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**Draft country programme document for the People's
Republic of China (2006-2010)**

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I. Situation analysis

1. The government's reform agenda and high levels of sustained economic growth averaging 9.4% over the last two decades have had a dramatic impact on poverty reduction and quality of life in China. According to the international poverty line of one US dollar a day or less, the number of poor fell from an estimated 490 million in 1990 to 88 million in 2002, exceeding achieving the Millennium Development Goal (MDG) of halving income poverty. While there are sharp variables, all provinces record a Human Development Index (HDI) in the medium development range, with remarkable progress in indicators such as life expectancy, child mortality and literacy. Progress has been made towards the rule of law, anti-corruption initiatives and human rights protection. The private sector is becoming a powerful force in assisting with national efforts to alleviate poverty and will play a major role in the sharing of experiences and technologies with other developing nations. China is consolidating its role in international affairs as a key partner in the global arena.

2. However, major challenges remain. There are pockets of deeply entrenched poverty and new forms of poverty such as the urban poor, brought about by the rapidly shifting economic and social landscape. There are growing inequalities between coastal and interior regions, rural and urban areas, and between men and women. The 2003 MDG Progress Report highlights three areas requiring particular attention: halting and reversing HIV/AIDS and tuberculosis; promoting gender equality; and reversing the loss of environmental resources. Innovative, pro-poor, pro-environment, and pro-women solutions are needed to ensure China sustains its progress in human development.

3. Underinvestment in social service sector delivery along with the removal of traditional safety nets have placed enormous burdens on poor households. Fewer and lower quality basic public services in rural areas have led to worrying trends in human development indicators. Declining farm-related net incomes and stagnation in rural employment have spurred mass migration to cities, raising issues of a rise in urban poverty. Gender inequity is manifested in employment and income disparities and an unbalanced sex ratio at birth showing 117 boys for 100 girls. The HIV/AIDS epidemic requires a continued, effective response. Rapid economic growth has also resulted in environmental degradation and poor air quality. China is the second largest energy consumer in the world,

and energy efficiency is a serious concern. Other concerns include: desertification and land degradation; availability of clean and adequate water supplies; loss of biodiversity; and solid waste and chemical disposal.

4. In recognition of these challenges, in 2003 the Government of China redefined its national development vision to 'Xiaokang', or an all-round, balanced and good society for all by 2020. In addition to the quadrupling of per capita incomes, Xiaokang advocates for the 'scientific concept of development' focusing on achieving 'five balances' - between urban and rural areas; regions; economic and social development; people and nature; and between domestic development and 'opening up'. China's strong political commitment to focus on human centred development presents a unique opportunity for the United Nations Development Programme (UNDP) and the United Nations system to support the country's long-term reform efforts through a range of knowledge-based interventions throughout the 11th Five Year Plan period (2006-2010).

II. Past cooperation and lessons learned

5. The second Country Cooperation Framework for China (2001-2005) focused on four key programme areas. Policy changes in public administration laid the foundations for pro-poor fiscal reforms. Moves towards the rule of law were supported through the development of policy guidelines on legal aid services and addressing root causes of corruption. Interventions highlighted the need to promote reforms in line with international human rights standards. *Poverty reduction* initiatives helped to develop strategies focusing on non-income dimensions of poverty and the use of a multi-dimensional system of poverty monitoring. Micro-credit was also pioneered in rural and urban locations. *Sustainable environment and energy* programmes strengthened the national capacity to integrate environmental sustainability within the national policy and regulatory framework, and to negotiate and implement global commitments. A National Coordination Mechanism for Energy Policy was set up and the use of market-based instruments to promote energy efficiency introduced. The *HIV/AIDS* programme contributed to capacity enhancement and awareness through a study on the legal framework and a joint United Nations system advocacy for community based care and prevention. *Regional and sub-regional cooperation and partnerships* were strengthened through analysis of non-physical barriers to

inter-country agreements and support was given to mechanisms for increased South-South cooperation.

6. Findings from the Common Country Assessment 2004, the evaluation of outcomes of previous UNDP assistance (<http://www.unchina.org/>, <http://www.undp.org.cn/modules.php?op=modload&name=Downloads&file=index&req=viewdownload&cid=15>), and consultations with stakeholders, has led UNDP, in the 2006-2010 country programme, to focus on key national priorities and strategies, in order to increase the impact of interventions at the central and local levels.

III. Proposed programme

7. UNDAF 2006-2010 (<http://www.unchina.org/>) identifies five key priorities: a) social and economic policies for equitable growth; b) participatory methods and capacity building for effective and equitable policy implementation; c) more efficient management of natural resources; d) HIV/AIDS; e) support to China's increased role in the global arena. UNDP is in a unique position to use its cross-cutting role to contribute substantively to all priority areas through the prism of the Millennium Declaration and the MDGs. Assisting the Government of China to realize its Xiaokang vision of all-round human development is the ultimate goal of the UNDAF and the country programme. Coordinated aid is a critical means for disseminating global lessons and international experience, as China seeks to deliver on its objective of balanced development.

8. Based on the MDG and the Xiaokang reform agenda, the UNDP country programme will support initiatives that:

- shift support from a diverse conglomeration of projects to flagship programmes designed to inform and support policy making and human development outcomes.
- use knowledge based approaches and focus on human development to help government design policies and programmes that balance development and operationalize Xiaokang.
- monitor emerging challenges within society, with greater focus on gender disparity and vulnerability, gender disaggregated data and HIV/AIDS.

- promote strong United Nations donor coalitions and partnerships in support of key human development issues such as HIV/AIDS, gender and poverty.
- support China's further integration with the world through partnerships with neighbouring countries and the sharing of experiences on poverty reduction and socio-economic development. UNDP will support China to scale up South-South links.
- undertake reforms to achieve the five balances: urban-rural; regional; economic-social; man-nature; and domestic development-opening up to the world.

A. Achieving the MDGs and reducing human poverty

9. *Pro-poor policy reform and poverty monitoring:* This programme component will assist China in refining its long-term national development vision by carrying out a comparative analysis of current Xiaokang goals and indicators and the MDGs, to arrive at a set of performance measures for human development. Pilot provinces will implement approaches and assessments to support local and national policy development. International experience and best practices will be accessed to underpin the knowledge base, to improve the monitoring and analysis of specific, disaggregated economic, social and environmental outcomes, and to support policy development to reduce imbalances and alleviate poverty. *Expected results:* the national development vision (2006-2020) and five provincial plans influenced by human development concepts and MDGs; leadership capacity to apply Xiaokang/MDG concepts enhanced; awareness increased among key stakeholders including government, the private sector, non-governmental organizations (NGOs), the media, and civil society; an International Poverty Centre established to provide policy-oriented research and training; pro-poor fiscal reforms to enable increased accountability, and access of the poor to social services.

10. *Rule of law, human rights and civil society development:* Support is necessary to increase access to justice and the rule of law, enhance public participation, and promote adherence to internationally respected human rights. Therefore, laws for registration, funding and participation of civil society organizations (CSOs) will be revised and civil society invited to participate in the design and implementation of programmes. *Expected results:* reforms in structural and performance-related areas of legal institutions, particularly in the western region, for improved accessibility of services by the poor; capacity to

claim rights improved; anti-corruption legislation and codes of conduct to strengthen transparency and accountability within the civil services developed; key United Nations conventions to improve capacity to fulfil obligations, including those concerning environmental agreements, promoted.

11. *Globalization and regional cooperation benefiting the poor:* China's rapid integration into the world economy presents an unprecedented opportunity to contribute to global development concerns and share experiences, especially in the area of poverty reduction and socio-economic development. UNDP will facilitate this endeavour. *Expected results:* South-South cooperation with neighbouring (Tumen area, Central Asia, Mekong sub-region) and other developing countries (Africa) increased, especially in the diversification of economic links and the sharing of development experiences; public-private partnerships enhanced.

12. *Gender:* UNDP, in close partnership with other United Nations agencies, will support the pursuit of gender equity efforts through advocacy, gender-sensitive data collection, analysis and implementation strategies. *Expected results:* MDG Gender Assessment; pilot interventions to benefit women and their livelihoods modelled for scaling-up.

B. Environment and energy for sustainable human development

13. Balancing economic growth and the environment is a pressing challenge for China. Strengthening environmental governance and promoting 'green growth' are enormous challenges that require enhanced cross-sector coordination, comprehensive planning, and effective monitoring.

14. *Sustainable energy services:* UNDP will support improved end-use energy efficiency in manufacturing industries and buildings, and enhanced application of new and renewable technologies. Advocacy and policy initiatives will support the achievement of national renewable and new energy targets for 2010 and 2020. Continued assistance will be provided to fulfil obligations under multilateral environmental agreements, especially the Kyoto Protocol. Environmental awareness will be enhanced, empowering the general public to play an increasingly central role in the more efficient use of critical resources i.e. water and energy, and in environmental protection. *Expected results:* voluntary agreements to improve energy efficiency and reduce carbon dioxide

(CO₂) emissions implemented by pilot enterprises; regulations, codes, guidelines, standards and labels for energy efficiency and conservation designed and applied to selected buildings and equipment; capacities increased of energy conservation centres to provide energy efficiency services; implementation of the Energy Conservation Law supported; commercialization of new and renewable energy technologies (e.g. wind, solar, bio-fuels, fuel cell) supported through demonstration and development of strategies, guidelines, standards and regulations.

15. *Conservation and sustainable use of biodiversity:* UNDP will continue to support the mainstreaming of biodiversity conservation concerns and actions into the socio-economic sectors and the development vision. *Expected results:* a coordination mechanism among national/international partners for the effective management of biodiversity strengthened in the following areas: biodiversity conservation and mainstreaming biodiversity into planning and investment processes.

16. *Disaster reduction:* UNDP will support the strengthening of disaster management efforts for natural and industrial, particularly mining sector related disasters. Assistance will also be extended to the implementation of the Risk Management Plan. *Expected results:* coordination mechanism among national partners strengthened; capacity to analyze and assess risk improved; integrated risk management at the national and community level enhanced; existing policies and risk scenarios reviewed; local risk reduction plans formulated.

C. Responding to HIV/AIDS and other communicable diseases

17. A high level HIV/AIDS Working Committee was set up in 2004 to provide improved coordination for future challenges. UNDP will assist capacity building for strong leadership and legislation at all levels to respond to HIV/AIDS and other global risks. *Expected results:* Enhanced leadership planning and coordination capacities among officials at the national and provincial levels; national/provincial key legislation revised; targeted poverty reduction programmes addressing vulnerabilities of women, minorities, migrants and those living with HIV/AIDS.

IV. Programme management, monitoring and evaluation

18. China International Centre for Economic and Technical Exchanges (CICETE) of the Ministry of Commerce People's Republic of China (MOFCOM) has over 20 years experience as a national executing agency. It continues to provide valuable project monitoring and financial administration services for a large portfolio of projects. UNDP China will continue to rely on national execution as the principal modality of programme/project management with clear benchmarks of accountability for performance. To reflect the upstream nature of envisaged interventions, CICETE and UNDP will pursue partnerships with policy making and apex coordination bodies, in order to draw on their knowledge and increase the relevance and centrality of the country programme's operations.

19. The strategic focus of the country programme 2006-2010 is conducive to exploring joint programming activities with United Nations agencies, particularly in the area of long term national planning, data collection and analysis, target setting, environment and HIV/AIDS. UNDP is committed to proactively engage in results-oriented partnerships with the United Nations system at large.

20. The approach to results-based management will be strengthened through output-oriented planning, budgeting, and monitoring and evaluation. Where appropriate, monitoring and evaluation will be conducted together with concerned United Nations agencies. In line with participatory programming approaches, the review process will aim to bring together a broad range of partners to enhance transparency and enable a more comprehensive assessment of outcomes.

Annex: Results and resources framework for the People's Republic of China (2006-2010)

Programme component	Programme outcomes	Programme outputs	Output indicators, baselines and targets	Resources by goal
UNDAF Outcome 1: Social and economic policies are developed and improved to be more scientifically based, human centred and sustainable.				
Achieving the MDGs and reducing human poverty	1. Xiaokang/MDG concepts and indicators integrated into national and provincial development vision, policies and plans.	1.1. National Xiaokang Vision and MDG goals and indicators localized and integrated into the development plan. 1.2. Five provincial plans developed in tune with Xiaokang/MDG vision and indicators. 1.3. Improved tax legislation and strengthened capacities in tax administration enable the development of pro-poor initiatives. 1.4. Poverty reduction approach piloted on target population..	1.1. Mid/long term national plan influenced by the Xiaokang/MDG concepts. 1.2. 1.2. Five provincial plans influenced by Xiaokang/MDG concept. 1.3. Poverty reduction strategy, linked to macro-economic framework through pro-poor fiscal reforms, micro-finance and trade policies, developed and piloted.	Regular resources: \$11 million Other resources: \$35 million
	2. National efforts to lead and manage Xiaokang/MDG implementation supported through a variety of instruments and capacity building initiatives.	2.1. 900 senior leaders trained/exposed to international best practices on sustainable and human centred development. 2.2. Awareness created in civil society on the broader definition of an all round Xiaokang society. 2.3. China's experience and knowledge in poverty reduction efforts codified and shared with other countries. 2.4. Policy oriented research on emerging poverty challenges developed and disseminated to key stakeholders. 2.5. Establishment of legal environment conducive to pro-poor micro-finance provisions in the financial system.	2.1. Increased leadership capacity to apply Xiaokang concepts. 2.2. Xiaokang/MDG indicators developed. 2.3. Awareness on Xiaokang/MDGs increased among key stakeholders (national and provincial). 2.4. One national and five provincial Xiaokang Reports. 2.5. International Poverty Centre established to provide policy oriented research and training. 2.6. Chinese Association of Micro-Finance established. 2.7. Human Development Fund established to facilitate private sector support to poverty reduction efforts.	Regular resources: \$12 million Other resources: \$65 million
	3. Enabling environment for civil society participation and its effective engagement in Xiaokang priority issues supported.	3.1. Relevant laws and regulations for registration, funding and participation in consultations revised. 3.2. Increased participation of civil society in the design and implementation of development policies/programmes.	3.1. Policies and regulatory framework improved to form an enabling environment for civil society development. 3.2. Enhanced capacity of state institutions to engage civil society in the development process. 3.3. Civil society organizations' capacities strengthened to more effectively participate in the development of Xiaokang society. 3.4. Environmental awareness and capacity to address environmental issues raised through visible high-profile campaign, strategy and training.	Regular resources: \$3 million Other resources: \$7 million
	4. Rule of law strengthened to protect human rights of all, especially the poor and the disadvantaged groups.	4.1. Poor and disadvantaged groups empowered to seek remedies for injustices, and justice institutions enabled to be responsive to claims, consistent with international human rights norms. 4.2. Transparency and accountability within the civil service increased to promote efficient delivery of services.	4.1. Legal system reforms to strengthen rule of law. 4.2. Capacity of legal institutions and personnel, particularly those in the Western Region, enhanced to better protect human rights in line with key United Nations Human Rights conventions. 4.3. Legislative and oversight capacity of people's congresses strengthened to manage the demands of different groups in society. 4.4. Increased access to justice for the poor and disadvantaged groups; improved capacity of rights-holders (in particular the disadvantaged and the migrants) to claim their rights. 4.5. Development of anti-corruption legislations and codes of conduct to strengthen transparency and accountability within the civil services.	Regular resources: \$3 million Other resources: \$13 million
	5. Capacities to pursue gender-equity efforts enhanced through advocacy, gender sensitive analysis and implementation.	5.1. Capacity for gender responsive analysis created. 5.2. Pilot interventions to benefit women and their livelihoods modelled.	5.1. MDG/Gender Assessment conducted and report released. 5.2. Micro-finance services and training for poor women in rural area provided. 5.3. Institution building initiatives undertaken to enhance women's participation in the productive sectors.	Regular resources: \$2 million

				Other resources: \$2 million
UNDAF Outcome 3: By the end of 2010, more efficient management of natural resources and development of environmentally-friendly behaviour in order to ensure environmental sustainability (with special focus on water, energy and land biodiversity).				
Energy and environment for sustainable human development	6. End-use energy efficiency and application of new and renewable energy technologies improved.	6.1. Energy consumption per unit of GDP decreased. 6.2. Strategies and favourable policies for China's 2010 and 2020 renewable and new energy targets developed, notably a roadmap for new and renewable energy industry and technologies.	6.1. Voluntary agreements implemented by a dozen pilot enterprises to improve energy efficiency and reduce CO2 emissions. 6.2. Regulations, codes, guidelines, standards, and labels for energy efficiency and conservation developed, improved, and widely applied to residential and commercial buildings, as well as to industrial, residential and service equipment. 6.3. The capacity of energy conservation centers strengthened to provide energy efficient services and information, and implement the Energy Conservation Law. 6.4. Commercialization of new and renewable energy technologies promoted.	Regular resources: \$1 million Other resources: \$42 million
	7. Conservation and sustainable use of biodiversity is more effective.	7.1. Joint China Biodiversity Partnership Framework Group established, including key international and national partners; Joint Results Framework agreed upon. 7.2. National and Local Biodiversity Action Plans updated and mainstreamed into the national and local Five Year Plan. 7.3 Capacity of CSOs and communities to participate in biodiversity conservation activities strengthened. 7.4. National coordination mechanism established. 7.5. Capacity to analyze and manage risks at the national and selected communities strengthened.	Strengthened coordination mechanism set up among national and international partners for effective management of biodiversity along the following four themes: 7.1. Enabling environment for biodiversity conservation; 7.2. Mainstreaming biodiversity into planning and investment process; 7.3. Biodiversity conservation in protected areas; 7.4. Biodiversity conservation in production landscape; 7.5. Natural disaster risk reduction action plans formulated.	Regular resources: \$2 million Other resources: \$51 million
UNDAF Outcome 4: By 2010, increased access and utilization of information, skills and services to : 1) reduce stigma and discrimination, 2) prevent new HIV infections, and 3) support provision of treatment, care and support to those infected and affected by HIV/AIDS, with particular focus on women and vulnerable population groups.				
Responding to HIV/AIDS	8. Leadership skills and legislation prepared to respond to HIV/AIDS.	8.1. Provincial plans include specific ideas to respond to HIV/AIDS.	8.1. Leadership planning and coordination capacities built among officials at the national level and in the 20 piloted provinces. 8.2.National/provincial key legislation revised.	Regular resources: \$2 million Other resources: \$10 million
UNDAF Outcome 5: Increased role and participation in international arena and international cooperation.				
Achieving the MDGs and reducing human poverty	9. Key United Nations conventions promoted through improved capacity to fulfil their obligations.	9.1. Policy makers and general public engaged to support United Nations conventions implementation.	9.1. Ratification and implementation of key United Nations conventions promoted to fulfil international responsibility. 9.2. Improved capacity to prepare the Second National Communication on Climate Change with special attention to vulnerability and adaptation. 9.3. Implementation of the Persistent Organic Pollutants (POPs) convention supported through strengthened capacities and policies, especially in the area of reduction of pesticides.	Regular resources: \$2 million Other resources: \$9 million
	10. Global partnerships promoted for effective results.	10.1. China/Africa Business Council effectively promoting trade and investment.	10.1. Public-private partnerships enhanced in South-South cooperation initiatives. 10.2. China's cooperation with neighbouring countries in Tumen area, Central Asia and Mekong sub-region increased, especially in fields of trade, investment, tourism and transport.	Regular resources: \$2 million Other resources: \$6 million