



Office of the United Nations Resident Coordinator in China
联合国系统驻华协调代表办事处

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31 March 2010

Dear Mr. Secretary-General,

Subject: 2009 Annual Report of the RC System

On behalf of the United Nations in China, I am pleased to present the 2009 Annual Report. This has been a remarkable year, as the fallout of the global financial crisis impacted upon China and saw a shift in China's global role and position. For the UN system in China, it was also a special year, as we marked the thirtieth anniversary of our own in-country presence.

Major development and political events

Though 2009 was the most difficult year for the global economy in many decades, China achieved a GDP growth rate of 8.7%, exceeding its own target of 8%. As a result, some estimate that China may have already overtaken Japan to become the world's second largest economy. And, despite exports falling by 16%, China also surpassed Germany for the first time in 2009 to become the world's largest exporter. Meanwhile, China became one of the world's major investing economies, with outward foreign direct investment of more than \$40 billion in 2009 and investments in foreign acquisitions and financial markets of around \$30 billion.

The underlying story was that, through its ability to afford, quickly decide upon and implement both administrative measures and a \$585 billion stimulus package, China was able to avoid going into recession and to lead the rest of the world toward recovery. That said, China did not escape unscathed; as exports fell in the earlier part of 2009, migrant workers were hit particularly hard, with 23 million rural migrant workers alone estimated to have lost their jobs as a result. And the inequalities on which much of the UN-China partnership is focused – between urban and rural, coastal regions and the interior, east and west, men and women, migrants and non-migrants, and ethnic minorities and Han Chinese – continued to be a cause for concern.

In parallel with China's growing economic importance, its influence in global affairs has grown also. China's membership of the G20 saw it at the centre of the global response to the financial crisis. It agreed to buy \$50 billion of IMF bonds, floated a proposal for a new international reserve currency, and strengthened several important partnerships in the Asia-Pacific region. And, in December, at the Fourth Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC), China made key new commitments to Africa, including: \$10 billion in concessional loans to Africa from 2010 to 2012; zero tariff treatment for 95% of goods from least developed countries with which China has diplomatic relations; and to further enhance cooperation in climate change, science and technology, agriculture, education, health and culture.

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The other critical global issue in which China had a central role in 2009 was climate change. President Hu Jintao set out China's approach at the UN Climate Change Summit in September, when he committed China "to step up efforts to develop a green economy, low-carbon and circular economy, and enhance research, development and dissemination of climate friendly technologies". In fact, the financial crisis has turned out to be both an opportunity and a stimulus for China in this regard. Some of the older, least environmentally friendly, low-end industries were driven out of business. Meanwhile, Chinese companies are already seizing the opportunities of the low-carbon development model, with a renewable energy sector already worth \$17 billion and employing close to one million workers. And, at the end of the year, China made its commitment to reduce carbon dioxide emissions per unit of GDP in 2020 by 40% to 45% compared with 2005 levels.

Summary of progress towards UNDAF Outcomes

Under UNDAF Outcome 1 (social and economic policies), 2009 witnessed a growing openness amongst China's leadership to learn from international experience. Such openness, combined with the UN's ability to pilot innovative approaches and successfully feed them into national policy, provides the basis for much of the UN System's ongoing partnership and programmes. This partnership provided the underpinning for two high-level events this year.

First, on the occasion of your visit in July, an unprecedented grouping of over 30 Chinese Ministers, all alumni of the UN's Advanced Leadership Programme, came together for a dialogue on climate change and other issues. Second, the High Level Forum on International Poverty Day, entitled "Financial Crisis and Poverty: Challenges and Actions" saw China's Vice-Premier Hui Liang Yu, senior UN leaders such as Thoraya Obaid, and over 200 other high-level representatives consider the impact of the downturn on poverty eradication, and launch a key study on the impact of China's stimulus package on the poor.

Meanwhile, two major UN-China joint programmes focusing on the needs of two particularly vulnerable groups, ethnic minorities and migrant workers, completed their first year of implementation. Having overcome some initial challenges that came with truly joint working, the joint programmes delivered their first year commitments on schedule. More importantly, they have already begun to transform thinking on how best to improve the lives of the two groups. The ethnic minorities programme is introducing concepts and methodologies that are required to foster culture-based development, and is demonstrating that material and infrastructure improvements alone in ethnic minority regions are not sufficient. And the migrant worker programme has already seen an effort to fundamentally rethink the way migrant workers are provided with basic life skills.

Under UNDAF Outcome 2 (policy implementation in the social sectors) the UN attached particular priority to supporting health reform, which is key both to preventing those on the margins of poverty from falling backward, and to rebalancing the economy and boosting domestic consumption. As part of this, the UN supported Government in creating mechanisms to monitor and evaluate the reforms, and provided specific advice on Maternal and Child Health, leading to a high-level regional meeting in Xian in October.

Alongside this, food safety and security remained key concerns. A UN China report on China's food security revealed some startling disparities between regions, identifying 271 counties from western China with a population of 90.5 million with remarkably poor food

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security. A High-Level Meeting, addressed inter alia by Professor Amartya Sen, was convened to reconsider the links between nutrition, early child development and economic development. In light of these findings, the UN is now implementing a new UN joint programme on improving nutrition, food safety and food security for China's most vulnerable.

The outbreak of Influenza A (H1N1) was also a major focus. With a comprehensive and tested Pandemic Preparedness Plan in place, the UN was well placed both to support national authorities and to support its own staff when the situation in China intensified in November with the spread of the virus from urban to rural areas. Thus, following a high-level request, the UN assisted China in reviewing the current pandemic response mechanism and improving medium to long-term pandemic preparedness strategies, and an A H1N1 flu vaccination campaign was also organized for all UN staff and dependents.

Under UNDAF Outcome 3 (Environmental sustainability), the challenge of climate change was at the forefront of the UN-China partnership. With China both the leading carbon emitter and highly vulnerable to the impact of climate change itself, the UN-China partnership is built on a shared understanding of the need for urgent action on both mitigation and adaptation. Your own landmark speech at the launch of the 'Green Lights' programme in July – a UN China programme which aims to deliver an 8% reduction in China's energy consumption through the countrywide adoption of energy-saving lightbulbs – highlighted the opportunities for China to further invest in mitigation technology, and the global responsibility to act in which China is a vital part. Subsequently, work on the China National Human Development Report 2009/10 on Low Carbon Economy & Society is indicating that the areas of China with the lowest carbon intensity are in fact the most economically advanced, providing a powerful demonstration that continued economic development and low-carbon growth can and must be mutually reinforcing.

In terms of programmes, the China Climate Change Partnership Framework (CCPF) Joint Programme moved into its second year, with some impressive early results. A new draft Energy Law – a key output – was presented to the National People's Congress at the end of the year. Strong progress was made in adaptation planning, in particular looking at the impact on the Yellow River Basin, and on the development of adaptation-oriented Local Environmental Health Action Plans. And, with support from the programme, the UN was able to advise China on post-Kyoto strategies, culminating in a CCPF Carbon Equity side event at COP-15 in Copenhagen. Meanwhile, other important environmental work continued to move forward, for example through the endorsement of the China Biodiversity Programme Framework by the GEF.

Under UNDAF Outcome 4 (HIV/AIDS, TB and Malaria), following China's successful bid for \$500 million of Global Fund resources, a key focus of the well-established UN Joint Programme was on supporting the development of costed strategic plans in six provinces, which will be used to guide the use of the additional funds as part of the provincial response, and are also serving as a model for others. Remarkable progress was also made in terms of combating stigma and discrimination. The publication by the UN of the China Stigma Index Survey – the first of its kind globally – shed new light on the challenges faced by PLHIV. Subsequently, in a highly symbolic move, both the President and the Premier used the occasion of World AIDS Day to express their public support to PLHIV and encouraged civil society to become more strongly involved in the AIDS response.

Under UNDAF Outcome 5 (China's international role), there was a renewed focus on supporting the implementation of UN conventions. Having produced an update on China's status

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with regard to the major conventions, the UN identified five key multi-sectoral conventions on which a concerted collective effort will be made. These include: the International Covenant on Economic, Social and Cultural Rights and its related protocols; the Convention for the Elimination of Discrimination Against Women; the Convention on the Rights of the Child; the Convention on the Rights of Persons with Disabilities; the Conventions relating to migrants, people trafficking and refugees; and the Framework Convention on Tobacco Control.

Alongside this, the UN has continued to promote China's cooperation with its neighbours. In North-East Asia, the Greater Tumen Initiative (GTI) saw the Ulaanbaatar declaration signed in March, committing the member states to further strengthen economic cooperation, and the GTI Energy Board adopted a first regional Energy Action Plan (2010-2012). And in Central Asia, the Silk Road initiative brought together mayors from China, Korea, Japan and Central Asian countries to promote trade, tourism development and people to people links in the region.

Through 2009, China's south-south cooperation continued to expand. Notably, 2009 also saw China's interest in working in partnership with the UN increase very significantly, culminating in the agreement between Helen Clark and Premier Wen Jiabao to establish a new strategic partnership in this regard, embracing trilateral UN-China-Africa collaboration. Some initial quick wins are already emerging; for example the creation of a devoted Africa window at the International Poverty Reduction Centre of China (IPRCC) for sharing Chinese poverty alleviation experience with selected African countries.

In the field of gender, the UN continued to support innovative community interventions, through the China Gender Facility joint programme. In 2009, the UN also launched a new UN joint programme on the elimination of violence against women, which began with a high-level seminar on male involvement. On top of this, Government requested UN support to formulate a new joint programme on womens' political participation, aimed at increasing the proportion and the impact of women in the National People's Congress and at local levels.

Summary of progress in UN reform

The preparation of the UNDAF for 2011-2015 was a major focus in 2009, and was conducted with an unprecedented level of national ownership. In addition to an UNDAF Strategic Planning Workshop in July, and a series of consultation round tables later in the year, the UN Country Team had meetings with a number of key Ministers and State leaders, at which they set out their vision for the next five years and their priorities for UN support. As a result of this strong interaction, the UN can be confident that the UNDAF is closely aligned with the upcoming 12th Five Year Plan (2011-2015).

As a result of the culture change toward Delivering as One in recent years, the UNDAF process saw the willingness of the entire UN Country Team to plan collectively. Through rigorous discussions, the UN made hard choices in order to have a more focused and strategic framework for the next five years. The result is a new UNDAF which has been signed by Government with just three overall UNDAF Outcome Areas and far fewer Outcomes (13, instead of over 100 last time round), all of which are to be joint endeavours. The three focus areas are: environment, climate change and a low-carbon economy; ensuring that the poorest and most vulnerable participate in and benefit from China's development; and ensuring that China's enhanced global participation brings wider mutual benefits. Importantly, the UN also reached agreement with Government on three cross-cutting approaches which will underpin the

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next UNDAF: gender equity, the role of civil society, and the human-oriented, rights-based approach.

The UNCT also reached agreement on specific mechanisms for implementation of the UNDAF 2011-2015, with agreement to establish a 'Joint Programmes Window' for joint resource mobilization, overseen by a UN - Government National Steering Committee. Meanwhile, the move toward joint planning and implementation at programme level has continued apace, with the UN currently implementing a total of seven UN joint programmes, several of which have already been commended as global best practice. A review is planned for 2010 to ensure that transaction costs are reduced to a minimum.

Considerable further progress has also been made at operational level. Common services such as UN-wide medical corporate membership agreements, and long term agreements on printing/designing, stationery and travel, have been put into implementation. A popular common learning program has been established for UN staff and UN-wide orientation training is now provided to all new UN staff.

In the field of communications, the UN Communications Group was strengthened with the appointment of a new permanent Chair and Vice Chair. A joint publication highlighting '30 Ways the UN in China makes a difference' was published to mark the 30th anniversary, and a new UN China Newsletter was launched in November. The UN China website has been consolidated as a highly effective shared UN communications tool.

Key aspects of the proposed 2010 workplan

2010 will be a critical milestone on the path to the achievement of the MDGs by 2015. The UN and China plan to collaborate on an updated National MDG Progress Report, to be released in time for the September MDG Summit. This will examine the status of the MDGs in China post-financial crisis, analyse the outstanding challenges, and will also pay specific attention to China's role in supporting MDG achievement beyond its borders.

A key area of focus will be to further respond to the Government's request to support it in eliminating absolute poverty by 2020, both through ongoing and new programmes targeting vulnerable groups, and through strategic planning support to the State Council Leading Group on Poverty. Meanwhile, as recognized through 2009, there has been a considerable opening towards harnessing the contribution of all the forces of society in attaining China's development objectives. The UN, through further mainstreaming the human-oriented, rights-based approach, and by working with civil society and further promoting volunteerism, will bring its strong comparative advantage in this area to bear.

Given its centrality to reducing poverty and income disparities, health reform will be a particular priority. Following a successful meeting between the UN Country Team and the Minister of Health, the UN will, in accordance with the Government's priorities, support health sector reform implementation and is planning a joint programme of support. In 2010, the Government will also provide the UN a draft of its National Plan for medium and long-term education reform and development (2010-2020); the UN System plans to provide a collective response to this important draft. On HIV/AIDS, the focus will continue to be on supporting provincial strategic planning, and on stigma and discrimination.

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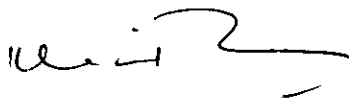
In the field of environment, the UN will continue to develop its extensive portfolio on climate change policy, mitigation and adaptation, and on other environmental issues. The Government has sought UN support to bring together all its experiences to date on adaptation at a High-Level Adaptation Forum, to be held before COP-16; a similar Forum on mitigation is also planned. In addition, the UN Country Team has committed to a plan to move toward a carbon neutral UN office; implementation is now underway.

On gender, the UN has a particularly exciting challenge following its recent high-level meeting with the President of the All China Women's Federation, a State leader. In addition to the ongoing China Gender Facility, the UN will be responding with new or ongoing joint programmes to China's three stated priorities: tackling violence against women and girls; increasing women's political participation, and tackling discrimination, not least as manifested in issues such as China's unbalanced sex ratio at birth and the high female suicide rate. And the UN will come together in 2010 both to support the Government as it prepares its report to the CEDAW Committee, and to support Chinese civil society as it prepares a first ever shadow report.

Lastly, 2010 will be of critical importance in terms of building a new trilateral partnership between China, the UN, and the rest of the developing world. Seizing on the opportunity presented by Premier Wen Jiabao's agreement to a new Strategic Partnership with the UN, the UN in China will work with other regions and countries, both on some further 'quick wins' (such as enhancing some existing south-south cooperation through, for example, the International Poverty Reduction Centre), and on moving rapidly towards concrete new partnerships between China and selected developing countries, where the UN can provide policy advice and development best practice as a complement to China's own assistance.

With best regards,

Yours sincerely,



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UN Resident Coordinator