



**Governing Council  
of the  
United Nations  
Development Programme**

Distr.  
GENERAL

DP/CP/CPR/NOTE/2  
20 March 1986

ORIGINAL: ENGLISH

Thirty-third session  
2-27 June 1986, Geneva  
Item 5 (b) of the provisional agenda

PROGRAMME PLANNING

Country and intercountry programmes and projects

SECOND COUNTRY PROGRAMME FOR CHINA

Note by the Administrator

I. PROCESS OF THE PROGRAMMING EXERCISE

1. The Government of China, encouraged by the results of the first country programme (1982-1986) and recognizing the significant needs for UNDP technical co-operation in its modernization programme, has decided to advance the commencement of the second country programme by one year so that it coincides with the seventh five-year national development plan (1986-1990).
2. Formal discussions between UNDP and the Government on the second country programme began with the visit to New York of the Chinese Vice Minister for Foreign Economic Relations and Trade in November 1984. The Chinese delegation, after outlining the basic principles of the seventh five-year plan, exchanged views with the UNDP Administration on possible areas of concentration of the new country programme.
3. Subsequently, a joint annual review of the first country programme was held in Beijing in December 1984, during which preliminary decisions relating to future programming modalities and other significant features of the new country programme were made. Following this, and on the basis of intensive discussions among the Resident Representative, the government co-ordinating ministry, sectoral ministries, and the United Nations agencies, the Resident Representative's note was prepared. The note included a brief outline of the assessment of the previous UNDP experience and the suggested thrust and concentration of the second country programme as well as the strategy for its preparation.

/...

4. After detailed working-level discussions with Government departments at the central, provincial and local levels, five United Nations sectoral missions visited China to elaborate technical assistance requirements in industry (for which two missions were fielded), energy and natural resources, agriculture and agro-industry; and in income generation activities in poor and remote areas.
5. Taking into account the new guidelines on country programming, then in the final stages of preparation, a further and more detailed assessment of the first country programme was undertaken in July 1985. The assessment was candid and brought to light useful lessons on the future orientation of UNDP assistance.
6. Drawing upon the results of the assessment and the findings and recommendations of the sectoral missions, the Government, in collaboration with UNDP, has determined the exact areas of concentration and identified specific project proposals. Over 200 major project proposals were examined and the final selection was made on the basis of their relevance to the agreed areas of concentration; potential to produce outputs in a relatively short period; ability to promote technological advancement; and the absorptive and management competence of the recipient institutions. The other guiding factors in this selection process were the need to ensure optimum utilization of UNDP resources and the potential for appropriate linkages with other bilateral and multilateral technical assistance programmes including various regional and interregional programmes.
7. China, being a vast country with diverse needs, does not follow a traditional programme planning methodology in determining its technical assistance needs. The planning process began with a series of decisions at the political level on the objectives and strategies of the national development plan, which were based on an assessment of China's overall needs and its economic restructuring goals. Once the basic framework and specific growth targets of the plan had been established the task of soliciting technical cooperation began in a co-ordinated manner. Within this co-ordinated approach the Government regards the UNDP country programme as a frame of reference for technical cooperation from the United Nations system.

## II. THE SECOND COUNTRY PROGRAMME

8. The second country programme emphasizes the development of human resources, for improved management capability and increased national economic productivity. Emphasis is also given to the technical transformation of existing industries in order to optimize the utilization of their present capacity. Similarly, acquisition, development and application of advanced technology receive prominence to help the Government to increase industrial and agricultural output. Adequate attention is given to activities relating to the improvement of income, diet, general health and environmental conditions for enhancing the overall living standards of the population, especially those living in poor and remote areas. Finally, with the use of modern information technology, the Government intends to improve the existing technology base and modernize the economic management system. All these areas of concentration are closely related to the basic objectives of the Government's five-year development plan to move China from a low-income to a middle-income country over the next two decades.

9. While there is some continuity between the first and the second country programmes in the sense that some of the objectives of the new programme were also included in the previous programme, a substantial shift has taken place in terms of sectoral allocation of resources. For example, in keeping with the need to reform and strengthen the economic management systems, general development issues, policies and planning receives the highest allocation followed by industry, natural resources, including energy, science and technology, agriculture, health, transport and employment. Therefore, the primary and social services sectors receive relatively less prominence in the second country programme compared to the previous programme. These sectoral allocations are the result of a deliberate attempt to programme in support of a limited number of agreed objectives so as to avoid undue dispersal of UNDP-supported activities. UNDP supports the present sectoral distribution especially since other resources, including the Government's own resources, are available to meet the needs of those sectors which receive less attention in the new country programme.

10. An analysis of the second country programme reveals the following principle characteristics:

(a) In accordance with the country's goal of self-reliance, Government-execution as a modality of programme implementation has been widely used in China. In view of the relatively new experience of the Chinese officials with United Nations system procedures, handling Government execution was not an easy task. It brought its own complications where technical considerations were overridden by administrative preoccupations. Despite these initial problems, as a UNDP evaluation study undertaken in late 1985 confirmed, the Government has done well with regard to government execution. Appropriate corrective measures such as intensive training programmes for national project personnel, and the establishment of a special Government execution unit in the co-ordinating ministry have been taken. Since it has proved useful and practical in China to adopt this modality more extensively in the new country programme, steps are being taken to make it an even more effective management arrangement;

(b) The emphasis of the second country programme on high technology and industry-based projects will require fairly substantial equipment expenditures. As in the first country programme, UNDP and the Government will ensure a balanced mix of components in accordance with the technical assistance needs of the sectors and projects concerned. The Government has also indicated that it will continue and even expand the practice of cost-sharing in projects with sizeable and sophisticated equipment requirements;

(c) In accordance with the Government's plan to integrate the growth of the eastern region with that of central and western regions, the second country programme contains many proposed projects which are located in poor remote regions to improve the living standards of minority nationalities, thus promoting balanced geographical distribution of UNDP activities. Such projects will also provide an opportunity to tap, during the new country programme, the evolving development experience of non-governmental organizations in China;

/...

(d) The large proportion of indicative planning figure resources allocated to specific new and ongoing projects, in relation to the programmed and unprogrammed reserves, would appear to pose severe resource limitations on the generation of new proposals during the course of programme implementation. However, given the immediate needs of the Government, UNDP is satisfied with the present allocations particularly since it feels that any new technical assistance requirements and future adjustments that may be necessitated by evolving priorities can easily be accommodated through continuous programming and the substantial anticipated government cost-sharing contributions.

11. While the scope and content of the programme ranges from highly complex, technologically sophisticated projects to basic income-generating activities in poor remote areas, emphasis is obviously given to the former. UNDP is satisfied that the programme has been structured in such a manner as to harness the full range of its own international development experience in meeting the development aspirations and goals of the Chinese economy. It should also be noted that this type of programme calls for the highest calibre of skills in implementation and management. UNDP feels confident that, in collaboration with the Government and agencies of the United Nations system concerned, such standards can be maintained to ensure quality, adequacy and timeliness of the programme.

### III. MANAGEMENT OF THE COUNTRY PROGRAMME

12. In view of its size and nature, particularly the absence of long-term resident experts and the relatively new experience of national project directors in dealing with UNDP technical assistance projects the management of the second country programme occupies an important dimension. Several ways of managing the programme have been contemplated but the notable ones are highlighted below.

13. Besides day-to-day operational and project level contacts, formal management level meetings will be held on a fortnightly basis between the Resident Representative's office and the Aid Co-ordinating Unit, the China International Centre for Economic and Technical Exchanges (CICETE). The purpose of such meetings will be to review the status and progress of ongoing projects; priority pipeline projects; resource situation, including commitment and delivery levels; co-ordination and mutual reinforcement of the UNDP-assisted projects with projects assisted by other United Nations agencies, bilateral and non-governmental organizations; training needs of national project directors in project management; and other programme management matters.

14. Annual country programme reviews will also be held in December every year. The primary objective of the annual reviews will be to assess the performance of the programme for the whole year and to determine allocation of funds to specific projects on the basis of the projects' needs and available resources.

15. The most important programme management action of all will be the mid-term review at the end of the first three years of the country programme. The review would be preceded by a thorough assessment of the first three years' experience and reassessment of the Government's sectoral and project specific needs on the

/...

basis of evolving priorities. It is envisaged that this review exercise will reinforce the country programme's role as a frame of reference for other multilateral and bilateral assistance programmes which will be ready for preparation at that time.

16. Finally, in order to maintain the cost effective practice of national project management combined with short-term, highly specialized inputs of international consultants, a series of training workshops and seminars will be held for national project directors throughout the country programme period.

#### IV. RECOMMENDATION OF THE ADMINISTRATOR

17. The Administrator recommends that the Governing Council approve the country programme for China.

- - - -

