international cooperation and exchange on science and technology through bilateral and multilateral channels.

<http://www.most.gov.cn/eng>

NCDR (China National Committee for Disaster Reduction) is an inter-agency body of 34 ministries and departments to study disaster reduction, coordinate major disaster activities, give guidance to local governments in their disaster reduction work, and promote international exchanges and cooperation.

NDRC (National Development and Reform Commission) is responsible for coordinating social development policies with national economic development policies, including in the areas of sustainable development and climate change. NDRC liaises with international organizations and governments through its Department of International Cooperation.

<http://en/ndrc.gov.cn/mfdic>

Research Centre of SASAC (Research Centre of State-owned Assets Supervision and Administration Commission)

is the think tank under SASAC, who is responsible for the management of Chinese State-owned enterprises, including the drafting of laws and regulations pertaining to their operations overseas.

<http://www.sasac.gov.cn>

SIIS (Shanghai Institute for International Studies) is a leading Think Tank, rank top 10 in China for studies of international politics, economy, security strategy and China's external relations. <http://en.siis.org.cn>



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Resilient nations.*

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