



INDEPENDENT COUNTRY PROGRAMME EVALUATION CHINA



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INDEPENDENT COUNTRY PROGRAMME EVALUATION: CHINA

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Foreword

It is my pleasure to present the Independent Country Programme Evaluation for the United Nations Development Programme (UNDP) in China, the third country-level assessment conducted by the Independent Evaluation Office of UNDP since 2005. This evaluation covers the programme period from 2016 to mid-2019.

China has achieved significant economic development in the past 40 years and has become the second largest economy in the world. By 2015, China had achieved most of the Millennium Development Goals. It lifted hundreds of millions of people out of poverty and improved its human and social development significantly. However, China still faces many challenges, including increased inequalities and disparities and challenges relating to environmental sustainability. China's Thirteenth Five-Year Plan (2016-2020) emphasizes the development and improvement of services and measures that address social and environmental imbalances and sets targets to reduce pollution. Globally, China is expanding its international partnerships, actively engaging in South-South and triangular cooperation.

The evaluation found that UNDP's programme responded to the development priorities of the Government of China and achieved positive results, especially in the areas of environment, energy and

climate change, where funding largely depends on vertical trust funds. UNDP maintained small-scale work in poverty reduction and actively supported China's efforts to engage in international cooperation through South-South cooperation and global partnership programmes. It is important that UNDP continues to be agile, both in its thematic offerings and its modalities to remain relevant and offer most value addition for China and global development. The new country programme document should clearly define UNDP's position and role in China.

I would like to thank the Government of China, the various national stakeholders, and colleagues at the UNDP China country office and the Regional Bureau for Asia and the Pacific for their support throughout the evaluation process. I appreciate the opportunity to participate in the national stakeholder workshop to debrief national partners on the evaluation findings, conclusions and recommendations which hopefully will strengthen the formulation of the next country programme strategy.



Indran A. Naidoo
Director
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Acronyms and Abbreviations

ADR	Assessment of Development Results
BRI	Belt and Road Initiative
CICETE	China International Centre for Economic and Technical Exchanges
CIDCA	China International Development Cooperation Agency
CO	Country Office
CPD	Country Programme Document
DRM	Disaster Risk Management
FCV	Fuel Cell Vehicle
GEF	Global Environment Facility
HCFC	Hydrochlorofluorocarbon
ICPE	Independent Country Programme Evaluation
IEO	Independent Evaluation Office
LGBTI	Lesbian, Gay, Bisexual, Transgender and Intersex
M&E	Monitoring and Evaluation
NGO	Non-Government Organization
PLHIV	People Living with HIV/AIDS
SDG	Sustainable Development Goal
UMIC	Upper-Middle-Income Country
UN	United Nations
UNDP	United Nations Development Programme
UNSDCF	United Nations Sustainable Development Cooperation Framework

Evaluation Brief: ICPE China

The Independent Evaluation Office of the United Nations Development Programme (UNDP) conducted an Independent Country Programme Evaluation in China in 2019, covering the period from 2016 to mid-2019 (three-and-a-half years of the current 2016-2020 cycle).

China has achieved significant economic development in the past 40 years and has become an upper-middle-income country. Accompanying its economic success, China achieved most of the Millennium Development Goals, lifting hundreds of millions of people out of poverty and achieving a high rate of human development. However, China still faces many challenges, including increased inequality and disparity and challenges around environmental sustainability. China's Thirteenth Five-Year Plan (2016-2020) highlights the development of services and measures to address environmental and social imbalances, setting targets to reduce pollution, increase energy efficiency, improve access to education and healthcare, and expand social protection. Internationally, while being actively engaged in global issues, China is expanding its international partnerships and significant efforts have been made vis-à-vis South-South and triangular cooperation.

UNDP's country programme was informed by the national context and development priorities and has three main interlinked components: (i) A greater proportion of the population enjoys improved living conditions and increased opportunities for economic, social and cultural development; (ii) More people enjoy a cleaner, healthier environment as a result of improved environmental protection and sustainable green growth; and (iii) The effectiveness of China's engagement in international cooperation is enhanced for the mutual benefit of China and the world.

Findings and conclusions

UNDP systematically responded to national development needs in a fast-evolving country context,

and its country programme was well aligned with national development priorities. UNDP is viewed as a neutral and legitimate multilateral partner and is considered well-placed to bring in international networks, expertise and standards, and to pilot test new ideas and initiatives for potential transformational effect. However, China has become an upper-middle-income country, which leads to a major decrease in core resources being allocated to the country programme. As further changes are forthcoming, with UNDP China currently being in a two-year grace period until January 2020, after which the Chinese government will be expected to contribute more to the funding of local office costs, it is important to clarify and agree with the government on UNDP's future presence and working modality in China.

UNDP has been able to leverage its partnership and work closely with government partners on upstreaming policy work and innovative and demonstration pilot projects. As the UNDP country programme depends largely on Global Environment Facility and Montreal Protocol funding, important results have been achieved mostly in environment-related areas. For example, among others, UNDP's environment, energy, climate change and ozone layer protection projects are well on track to achieve, and in some cases exceed, the set targets. Its support in the area of climate change mitigation/renewable energy/energy efficiency has achieved noteworthy results through the revision and inclusion of new policies, and the demonstration of new tools and applications. Due to small-scale interventions, there were limited results in poverty reduction, broadening access to justice and social services, supporting public sector reform and the development of civil society. With its expertise in integrating multidisciplinary development areas, UNDP has a comparative advantage in supporting government efforts to localize the Sustainable Development Goals.

In recent years, UNDP has been a key partner supporting China on its aid policy. In the context of

China continuing to invest in strengthening its global partnerships and engagement, UNDP was able to mobilize resources from China to promote sustainable development beyond its borders through South-South cooperation and global partnership programmes. By leveraging its global network, UNDP support is valued by many government partners, although future arrangements for this support need to be clarified.

UNDP was successful in mobilizing considerable financial resources for its programme, mainly through vertical trust funds, but also government and third-party cost-sharing. However, the decreasing core resource as a result of China graduating to upper-middle-income country status and the decreasing proportion of government cost-sharing contributions may have a significant impact on UNDP's future presence. Mobilizing resources through government cost-sharing will be increasingly important, especially if UNDP is to work outside of the sphere of environment and climate-related work.

The country office's capacity for monitoring and evaluation improved over the last years due to significant efforts in training and reporting standardization. However, the current monitoring and evaluation system is

still more oriented towards delivering activities and meeting financial targets and there is insufficient analysis of the quality of results or unintended consequences. Complementarities between the knowledge management and evaluation functions of the country office are weak. UNDP China's communication function actively contributed to enhancing the office's visibility and public awareness on several key issues.

Some interventions consciously worked to promote gender equality by targeting women beneficiaries and other vulnerable groups. In particular, UNDP's efforts to work with marginalized groups, such as lesbian, gay, bisexual, transgender and intersex people and people living with HIV/AIDS who face strong social stigma, are to be commended. Notwithstanding, except for some dedicated projects, the integration of gender principles in the programme was generally limited. Its approach lacked a comprehensive analysis of gender factors and dynamics that go beyond access to resources and opportunities. The country office formed a gender and diversity focal team and is developing a strategy and action plan to strengthen its focus on gender equality in the office and in its programmatic work.

Recommendations

Recommendation 1. The new country programme document should clearly define UNDP's positioning and roles in China. To remain relevant, UNDP should continue to be agile, both in its thematic offerings and its modalities. Its work needs to be underpinned by clear theories of change, developed in consultation with key stakeholders and applied using a reflective approach. UNDP should consider establishing an advisory group to provide strategic feedback and advice on its work and interactions within the broader policy and institutional context in China.

Recommendation 2. Building on lessons learned from previous work and UNDP comparative advantages, UNDP should focus on where it can offer most value for China and global development and how to optimize its comparative advantages. For development work within China, this should include continuing to support China's transition to a green, low-carbon economy, promotion of the Sustainable Development Goals, and advocacy for the needs of poor and marginalized groups of society. Sustainable Development Goal localization could serve as an entry point for UNDP programmes in China.

Recommendation 3. UNDP should continue its support to China's global development engagement. Expectations around the global development engagement funded by China should be clarified, and further corporate guidance would be useful.

Recommendation 4. To facilitate the scaling out and scaling up of its successful pilots and demonstrations, UNDP should continue to strengthen knowledge management, monitoring and evaluation, policy advocacy and resource mobilization.

Recommendation 5. UNDP should further strengthen the gender aspect of its programme to achieve more gender-responsive and gender-transformative results.



CHAPTER 1

BACKGROUND AND INTRODUCTION

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1.1 Purpose, objectives and scope of the evaluation

The Independent Evaluation Office (IEO) of the United Nations Development Programme (UNDP) conducted an Independent Country Programme Evaluation (ICPE) in China in 2019. The ICPE covered the period from 2016 to mid-2019 (three-and-a-half years of the current 2016-2020 cycle). Its objectives were:

- Support the development of the new UNDP country programme
- Strengthen the accountability of UNDP vis-à-vis national stakeholders
- Strengthen the accountability of UNDP vis-à-vis the UNDP Executive Board.

This is the third ICPE for China.¹ The ICPE covered all UNDP activities in the country and interventions financed by all sources of funding, including UNDP core resources, donor funds and government funds. The ICPE also covered non-project activities such as coordination and advocacy, considered important for the country's political and social agenda.

1.2 Country context

China is the most populous country in the world. In the past 40 years, the country has achieved significant economic development and has become the world's second largest economy. China is now an upper-middle-income country (UMIC) and its gross national income per capita was US\$9,470 in 2018.² Despite increased income inequality (China's Gini

Coefficient reached 0.467 in 2017,³ which was high by global standards)⁴ much of China's population has experienced rising real incomes. The population in poverty decreased by 86 percentage points from 1980 to 2013, the most rapid reduction in global history.⁵ China achieved most of the Millennium Development Goals by 2015 and lifted 406.49 million people out of extreme poverty between 2000 and 2015. This is significant in global terms.⁶ The country achieved significant human and social development: China's Human Development Index value was 0.752 in 2017, making it a high human development country.⁷ However, accompanying its economic success, China still faces many challenges, including increased inequalities and disparities, strains following rapid urbanization, an aging population and challenges to environmental sustainability.

Although China has made significant efforts to close its wide urban-rural gap and extend social protection,⁸ development gaps between urban and rural areas, different regions and social communities have increased.⁹ Rural social economic structure is unstable, and depends highly on urban-centred labour migration. In the last two decades, income disparities have widened rapidly.¹⁰ The income gap between urban and rural areas continuously increased, from 2.74 times in 2001 to 2.97 times in 2015,¹¹ and the provinces of the western region record lower income levels and higher poverty rates.¹² China's economic slowdown in recent years has been more sharply felt in poorer areas than richer areas. Although the Government of China has announced its objective of eradicating absolute poverty by 2020, relative poverty, inequality and regional disparity will be long-lasting problems.

¹ Previously (until 2016) called 'Assessment of Development Results (ADR)'. The two previous ADRs were conducted in 2005 and 2010.

² https://data.worldbank.org/indicator/NY.GNP.PCAP.CD?locations=CN&most_recent_value_desc=false

³ <https://www.ceicdata.com/zh-hans/china/resident-income-distribution/gini-coefficient>

⁴ <https://data.worldbank.org/indicator/SI.POV.GINI?locations=CN>

⁵ <https://www.imf.org/~/media/Files/Publications/WP/2018/wp18127.ashx>

⁶ China Statistical Yearbook 2018, <http://www.stats.gov.cn/tjsj/ndsj/2018/indexch.htm>

⁷ http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/CHN.pdf; <http://www.hdr.undp.org/en/composite/HDI>

⁸ Promoting Inclusion Through Social Protection: Report on the World Social Situation 2018, <https://www.un.org/development/desa/publications/publication/2018-world-social-situation>

⁹ Human Development Report China 2016.

¹⁰ Human Development Report China 2016.

¹¹ China Statistical Yearbook 2018, <http://www.stats.gov.cn/tjsj/ndsj/2018/indexch.htm>

¹² Country programme document (CPD) for China 2016-2020.

China's gender development index value in 2017 was 0.955, placing it in the group of medium to high equality in human development achievements between women and men. China's gender inequality index value was 0.152 in 2017, ranking it 36 out of 160 countries. Female participation in the labour market was 61.5 percent, compared to 76.1 percent for men.¹³ However, gender disparity in income in the labour market expanded between 1990 and 2010, with the increase in income disparity greater in rural areas than in urban areas.¹⁴

Over the past three decades, China experienced swift urbanization, which supported high growth and rapid economic transformation. Its urban population increased from 26.4 percent of the country's population in 1990 to 59.2 percent in 2018.¹⁵ However, strains from this rapid urbanization include inefficient land development, which leads to urban sprawl and ghost towns, scarcity of farmland and water resources, and inadequate provision of, and access to, public services.¹⁶

Environmental degradation is an impediment to both sustainable growth and well-being. For example, the decline in biodiversity affects livelihoods: in the 1950s, Yangtze River fisheries provided 450,000 tons per year, but now this figure is only 60,000 tons.¹⁷ China's economic rise also increased risks to public health, with the air quality of many of China's major cities failing to meet international

health standards. The national cost of pollution damage is estimated to be around 6–9 percent of Gross Domestic Product.¹⁸

Climate change and natural disasters annually affect over 300 million people in China. China is the world's largest energy consumer, the biggest emitter of greenhouse gasses, the largest producer and the second largest processor of e-waste,¹⁹ and is responsible for 70 percent of the world's consumption and production of hydrochlorofluorocarbons (HCFCs).²⁰ Nevertheless, China has been taking concrete steps to reduce carbon emissions.²¹ It is the world leader in clean energy, with \$54 billion invested in 2013.²² It has become the global leader in green bond issuance,²³ is the world's biggest market for payments for ecosystem services,²⁴ and is taking significant steps towards phasing out HCFCs and persistent organic pollutants, which is of global significance. China has also taken a lead in renewable energy and is now the world's largest producer, exporter and installer of solar panels, wind turbines, batteries and electric vehicles. It had well over 150,000 renewable energy patents as of 2016, 29 percent of the total number of patents globally.²⁵

China's Thirteenth Five-Year Plan (2016–2020) highlights measures to address environmental and social imbalances, setting targets to reduce pollution, increase energy efficiency, improve access to education and healthcare, and expand social protection.

¹³ http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/CHN.pdf

¹⁴ Gender Equality in China's Economic Transformation, 2014, <http://www.un.org.cn/uploads/20180326/2063f2493b160cd25bb79ce54fe8dcc1.pdf>

¹⁵ World Urbanization Prospects 2018.

¹⁶ World Bank; Development Research Center of the State Council, the People's Republic of China, 2014, Urban China: Toward Efficient, Inclusive, and Sustainable Urbanization. Washington, D.C.: World Bank, <https://openknowledge.worldbank.org/handle/10986/18865>; CPD for China 2016–2020.

¹⁷ 'China a leader in sustainability after reform' by Nicholas Rosellini, China Daily, updated: 20 October 2018, <http://global.chinadaily.com.cn/a/201810/30/WS5bd79269a310eff303285496.html>

¹⁸ China's Environmental Crisis (2016), <https://www.cfr.org/backgrounder/chinas-environmental-crisis>; <http://www.cn.undp.org/content/china/en/home/climate-and-disaster-resilience.html>; <https://www.adb.org/sites/default/files/linked-documents/cps-prc-2016-2020-ena.pdf>

¹⁹ https://collections.unu.edu/eserv/UNU:6341/Global-E-waste_Monitor_2017_electronic_single_pages_.pdf

²⁰ Background brief and information on Montreal Protocol by UNDP China CO sustainable development team.

²¹ World Economic and Social Survey 2018: Frontier Technologies for Sustainable Development.

²² CPD for China 2016–2020.

²³ Climate Public Expenditure and Institutional Review: A Study of Hebei Province, China, UNDP China, 2017.

²⁴ UNDP China Country Programme, Strategy and Achievements 2016–2019. Presentation to ICPE team, March 2019.

²⁵ <https://www.forbes.com/sites/dominicdudley/2019/01/11/china-renewable-energy-superpower/#106d2a5d745a>

'Three critical battles' were initiated in 2017²⁶ as national priorities: 1) to prevent and resolve major risks in China's economy, including financial risks; 2) to conduct targeted poverty reduction to eliminate absolute poverty, particularly in rural areas by 2020; and 3) to control pollution and promote green and low-carbon development.

Enhancing ecological civilization reforms and building 'Beautiful China' have been emphasized in the Thirteenth Five-Year Plan and other national strategies. The ideology of 'ecological civilization' states that "human prosperity can and should be achieved in a manner that respects the capacity of nature". It promotes the efficient use of natural resources and low-carbon development, as well as a safe and healthy natural environment. It is largely in line with the principles of sustainable development, which are the basis for the Sustainable Development Goals (SDGs). To enhance environmental governance, over the last couple of years China has enacted new environmental protection, air and soil pollution control laws.

Institutionally, the Thirteenth National People's Congress in March 2018 approved the cabinet restructuring plan, aiming to make the government better-structured and more efficient. Based on the plan, the Ministry of Natural Resources was created. This merged natural resource management responsibilities that used to belong to governmental bodies in charge of forestry, agriculture and land resources, making overall planning in this area more straightforward. The new Ministry of Ecology and Environment replaced the previous Ministry of Environmental Protection. It incorporates environment-related functions from the National Development and Reform Commission, the Ministry of Water Resources and the State Oceanic Administration, among others.

Recently, the China International Development Cooperation Agency (CIDCA) was created.²⁷ It is responsible for foreign aid related issues.²⁸ In recent years, while being actively engaged in global issues, China has expanded its international partnerships, in particular through South-South and triangular cooperation.²⁹ China is now the largest aid provider outside of the member countries of the Organization for Economic Cooperation and Development.³⁰ In 2015, China announced the creation of a South-South Cooperation Assistance Fund at the United Nations Sustainable Development Summit. By the end of 2017, China had signed cooperation agreements with 15 international organizations, including UNDP. Nearly 200 development cooperation projects had been implemented in 27 countries and regions in Asia, Africa and Latin America.³¹ The fund is now under the newly established CIDCA. In 2013, China launched its Belt and Road Initiative (BRI). More than 100 countries have now expressed interest in the partnership, increasing opportunities for international collaboration, including South-South cooperation.³²

1.3 UNDP programme under review

The UNDP country programme for the period 2016-2020, as elaborated in the country programme document (CPD) 2016-2020 aimed to contribute to "simultaneous poverty eradication and inequality reduction in China and in the world through support to domestic development and South-South cooperation".³³ In this regard, UNDP identified three outcomes and 10 outputs (see Figure 1):

Administratively, the focal point between UNDP and the Government of China is the China International Centre for Economic and Technical Exchanges

²⁶ It was mentioned in 2017 during the Nineteenth National Congress of the Communist Party of China (CPC), later in the Thirteenth National People's Congress in 2018, <https://www.weforum.org/agenda/2018/01/pursue-high-quality-development-work-together-for-global-economic-prosperity-and-stability/>

²⁷ http://english.gov.cn/news/top_news/2018/03/17/content_281476080706306.htm

²⁸ http://en.cidca.gov.cn/2018-08/01/c_259525.htm

²⁹ CPD for China 2016-2020.

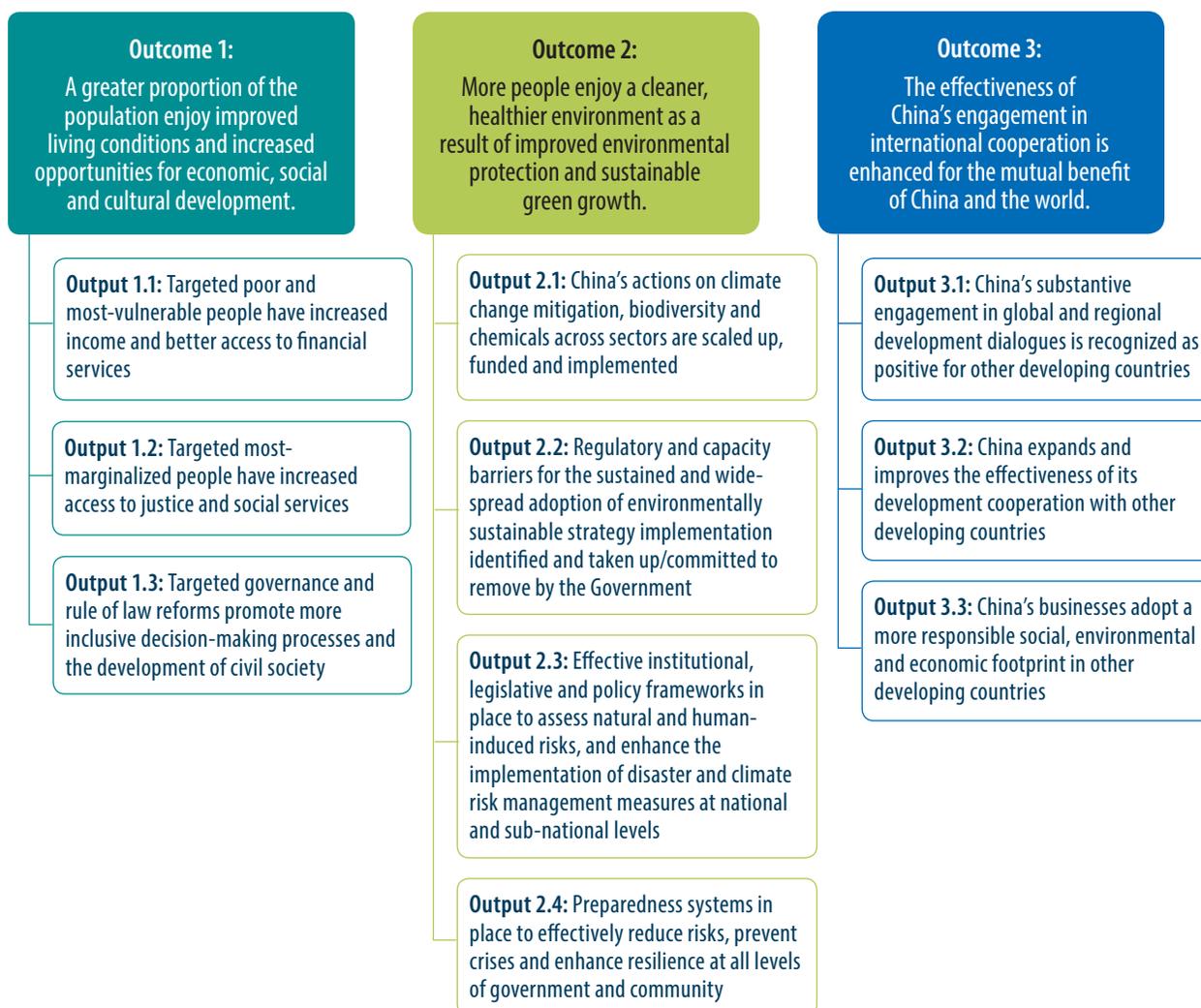
³⁰ <https://www.brookings.edu/blog/order-from-chaos/2016/07/19/chinese-foreign-assistance-explained/>

³¹ http://en.cidca.gov.cn/2018-08/20/c_264437.htm

³² <https://www.worldbank.org/en/topic/regional-integration/brief/belt-and-road-initiative>; <https://www.cbd.int/financial/un/un-ssc2017.pdf>

³³ CPD for China, 2016-2020, p. 7.

FIGURE 1. Planned outcomes and outputs



Source: CPD for China 2016-2020

(CICETE),³⁴ under the Ministry of Commerce. CICETE formally signs aid agreements on behalf of the Government of China, then executes the agreed projects and programmes, supervises the implementing agencies and exercises financial control. The country office (CO) collaborates with other ministries and agencies as well as civil society and the private sector. CICETE is the programme coordination and management agency of UNDP in China in terms of project implementation, while the Ministry of Commerce is the 'window ministry' in charge at the policy level.

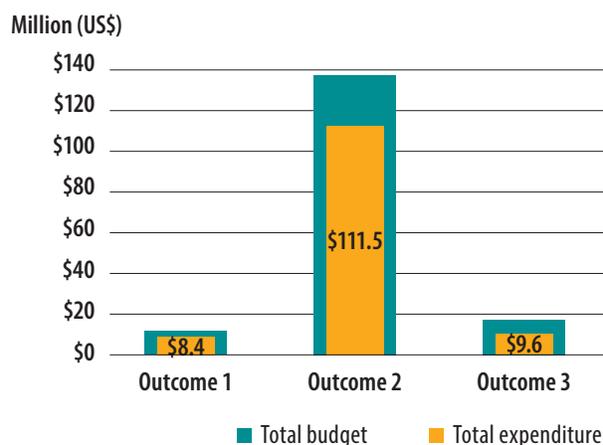
According to figures from Atlas (UNDP's Enterprise Resource Planning system),³⁵ there were 112 ongoing or completed projects between 2016 and 2018, of which some 43 percent began after 2016. Outcome 2 on environment/climate change/energy is the largest working area in terms of budget (82 percent) and number of projects (about 65 percent).

The majority of the projects are implemented through the National Implementation Modality, although in some cases UNDP provides support

³⁴ This arrangement has been in place since 1983 (UNDP has been in China since 1979).

³⁵ Based on Atlas report in April 2019. Only projects listed under the three outcomes were counted.

FIGURE 2. Budget and expenditure by outcome, 2016–2018



Source: UNDP Atlas, Power BI, as of April 2019

for procurement (including recruitment) as per requests of implementing partners.

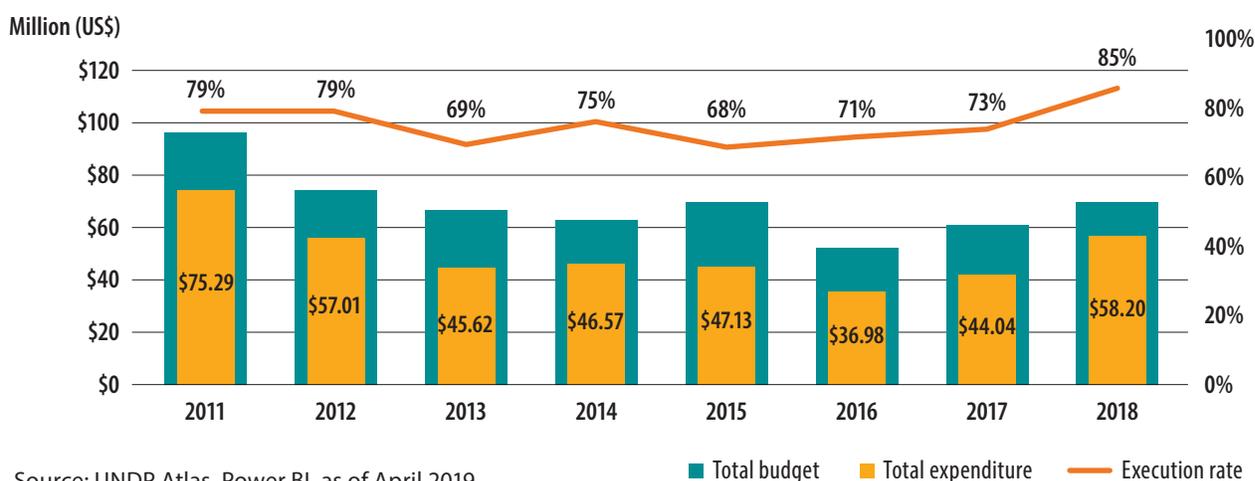
There was an office restructure during the period under review. The current office structure has five clusters: (i) Sustainable development; (ii) Communication, innovation and partnership; (iii) Global partnership and liaison; (iv) South-South and global development cooperation; and (v) Operations.

At the time of the ICPE, the CO employed 79 people: 26 UNDP international and national staff (including one senior international post funded by the Regional

Bureau of Asia and the Pacific to support BRI-related work), 51 service contractors/individual contractors and one seconded from the Ministry of Foreign Affairs of the Netherlands, and one United Nations Volunteer. UNDP also employed a number of interns helping with different functions in the office.

In the current CPD cycle, the CO maintained an execution rate of 71–85 percent, consistent with the average execution rate of the previous CPD (2011–2015). The CO programme budget and expenditure dropped during the previous CPD cycle but rose in the last couple of years to over \$58 million of expenditure in 2018. In 2016, CO spending decreased significantly, partly due to China’s strengthened regulation on government officials’ accountability, which affected government counterparts and the private sector’s engagement in the implementation and launch of new projects. In 2017 and 2018, budgets and expenditures increased, mostly due to higher investment in low-carbon transformation (mainly funded by vertical funds) and South-South cooperation projects. UNDP core funding has been decreasing since the previous CPD (2011–2015) and this trend was accompanied by a downward trend in government cost-sharing. Government cost-sharing is still a small proportion of the overall delivery and is mainly for domestic poverty reduction projects (see more details on this under Finding 17). However, the Government of China provides funds

FIGURE 3. Evolution of programme budget, expenditure and execution rate, 2011–2018



Source: UNDP Atlas, Power BI, as of April 2019

for South-South cooperation programmes that are delivered in other countries and makes voluntary contributions to core resources.

1.4 Methodology

Methodology. The evaluation was conducted in accordance with the methodology and process defined in the terms of reference (Annex 1). The evaluation based its analysis on the results framework included in the CPD. It looked at each result and considered its link to the programme's objectives.

The ICPE aims to answer the following three main evaluation questions:

1. What did the UNDP country programme intend to achieve during the period under review?
2. To what extent has the programme achieved (or is likely to achieve) its intended objectives?
3. What factors contributed to, or hindered, UNDP's performance and eventually the sustainability of results?

As gender equality is central to UNDP's support to countries in implementing and achieving the 2030 Agenda for Sustainable Development and the SDGs, the evaluation will also analyse the extent to which UNDP's support in China was designed around and contributed to gender equality. To answer these questions, the evaluation methodology includes triangulation of the following elements:

- An analysis of the programme portfolio, a review of programme documents, a review of documents and reports on projects³⁶ implemented by UNDP and the government, evaluations,³⁷ UNDP's institutional documents (strategic plan, results-oriented annual reports, etc.), data on programme outcome and output indicators (sex-disaggregated data, where available), research and other

available country-related publications. The main documents consulted by the evaluation team are listed in Annex 6.

- Around 80 interviews were conducted with UNDP China staff, representatives of authorities and various governmental institutions at the central, provincial and local levels, officials and staff of other UN organizations, development partners, civil society organizations, the private sector, and beneficiary populations (men and women) of the country programme (Annex 5). The institutions that the evaluation met were identified based on a desk review of the UNDP programme and general country context documents, and included the main partners of the UNDP programme. These interviews were used to collect data and assess stakeholders' perceptions of the scope and impact of programme interventions for men and women, including their respective contributions and performance, and to determine the constraints encountered in the implementation of the projects, as well as the strengths and weaknesses of UNDP in China.
- Field visits allowed the evaluation team to see the achievements of some key projects and conduct semi-structured interviews with recipients of UNDP-supported interventions. The team visited a sample of sites in seven provinces in different parts of China (east, central and west): Guangdong, Guangxi, Jiangsu, Jiangxi, Qinghai, Sichuan and Zhejiang. Project sites were identified based on programme documents and through discussions with UNDP programme managers and national partners. Efforts were made to ensure that the sites visited by the evaluation covered all major areas of UNDP interventions and were representative of UNDP's approaches and the diverse China context. The sites were chosen

³⁶ At the start of the evaluation, a list of projects for in-depth review was developed by outcome (Annex 4). Projects were selected based on the following criteria: a balanced representation of issue areas by outcome, budget size, project maturity and inclusion of innovative pilots.

³⁷ Seventeen decentralized evaluations were undertaken since 2016, all of them project evaluations, and 13 were Global Environment Facility (GEF) evaluations. Nine evaluation reports have gone through IEO quality assurance: one was rated '5' (satisfactory), seven were rated '4' (moderately satisfactory) and one was rated '3' (moderately unsatisfactory).

to allow the evaluators to interview a diverse array of stakeholders in UNDP's intervention areas, including project beneficiaries, provincial and local authorities, implementation partners and other relevant partners.

Data and information collected through various means and sources were constantly triangulated to enhance the validity of findings. As part of the analysis, the evaluation team developed a preliminary theory of change to understand the overall construct and logic of the programme under review. The status of progress made against the performance indicators, as defined in the CPD, was tabulated by year (Annex 7).

The assessment of UNDP's contribution to gender equality and women's empowerment was based on project expenditure data (using the gender marker),³⁸ as well as the team's analysis using the Gender Results Effectiveness Scale.³⁹

Process. Following the development of the terms of reference for the ICPE (Annex 1), in November 2018 the IEO recruited an international consultant and two national consultants.⁴⁰ A pre-mission questionnaire was sent to the CO in January 2019 to facilitate and collect the CO's self-reflection on performance and results. The lead evaluator of IEO, the associate evaluator and the consultants conducted the data collection mission from 18 March to 5 April 2019. The IEO director joined the team in the first week of the mission, from 18–22 March. During the data collection mission, the team divided itself into two groups to cover as much ground as possible. At the end of the field mission, preliminary results and reflections were shared with the CO. Subsequently,

the team drafted separate reports on each outcome area, the findings of which were synthesized in the overall ICPE report.

The draft report was submitted to the IEO for internal review, as well as to two external evaluation experts (members of the IEO Evaluation Advisory Panel), then to the CO and UNDP Regional Bureau for Asia and the Pacific, and finally to the government and other national partners. A final stakeholder workshop brought together key programme stakeholders and provided an additional opportunity to discuss the results and recommendations, and to obtain feedback and clarification on the ICPE report before finalization.

Limitations. There were some limitations to conducting this evaluation, mostly around time and budget constraints. This should be considered when reading the conclusions and recommendations. While field visits enabled the progress and achievements of different interventions to be observed, the size and long duration of many projects meant it was not always possible to unearth and detail all results and the impacts of these projects, and to compare outputs and results across different provinces/regions. The team did not have sufficient time for discussions with different types of stakeholders and beneficiaries involved in the projects. Discussions were mainly with the implementation partners and a few project beneficiaries during field visits. Data used in this evaluation was mostly up until the end of 2018, which might not reflect the most recent situation. In terms of existing evaluative evidence, there were no outcome evaluations, and only a limited number of project evaluations available, mostly for projects in the environment/climate change/energy area.

³⁸ The gender marker is a corporate gender rating assigned to all UNDP projects during the design phase. The rating is assigned as follows: 3 = Outputs that have gender equality as the main objective; 2 = Outputs that have gender equality as a significant objective; 1 = Outputs that will contribute in some way to gender equality, but not significantly; and 0 = Outputs that are not expected to contribute noticeably to gender equality. The gender marker is also used to track planned project expenditure related to gender efforts.

³⁹ The Gender Results Effectiveness Scale is used to classify gender results into five groups: (i) result had a negative outcome that aggravated or reinforced existing gender inequalities and norms (gender negative); (ii) result had no attention to gender, failed to acknowledge the different needs of men, women, girls and boys, or marginalized populations (gender blind); (iii) result focused on numerical equity (50/50) of women, men and marginalized populations that were targeted (gender-targeted); (iv) result addressed differential needs of men or women and addressed equitable distribution of benefits, resources, status and rights, but did not address root causes of inequalities in their lives (gender responsive); and (v) result contributed to changes in norms, cultural values, power structure and the roots of gender inequalities and discrimination (gender transformative). UNDP, IEO 'ICPE How-to Note on Gender' (March 2016).

⁴⁰ The consultants are responsible for different thematic areas of the programme; gender is considered a cross-cutting theme. One of the national consultants served as a resource person for the evaluation.



CHAPTER 2

FINDINGS

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2.1 General findings

Finding 1. UNDP's systematic efforts to reshape its partnership with China within a fast-evolving context has largely been a success, resulting in a country programme well aligned with national priorities. The responsiveness of the CO to the changing context and different potential roles for UNDP must be applauded. However, the pilot testing of various models of engagement for financing due to the upcoming change in the funding approach for UNDP's physical presence means that the cost recovery modality is still evolving and is not yet finally shaped.

The UNDP country programme in China has three main outcome areas, which align with the priorities identified in China's Thirteenth Five-Year Plan. China is a fast-changing country and although the three outcome areas remain relevant, the UNDP programme has been evolving to respond to the changing national context (government policies, priorities and structural reforms, etc.) and to seize new partnership and funding opportunities. Shortly after the approval of the CPD in 2015, UNDP undertook a 'repositioning exercise' in 2016 with the support of the regional office and headquarters (UNDP Management Consulting Team). This exercise resulted in a China positioning report, which provided the basis for several corporate discussions on the way forward. Consultations facilitated reflection on future UNDP positioning.

The positioning report and interviews with stakeholders during the evaluation mission helped confirm UNDP's relevance in the country. These demonstrated that the partnership between UNDP and China has been strategically important for both sides and has the potential to bring significant impact not only at national level, but also regionally and globally. The government sees UNDP as a long-term, neutral and legitimate multilateral partner and considers it well-positioned to bring in international networks, expertise and standards, and to pilot test new ideas and initiatives for potential

transformational effect. During interviews for this ICPE, national partners confirmed with the evaluation team that they appreciated UNDP's bridging role, bringing international technical expertise and resources and introducing international standards, as well as leveraging its global network for development initiatives. As an emerging international development actor, China values UNDP facilitating the country's access to and collaboration with other developing countries in a way that is effective and that meaningfully contributes to global development. UNDP's convening role has helped bring different partners from different thematic areas and sectors together to discuss and share expertise and introduce innovative technologies.

The repositioning exercise, together with various corporate discussions which followed, further shaped UNDP's partnership with China to respond to different demands. The current country programme involves UNDP playing a number of different roles. For the domestic programme, UNDP's main roles include supporting the mobilization of financial resources (in particular from the Global Environment Facility (GEF) and Montreal Protocol for projects in the environment/energy/climate change/ozone layer protection areas) and supporting the implementation of activities by national partners by bringing technical advice and international experience/standards. UNDP also implemented a 'fee-for-service' model, providing development advisory services⁴¹ to national partners, including the preparation of SDG reports and plans. Under this model, in addition to actual costs the costs related to staff time were integrated into the fee structure. Such a model indicates a role transition for UNDP from project management to substantial intellectual inputs, which requires high and different technical expertise. At the moment, there are still operational challenges at corporate level, detailed procedures need to be further developed for activities undertaken in this direction, and there are also legal constraints in China, as UNDP is not in a position to provide invoices in line with Chinese tax law systems.

⁴¹ The advisory services provided are in some cases part of the ongoing programmatic engagement, and some other cases a stand-alone awareness raising, advocacy, capacity building or research project.

Another recent role of the CO involves the facilitation of partnerships between China and other developing countries in South-South and triangular cooperation projects through UNDP country offices, whereby China funds a number of projects in other countries. UNDP also engages with China on the BRI, promoting links between BRI objectives and the SDGs in order to achieve mutually beneficial outcomes for developing countries through this massive-scale initiative.

The evolution of UNDP’s partnership and roles in China responds to changes in the country’s financial status. With China becoming a UMIC, the core funding for the country programme (\$150,000 in 2018) is insignificant, given the size of China’s economy. UNDP China therefore mainly uses these funds for pipeline development and needs to constantly pursue opportunities as they arise to create various entry points for resource mobilization and expanded partnership. It has to pilot different models of engagement to remain relevant and effective. This demands a lot of time, and UNDP’s efforts in this regard should be applauded.

According to UNDP’s Executive Board decisions on differentiated approaches to funding the UNDP physical presence in transitional net-contributor countries and middle-income countries with a GNI per capita above \$6,660,⁴² a two-year grace period commenced in 2018.⁴³ This was with respect to the use of regular resources to finance UNDP’s physical presence in China. Full differentiated funding presence provisions will begin in January 2020. A cost-sharing formula will be used to fund requisite local office capacities. Any additional CO capacities, and costs associated with the physical presence of the CO would be funded from additional government contributions and/or cost-recovery income earned on government and third-party cost-sharing and trust fund contributions. Overall, this calls for increased government contributions to cover the local office costs. Discussions have now begun between UNDP and the Government of China on ways forward.

⁴² Executive Board decisions 2013/30, 2013/45 and 2012/28.

⁴³ Annex B to the UNDP integrated resources plan and integrated budget estimates for 2018-2021 (DP/2017/39).

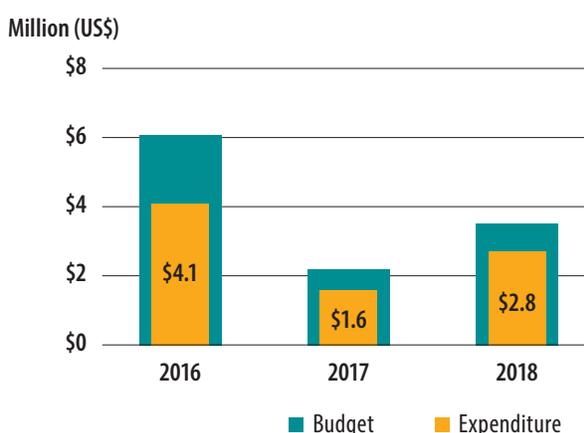
2.2 Poverty reduction and growth

RELATED OUTCOMES

Outcome 1: A greater proportion of the population enjoy improved living conditions and increased opportunities for economic, social and cultural development.

UNDP’s support to poverty reduction and growth, as designed in the CPD, included three outputs related to: the improvement of livelihoods (through increased income and better access to financial services); access to justice and social services for vulnerable groups; and more inclusive decision-making processes and the development of civil society. Details on the status of indicators established for these outputs and the outcome are included in Annex 7 of the report. Around two thirds of the projects implemented under this outcome during the evaluation period started before the current CPD cycle began. Budgets and

FIGURE 4. Outcome 1 budget and expenditure



Source: UNDP Atlas, Power BI, as of April 2019

expenditure for this outcome have been small. Expenditure in 2016-2018 accounted for just 6.5 percent of the total programme expenditure in the same period. In 2018, expenditure under this outcome was \$2.8 million, less than 6 percent of the environment, energy and climate change outcome.

The majority of projects in this area relate to the first output on livelihoods improvement. The three projects with the highest expenditure (48 percent of total outcome expenditure) under this outcome during 2016-2018 were: (i) Poverty Alleviation and Sustainable Development in China (2017-2020); (ii) Inclusive Finance Sector for Poverty Alleviation (2005-2019); and (iii) Ningxia Anti-Desertification and Livelihoods Improvement (2010-2018). Other key projects included: the Demonstration Poverty Reduction Project on Domestic Services; Research Collaboration for Innovation in China's Public Sector Reform; and the SDG Pilot Village in Yunnan. The full list of projects reviewed is included in Annex 4.

Finding 2. UNDP's efforts to generate income and improve the livelihoods of poor households, women and ethnic minorities through better access to financial services, job creation and entrepreneurship achieved encouraging results. Through piloting, demonstration and capacity building, UNDP projects produced knowledge with policy implications. However, given the limited scale and number of projects, the real impact of UNDP's work will depend on whether and how successfully interventions can be scaled up in other areas.

UNDP has been collaborating with CICETE in the financial services for poverty reduction area since the 1990s. This cooperation has evolved from promoting microfinance through pilot projects towards developing an inclusive financial system. The final evaluation report of the Building an Inclusive Financial Sector in China Project, which was jointly financed by UNDP and the Government of China, recognized UNDP's effective role in promoting national policies and regulations for an inclusive financial system, and in exploring new inclusive financial modalities.⁴⁴

To enhance access to markets, UNDP provided training to help local government officials, cooperative members and farmers learn how to enhance the economic value of traditional industries, contributing to the extension of market channels and supply chains for local cooperatives. UNDP also incubated local rural cooperative service agencies as social service organizations and provided them technical assistance and capacity building on e-commerce. For example, the Minfu Centre in Yilong, established under the framework of the Inclusive Financial Sector Project and further supported by the Poverty Alleviation and Sustainable Development Project, coordinated and monitored 50 poverty alleviation cooperatives in the county, in addition to providing them with financial and other market services. Recognizing certain challenges posed by the current policy/legal framework which may affect future scaling up, the evaluation of the Inclusive Financial Sector Project still considered the Minfu Centre as an innovative and replicable model. The centre has become a well-known provider of inclusive financial services, and study tours and meetings have been organized for officials from other provinces. The Poverty Alleviation and Sustainable Development Project piloted an e-commerce poverty alleviation model in Guangan county, where the project introduced a third-party e-commerce company and supported unified sales pipeline management, centralized procurement and dispatch.

According to national stakeholders interviewed during this evaluation mission, as well as conference materials from the 2019 Yilong Experience Exchange Workshop, a key advantage of the cooperation with UNDP is that it has allowed the promotion of innovative ideas and approaches to testing the existing framework. This could later result in institutional reforms. Technical support provided by UNDP in capacity building at different levels (from national and local governments to village and rural households) was appreciated. It was reported that UNDP's project management procedures, including planning, implementation, evaluation and auditing, were of high international standards. This overcame

⁴⁴ Building an Inclusive Financial Sector in China Project, Final Evaluation Report.

some weaknesses in the domestic system. However, it seems that UNDP is not currently able to play a significant role in institutional reforms beyond supporting the Yilong pilot, and it is up to government counterparts to take this forward.

UNDP targeted 50 poor counties in nine central and western provinces of China, with a total population of 7 million poor people, according to the national poverty line. With a focus on increasing the incomes of poor households, women and ethnic minorities, UNDP projects supported women from underdeveloped rural areas to strengthen their skills for, and provide access to, the job market. The one-year Domestic Service Project is an example of where training was provided and links were forged with large domestic service enterprises to help trained women find jobs. This project selected seven provinces⁴⁵ in western and central regions ranked between fourth and thirteenth in China in terms of number of rural poor people living there, to pilot the activities. Participants in the training came from poor counties, and were mainly women (96.3 percent of the total trained). A total of 1,658 women were employed after the training (98.3 percent of all who were employed and around 82 percent of the women trained). The project lasted for one year as a pilot. During a visit to one of the project sites, local stakeholders expressed a willingness to continue implementing this model if given sufficient financial support. Although seen by stakeholders as a successful poverty reduction pilot model, its contribution to medium- to long-term poverty alleviation will be limited if there is no sizeable scale-up or continuation. There have been some efforts in this direction, and the modality demonstrated by this project has been extended beyond the project life cycle being operated by the domestic service training and export bases in the seven provinces. For example, the Sichuan provincial government allocated CNY 20 million for continuing training in 2019, which covers broader beneficiaries. The Shaanxi provincial government pledged CNY 600,000 to strengthen the capacity of the training base.⁴⁶

To promote impact at scale, UNDP developed policy reports documenting what it had learned from the pilots. It circulated these to government partners. For example, currently UNDP is working on a publication on the UN's poverty reduction experiences in the past 40 years, which draws from UNDP and Chinese experience on poverty alleviation. As part of the Poverty Alleviation and Sustainable Development Project, jointly supported by UNDP and the Ministry of Commerce, the ministry sent employees to the three targeted counties to be deputy mayors and leaders of poor villages. Through this channel, good practices and lessons learned from the project will be documented as policy recommendations and submitted to the Ministry of Commerce and the State Council for further consideration. UNDP's knowledge work also had an impact on national strategy and policy, notably through the National Human Development Reports that the CO has continuously produced in China over past 20 years. Some policy recommendations from these reports, such as "adhering to policies of industry nurturing agriculture" and "full integration of migrant workers in the social security system and equal rights to education for their children", were reflected in China's National Plan for New Urbanization 2014-2020, while the recommendation on "balance investment-oriented social welfare and consumption-oriented social welfare" was reflected in the Thirteenth Five-Year Plan of China.

Overall, the projects under this outcome produced the intended outputs. At the end of 2018, UNDP reported the creation of new jobs for 4,663 ethnic minority women and 23,869 rural residents through its poverty reduction programmes that support entrepreneurship and the development of ethnic handicrafts.⁴⁷ This indicated significant progress towards the targets of 5,000 ethnic minority women and 35,000 rural residents. Regarding access to financial services through rural financial cooperatives and inclusive finance programmes, UNDP recorded 53,040 beneficiaries, surpassing the target of 30,000.

⁴⁵ Anhui, Jiangxi, Hunan, Sichuan, Guizhou, Shaanxi and Gansu provinces.

⁴⁶ Summary report of the Demonstration Poverty Alleviation on Domestic Services Project.

⁴⁷ Progress report (1 August 2017-30 July 2018) of the Promoting Women's Economic Empowerment in Ethnic Minorities Project; and annual progress report of the Poverty Reduction for Ethnic Minorities in China Project.

These are reasonable achievements, but the real impact will depend on how UNDP interventions and experiences can be replicated and scaled up.

Reducing inequalities and ensuring people who are just above the poverty line have the necessary social protection system to remain above the poverty line will be a long-term challenge for China. UNDP indicated to the evaluation mission that it plans to work on some of these issues in the next programme cycle, but there is no concrete plan yet.

Finding 3. Through its work in SDG localization and SDG financing, UNDP has supported China to explore the use of SDG targets as a standard for social and economic development and economic policy decisions.

China was one of the first countries to commit to integrating the SDGs in its national development plan. The Government of China's exploration of using SDGs as a standard for social and economic development, policy and economic decisions, and investments is evidenced by some important initiatives. The SDG Innovation Pilot Zone Initiative, launched by the State Council, is the most practical SDG localization strategy for implementing Agenda 2030 in China to date. Under the coordination of the Ministry of Science and Technology, and with support from the Expert Committee to the Initiative, local cities are building SDG pilot zones and formulating sustainable development plans to 2030.

UNDP's SDG work aims to develop and apply standards and measurement frameworks to influence public and private decisions and to change citizen behaviours through the main components of SDG localization (localizing the implementation of the SDGs), and SDG financing (mobilizing private and public investments for sustainable development). Overall, UNDP's SDG work in China was appreciated by national stakeholders met during this evaluation mission. UNDP is the first and only international organization to have established an official cooperation relationship with the Ministry of Science and Technology on the SDG Innovation Pilot Zone Initiative, with a memorandum of understanding signed in August 2017.

UNDP China's SDG localization strategy includes elements of SDG orientation (advocacy and awareness raising through training to link up the SDGs and the five-year plan); SDG advisory services (in-depth interpretation of the SDGs, drafting SDG plans according to local conditions, introduction of new development concepts and assistance with implementing them locally, evaluation of SDG implementation results, etc.); and SDG-focused project design and implementation (for example the SDG Village Project in Yunnan Province). A number of initiatives have already been implemented, including for example the SDG Massive Open Online Course, and various SDG trainings to local government officials. In early 2018, the Chinese government selected Shenzhen, Taiyuan and Guilin as the SDG pilot zones and UNDP established partnerships with these three pilot zones. UNDP initiated SDG localization and innovation cooperation with Guilin, where work will include delivering SDG training and building an SDG data platform, as well as measuring the SDG impact of innovative financing; and Shenzhen, where work will be done on developing the city-level SDG progress report.

At the village level, the SDG Pilot Village: Women-focused Poverty Reduction and Sustainable Development in Yunnan Province (2017-2020) was the first initiative of UNDP China to demonstrate how the SDGs could be implemented locally in China. The project was designed to build the capacity of the poor, and especially women of the Yi minority, in Waipula village of Yongren county, Yunnan Province. It supported the local eco-tourism centred sustainable livelihood system and also aimed to enhance the capacity of local government to implement the SDGs and provide inclusive services. Interviews during the evaluation mission showed that there were implementation delays, partly due to the local leadership change. These delays caused concerns among key stakeholders and there may be funding consequences. Overall, while working on SDG localization at sub-national level, UNDP China faced challenges from uneven commitment and capacity of local governments and communities, which sometimes required higher levels of engagement, support and coordination from UNDP.

Regarding SDG financing, UNDP, together with CICETE, launched the project, Research and Promotion on Financing for the Achievement of SDGs in China, in late 2018. It aimed to establish a platform for the sustainable development financing industry. The project focuses on generating research and evidence on sustainable development financing instruments. As an example of this work, the CO is developing an SDG impact standard to provide instruments and incentives to align available financial resources to the SDGs. At the time of the evaluation, the work was just starting and was exploratory in nature.

Finding 4. UNDP's work in broadening access to justice and social services, and in supporting public sector reform and the development of civil society was limited, mostly because it was unable to mobilize resources to work in these areas. Notwithstanding, UNDP's efforts to support marginalized groups, including lesbian, gay, bisexual, transgender and intersex (LGBTI) people and people living with HIV/AIDS (PLHIV) in a context of strong social stigma are to be applauded.

Building on work from the previous programme cycle, UNDP continues to support marginalized groups in this current cycle. With very limited budget for this area of work, UNDP conducted various activities, including a series of training workshops, surveys,⁴⁸ reports⁴⁹ and dialogues⁵⁰ on issues related to LGBTI-inclusive development. UNDP contributed to enhancing LGBTI people's awareness on domestic violence issues, sensitizing service providers from local women's federations and police systems on how to provide appropriate services to LGBTI people who experience domestic violence, as well as enabling victims of LGBTI domestic violence or employment discrimination to receive counselling

and legal support. UNDP supported three legislative bills related to gender information: 1) education certificates, 2) inclusive domestic violence legislation implementation, and 3) ending bullying and violence at school. These bills have been submitted for deliberation at the National People's Congress and Chinese People's Political Consultative Conference meetings. At the time of the evaluation, these bills had not been passed. Overall, interviews conducted during the evaluation showed that UNDP had played a critical role in bringing LGBTI issues into policy discussions and working with other government and non-government organizations (NGOs) in promoting their rights.

Since 2011, UNDP has supported the Yunnan Daytop Drug Abuse and Rehabilitation Centre to manage a community-based legal services programme. The programme directly addresses rights protection for key populations. The Daytop model has shown that community organizations are able to reach populations who most need legal literacy and support, often acting as a powerful instrument against discrimination at the local level. UNDP supported the initiative, Daytop Scale up – Piloting an Integrated, National, Grassroots-led Design to Empower Neglected HIV-affected Groups. Seven community-based organizations participated in the project and provided legal training and consultation services to community members on issues such as workplace discrimination, marriage of sexual minorities, impact litigation, property protection of sex workers, privacy protection of PLHIV, and applications for low-income social welfare. UNDP reported that more than 2,500 people, including migrant women, PLHIV, injecting drug users and transgender people, had directly benefited from the HIV Legal Aid Project.⁵¹ UNDP supported an

⁴⁸ UNDP, together with Peking University and the Beijing LGBTI Centre conducted the National Survey on Attitudes towards Sexual Orientation, Gender Identity and Gender Expression. This served as a basis for a series of policy evidence papers on employment, education, family and health, issued by the Beijing LGBTI Centre.

⁴⁹ For example, the Legal Gender Recognition in China: A Legal and Policy Review, which looked at the current laws and policies in China affecting transgender people; and the Legal and Policy Assessment on Access to Employment by LGBTI people in China.

⁵⁰ In the framework of the Being LGBTI in Asia Programme, UNDP supported the organization of a national dialogue on LGBTI inclusive development in China. Key legislative opportunities identified during the conference included the upcoming amendment of the Protection of Minors Act, local implementation guidelines on the Domestic Violence Law, as well as the use of a new cause of action to be issued by the Supreme Court on employment equality.

⁵¹ UNDP China, LGBTI and HIV Portfolio 2018 Results Summary.

online survey on legal aid needs and supported community-based organizations to better provide legal services to beneficiaries. UNDP was an active member of a joint task force on HIV/AIDS, led by UNAIDS, and was appreciated for its contribution of legal aid expertise and activities.

In terms of supporting public sector reform and the development of civil society, the results in general were limited, and some targets were not met. UNDP's support to law reform is delivered through the projects, Innovation in China's Public Sector for Good Governance, and Research Collaboration for China's Public Sector Reform, as well as projects on human resource and leadership development. Except for the research collaboration project, all other projects began during or even before the previous programme cycle.

UNDP worked with the State Commission Office for Public Sector Reform to develop reforms for China through research, seminars, forums, dialogues, trainings and international exchanges. A number of policy recommendations were provided through policy research, for example on environmental governance.

UNDP trained Chinese civil society organizations in South-South cooperation, and mapped the global engagement of Chinese civil society organizations, bringing more ideas and knowledge on a relatively recent and little-researched area. Overall, the limited results in supporting the development of civil society were also due to national contextual changes following the new Charity Law, issued in 2016. This established a comprehensive legal framework for the government's management of the social and philanthropy sector and regulated NGOs more strictly than before.⁵² In this context, UNDP aims to strengthen the capacity of NGOs so they can comply with the law and can operate legally and smoothly. In 2018, UNDP published the Handbook of the Charity Law of the People's Republic of China, which offered a comprehensive analysis of the law and

how it was implemented in its first year, with the primary aim of providing guidance on its application.

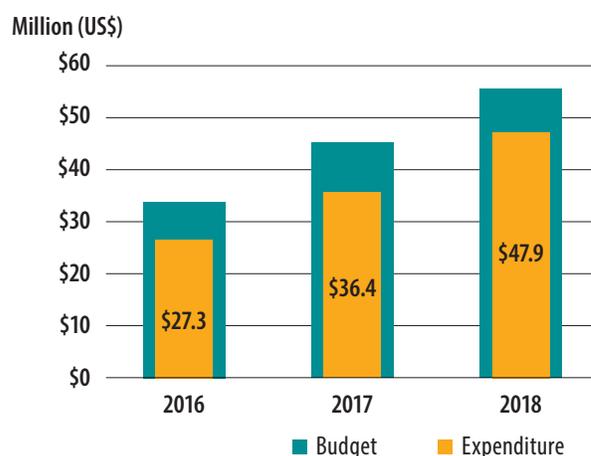
2.3 Environment, energy and climate change

RELATED OUTCOMES

Outcome 2: More people enjoy a cleaner, healthier environment as a result of improved environmental protection and sustainable green growth.

This outcome has the highest expenditure of the country programme, significantly higher than the other two outcomes, and growing rapidly. In 2018 expenditure on this outcome was 17 times more than on Outcome 1, and almost 13 times more than on Outcome 3. Under this outcome, UNDP implemented projects in biodiversity and ecosystem conservation, climate change, renewable energy

FIGURE 5. Outcome 2 budget and expenditure



Source: UNDP Atlas, Power BI, as of April 2019

⁵² Grassroots NGOs need the endorsement of certain government agencies (i.e. to act as the business supervisory units for these NGOs) in order to be registered. In practice, government agencies are reluctant to be business supervisory units, so it is hard for NGOs to become registered.

and energy efficiency, ozone depleting substances and chemical waste management, and disaster risk management (DRM).

Projects are mainly financed by the Montreal Protocol and GEF funds. Over the period 2016-2018, projects financed by the Montreal Protocol that related to the phasing out of HCFCs recorded the highest expenditure, accounting for more than 40 percent of total expenditure of this outcome, followed by protected area and ecosystem conservation projects (around 15 percent). Only one third of the projects began in this programme cycle, with the rest being carried over from the previous programme cycle. The full list of projects reviewed is in Annex 4. In addition to these projects, UNDP also implements the GEF Small Grants Programme, which provides funds and technical support to local NGOs or community-based organizations for biodiversity conservation, climate change adaptation and mitigation, prevention of land degradation and waste management at community levels.

Finding 5. UNDP's Environment, Energy, Climate Change and Ozone Layer Protection Programme responds to country priorities and is well on track to achieve, and in some cases exceed, the set targets. There is still a need for continued emphasis on influencing policies, standards and regulations, at the same time demonstrating innovative solutions at local level.

The Environment, Energy, Climate Change and Ozone Layer Protection Programme is generally well executed with seemingly few setbacks, thanks to strong government buy-in, capable project management offices and counterparts, and generally effective UNDP programme management support. Most of the indicators are on track or had even exceeded the set targets (see Annex 7).

There were good examples of contributions to policies and strategies at different levels in climate change mitigation, fuel cell vehicles (FCV) and the hydrogen economy, reduction of ozone depleting substances and persistent organic pollutants, as well as effective protection of biodiversity and ecosystems. Pilots resulted in demonstrating new

products or ways of working and set the trend for more impact in the longer term (see further details in subsequent findings).

However, activity implementation and output results sometimes seemed disconnected and did not always lead to desired outcomes or impact. Some pilots were not (immediately) taken up because the required standards, regulations or market conditions were not in place. For example, this was witnessed in:

- The production of compressors for new cooling equipment (to phase out HCFCs) was not taken up by the market because they were not affordable;
- E-waste recycling production lines for computer waste that were not yet functional (existing standards consider computer motherboard transistors 'hazardous waste' that cannot be recycled).

The implementers of these projects and programmes realized these challenges and barriers and were trying to overcome them. For example, the Solid Waste Supervision and Management Centre in Jiangsu Province was trying to influence and adjust standards on e-waste so that new persistent organic pollutant removal machinery could function as intended, and e-waste could be recycled. In order for these trend-setting pilots to achieve their intended results, concerted and simultaneous work is needed on policy, regulatory and advocacy aspects for new technologies and ways of working to attain transformational impact in the long term.

Finding 6. UNDP has effectively cooperated with the Government of China in biodiversity and ecosystem conservation for a long time, providing technical and managerial support. Through its projects it was instrumental in the adoption of new practices, standards and policy frameworks, as well as the improved conservation and management of protected areas.

Biodiversity and ecosystem conservation are priorities of the Government of China, demonstrated by various efforts and commitments, including the planned organization of the fifteenth Conference of

the Parties to the Convention on Biological Diversity in 2020 in Kunming. UNDP has cooperated with the government on biodiversity and ecosystem conservation for a long time, working with both central level ministries and provincial and local governments. The work was mainly funded by GEF, but also included co-financing from the European Union and the private sector.⁵³

UNDP provided both technical and managerial support, including introducing global and regional best practices, support for mainstreaming biodiversity and ecosystem conservation into policies and strategies, and capacity building and public awareness. UNDP supported projects that demonstrated new mechanisms for integrating livelihood promotion and biodiversity conservation, including attention to community co-management and development, piloting and adoption of Payment for Ecosystem Services at different levels, new regulations and models of access and benefit sharing, and use of indigenous knowledge under the Nagoya Protocol.⁵⁴ These were confirmed in a number of available terminal evaluation reports,⁵⁵ as well as interviews conducted during this evaluation mission.

Delegated by the Ministry of Finance, UNDP has been playing the role of lead programming coordination agency for biodiversity programmes since the fifth GEF replenishment cycle (2010-2014). A large proportion of UNDP's support is dedicated to wetland protection through programmatic approaches led by UNDP, with cooperation from the Food and Agriculture Organization.⁵⁶ Under the Wetland Programme, there is a series of projects comprising a central policy and capacity development project, which is supported by six wetland conservation

sub-projects in seven provinces. This work underpinned the ratification of Haikou,⁵⁷ Shengjin Lake in Anhui Province,⁵⁸ Wang Lake in Hubei Province,⁵⁹ and Hanma Nature Reserve in Inner Mongolia⁶⁰ as official sites for the Ramsar Convention on Wetlands of International Importance. The terminal evaluation of the wetland project reported that between 2013 and the end of 2017, approximately 2.94 million hectares of new wetland protected areas were established, roughly 1.9 million of which were among the targeted protected areas included in the wetland conservation sub-projects.⁶¹ The same evaluation report noted that a key result of the project related to the drafting of the National Wetland Conservation and Rehabilitation Plan, which was approved in 2016 and has since prompted each of the 31 provinces in the country to develop provincial level implementation plans. In addition to helping integrate wetland concerns into provincial policies and planning, the wetland projects also introduced community co-management.

The key challenge in this area was how to balance economic development and nature conservation. In that sense, the current slow-down of economic growth could result in a backlash against biodiversity conservation efforts, especially in areas where land that is important for biodiversity could be converted into more productive land. Another challenge is that local authorities may lag behind in implementing new paradigms, such as the centrally introduced 'ecological civilization' and other conservation strategies, as these take time to take root at local level. Continued attention to effective biodiversity and ecosystem conservation in line with government objectives, the SDGs and international conventions is therefore warranted. There

⁵³ For example, Payment for Ecosystem Services pilots with Coca-Cola under the Integrated Water Management Programme.

⁵⁴ Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization to the Convention on Biological Diversity.

⁵⁵ For example, the terminal evaluation report of the project, Strengthening the Effectiveness of the Protected Areas System in Qinghai Province, and the terminal evaluation reports of wetland protected areas projects.

⁵⁶ <http://www.ahwetland.com/pagestatic/gefpage1.html>

⁵⁷ <https://www.ramsar.org/news/18-cities-recognized-for-safeguarding-urban-wetlands>

⁵⁸ <https://www.ramsar.org/news/three-new-ramsar-sites-for-china>

⁵⁹ <https://www.ramsar.org/news/china-designates-eight-new-ramsar-sites>

⁶⁰ <https://www.ramsar.org/news/china-designates-eight-new-ramsar-sites>

⁶¹ Terminal evaluation report, UNDP-GEF Project, Strengthening the Management Effectiveness of the Sub-System of Wetland Protected Areas for Conservation of Globally Significant Biodiversity (2019).

is a need (and potential) to further support biodiversity and ecosystem conservation on protected area management and community and livelihood approaches, especially at the local level. In some cases, these priorities have been accepted by the Ministry of Finance and embedded into two GEF 6 programmes (the China Protected Areas Reform-CPAR Programme, which focuses on promoting the national park system in China, and the China Sustainable Agriculture Programme-CSAP, which focuses on promoting sustainable agriculture practices in China). Both of these programmes are led by UNDP as the programming coordination agency. This will be continued in some of the new pipeline GEF projects that are being developed under the new GEF 7 funding cycle.

Finding 7. UNDP's support in the area of climate change mitigation/renewable energy/energy efficiency achieved noteworthy results through the revision and inclusion of new policies and the demonstration of new tools and applications. This also contributed to China's positioning as a leader in the Paris Agreement actions, and green, low carbon development. Continued support, especially at policy and standard-setting level, is still needed to sustain the results.

The Emissions Trading System Project launched the world's largest carbon market with 270 million tons of carbon traded for a value of over RMB 6 billion (approx. US\$860 million). However, the effects on CO₂ emissions reduction are not yet clear, as the price for carbon to result in substantial CO₂ reduction is still insufficient. With funding from GEF, the Zhejiang provincial government, the Fuyang city government and partner logistics companies, the Green Logistics Project established a pilot zero carbon emission warehouse, which achieved a CO₂ emission reduction of 950 tons and supported a green, multi-modal transportation system (expected to reduce 1,300 tons of CO₂ emissions annually). At the policy level, this project resulted in the issuance of the first provincial green logistics index in

China. The Zhejiang Provincial Department and Reform Commission will standardize the monitoring, reporting and publishing of the index for the logistics industry, which will help the logistics industry in Zhejiang Province to further green its operations.⁶²

The Phasing Out of Incandescent Lamps and Promotion of Energy Saving Lamps Project developed the National Thirteenth Five-Year Plan for the Development of China's Solid-State Lighting Industry. Its subsequent actions resulted in 351.7GWh of saved power. The Market Transformation of Energy Efficient Bricks and Rural Buildings Project helped improve energy-efficient brick performance by 50 percent and increase market share to 70 percent, resulting in a cumulative CO₂ emissions reduction of 1.6 million tons. The Energy Efficient Electric Motor Project began in 2017 and is working concurrently on research, piloting, capacity building and advocacy, thereby influencing the whole electric motor industry value chain, including manufacturers, buyers, researchers and policy makers. The project has already produced several standards and is working on energy-efficient motor prototypes. The project on energy-efficient room air conditioners established new standards, which resulted in energy-efficient room air conditioners occupying 49.9 percent of market share (as compared to 5 percent baseline), cumulative energy savings of 33.77 Mtce⁶³ and an approximate reduction of 274 million tons of CO₂ emissions.⁶⁴ Overall in energy efficiency, in addition to implementing demonstration projects, UNDP also conducted policy research and provided recommendations on energy efficiency standards and regulations. The government developed a national roadmap, which has been implemented since 2012.

For 15 years UNDP China catalysed and supported research and the introduction and commercialization of hydrogen-based clean energy solutions, creating an inroad for this technology in China. In close collaboration with the Ministry of Science and Technology and with funding from GEF, the country

⁶² UNDP China portfolio results summary and interviews.

⁶³ Mtce = Megatonne of Coal Equivalent.

⁶⁴ UNDP Climate Change Portfolio Summary, 2019.

now has at least four industrial clusters dealing with hydrogen and FCV, hydrogen FCV development plans in 11 provinces and cities, and over 41 auto makers that have set up FCV assembly lines. This led to new regulations and an FCV Technology Roadmap to promote FCVs, a 120-percent increase in numbers, and a 62-percent reduction in unit costs of FCVs. Hydrogen and fuel cell technologies were included in China's main policies and strategies, for example in Made in China 2025, the Thirteenth Five-Year National Strategic Emerging Industries Development Plan, the National Strategy for Innovation-Driven Development, the China Energy Technology Innovation Action Plan 2016-2030, and China's Strategic Action Plan for Energy Development (2014-2020).⁶⁵ While this is a significant achievement, a question remains over what the future of hydrogen in China will be, especially for FCVs, as other seemingly more practical renewable energy solutions (e.g. different types of electric vehicles) are coming onto the market and becoming popular quickly.

The Water Governance Umbrella Programme, which has been ongoing since 2007, is funded by UNDP, the government and the Coca-Cola company. It focuses on a variety of areas, from cleaner production and water efficiency improvement to conservation of ecosystems and pollution control. The programme was implemented across 15 provinces, municipalities and autonomous regions, benefiting approximately 1 million people living in rural areas along the main river basins in China. The programme enabled a number of national and local policies and development plans, for example the national strategy of enhancing rain and floodwater harvesting and utilization, and the development plan for upscaling drip irrigation in sugarcane farming in Guangxi Province.⁶⁶

Despite these successes in climate change and green growth, some of the continuing challenges remain. Efforts are needed to identify and analyse policy and regulatory gaps and barriers for

transformative and more inclusive green development and to provide support to overcome barriers so that larger parts of the population can benefit. One of the main barriers is the availability of green finance that can be deployed for innovative, green and inclusive investments. In some areas, technologies, tools and/or regulations are lacking, for example in co-management of conservation areas and payment for ecosystem services. Despite great success and results, especially around climate change mitigation, there is still insufficient public awareness of the benefits of inclusive green development.

Finding 8. UNDP is the international lead agency for coordinating China's response to its Montreal Protocol commitments, which require the country to phase out production and consumption of HCFCs by 2030. Currently, a globally significant amount of HCFCs has already been phased out. More support is needed, including to create conducive regulatory and market conditions for the uptake of new technologies and the implementation of the Kigali amendment.

China is responsible for 70 percent of the world's production and consumption of HCFCs, which are the main ozone depleting substances. As an implementing agency of the Montreal Protocol Fund, which contributes sizeable funds for phasing out ozone depleting substances in China, UNDP has assisted the Government of China for more than two decades to strengthen the phasing out of HCFCs. Under an agreed division of labour with other Montreal Protocol Fund implementers (United Nations Industrial Development Organization, the World Bank, the United Nations Environment Programme, and some bilateral governments such as the Japanese and German governments), UNDP leads coordination with the government and has projects for phasing out HCFCs in two consumption sectors. UNDP support is highly relevant, given the global importance of decreasing ozone depleting substances in China. Stakeholders met during the evaluation mission stated that they appreciated this.

⁶⁵ UNDP China portfolio results summary and interviews.

⁶⁶ UNDP China, Water Governance Programme 2019, project summary.

The industrial and commercial refrigeration sector is one of the largest HCFC consumption sectors. Under the UNDP Industrial and Commercial Refrigeration HCFC Phase Out Management Plan Stage II Project, UNDP supports the development, promotion and application of advanced HCFC replacement technologies. With this support, China has converted 17 manufacturing lines from HCFC technologies to non-HCFC technologies (another 16 manufacturing lines are planned for conversion). In the solvent sector, China has converted more than 500 manufacturing lines from HCFC to non-HCFC technologies, and another 100 lines are planned for conversion. UNDP has helped draft technical guidelines for new solvents and studies for a policy and management plan to ban consumption of HCFCs in the solvent sector. So far, at least 13,010 MT of ozone depleting substances⁶⁷ have been eliminated through updating 53 industrial commercial refrigeration and solvent production lines,⁶⁸ which is in line with China's HCFC Phase Out Management Plan Stage II under the Montreal Protocol on Substances that Deplete the Ozone Layer. However, concerns remain over the slow uptake of some of the new technologies producing less ozone depleting substances, as these are in some cases still more expensive than older technologies. As China is the main producer and consumer of these products, this has global significance and will need to be continuously addressed.

The Kigali amendment to the Montreal Protocol, with the objective of phasing out hydrofluorocarbons (which are non-ozone depleting substance alternatives to HCFCs, but which have high global warming potential) was adopted in October 2016 and came into force on 1 January 2019. The Kigali amendment requires countries to reduce consumption of hydrofluorocarbons by 80 percent by 2045. China is one of the major producers and consumers of hydrofluorocarbons and will face great economic challenges phasing them out. UNDP is proactively

advocating with the government for China to ratify and implement the Kigali amendment.

Finding 9. In the area of chemical waste, especially persistent organic pollutants, several GEF-funded projects were implemented. These projects achieved significant results that can have important national and global impact when further scaled up.

China is the world's largest processor of e-waste from waste electrical and electronic equipment recycling. It accounts for approximately 14.4 percent of the global generation of e-waste, which contains significant quantities of persistent organic pollutants. A UNDP-supported e-waste project, funded by GEF, is designed to help China fulfil the requirement of the Stockholm Convention⁶⁹ and bring international experience and best practice into China's policy efforts to address this issue. The project supported the treatment of 38 million units of e-waste through private enterprises in an environmentally sound way. The project produced technical guidance on e-waste dismantling and e-waste auditing, and demonstrated multi-channel e-waste collection modes, including reverse logistics, community collection and online to offline collections. The main challenge remains the phase-out of informal treatment operators, the integration of informal collectors, and public awareness so that the rapidly increasing e-waste challenge can be tackled on a larger scale.

Persistent organic pollutant discharge also comes from the secondary copper industry, with China's secondary copper production accounting for 50 percent of global production. The industry is becoming increasingly important due to the increased demand for copper and decreasing copper resources in the world. Increased production, predominantly in small and medium-sized enterprises, is accelerating the release of persistent organic pollutants in China. A UNDP-supported and GEF-funded secondary copper project helped

⁶⁷ Of overall consumption of HCFCs in the industrial and commercial refrigeration sector in 2014 of 40,249 MT (Project Document Industrial and Commercial Refrigeration Phase II).

⁶⁸ UNDP China, summary note on Ozone Depleting Substances/HCFC, 2019.

⁶⁹ Established to protect human health and the environment from persistent organic pollutants by eliminating the production and use of such pollutants and managing and disposing of persistent organic pollutant waste in an environmentally sound manner.

enterprises upgrade their environmental facilities to reduce persistent organic pollutants and other pollutants. The project developed technical regulations for pollutant discharge permits in secondary copper, zinc, lead and aluminium, contributing to an estimated reduction of 50 percent of dioxins, 50 percent of NOx, and 80 percent of SO2 and ammonia nitrogen in the atmosphere after the pollutant discharge permits system is fully implemented.⁷⁰

UNDP supported the government to phase out the use of endosulfan in agriculture, another source of persistent organic pollutants. A UNDP and GEF-supported project is expected to phase out 2,850 tons of toxic endosulfan by 2019, through the introduction of biological controls and alternative technologies in cotton pest management. The project aims to achieve this through demonstration technologies in pilot locations. A national replication programme will be designed and is projected to lead to the complete phase out of endosulfan in China. This will have a lasting effect, creating cleaner soils and water sources, and will lead to healthier livelihoods. The project coordinates this effort with 11 ministries and has built partnerships with international NGOs specializing in sustainable cotton management.

Finding 10. UNDP China contributes to improved DRM at domestic and international level, but the link with climate change adaptation and other resilience programmes could be strengthened for increased resources and greater synergies and effect for disaster risk reduction.

Domestically, UNDP supported disaster preparedness legislation and policy that facilitates multi-sectoral collaboration. UNDP also supported community resilience through research on urban flood disaster risk, public awareness of flood risk prevention, capacity building of community DRM, and a needs analysis of urban flood risk management. Private sector engagement in disaster prevention and disaster response was also piloted, for example through supporting efforts for safe and responsible

overseas travel for Chinese tourists in collaboration with the main Chinese travel company 'C-trip'. This is an innovative approach even at global level.

Internationally, South-South and triangular cooperation DRM projects were developed and implemented by UNDP country offices in other countries, with Chinese expertise and resources. UNDP China's role was to broker cooperation, help design projects and facilitate approval by Chinese partners, and provide management, quality assurance and monitoring during implementation. For example, the Integrated Disaster Risk Reduction and Climate Change Adaptation in Central Asia Project supported countries⁷¹ to raise public awareness about disaster prevention, strengthen disaster risk reduction capacity of central Asian countries, and improve their capacity to respond to climate change and natural disasters through sharing experiences and techniques. The Sharing and Learning on Community-Based Disaster Management in Asia Programme (CBDMA Asia) established a strategic development partnership with support from the United Kingdom's Department for International Development and the governments of China, Bangladesh and Nepal.

A new Ministry of Emergency Management was established in March 2018, acting as a unified coordination ministry for work safety incidents, accidents and natural disasters. This is both an opportunity and a challenge for UNDP, whereby the CO needs to strengthen its relationship with the new Ministry for Domestic and International Cooperation. Within the CO, both the South-South and global development cooperation and sustainable development teams work on DRM-related issues. Coordination, cross-referencing, disseminating and using lessons learned can be further improved between these teams, as well as within the sustainable development team where links and synergies between the DRM projects, the climate change portfolio and some of the poverty projects around strengthening of resilience are not very apparent.

⁷⁰ Feasibility report on the technical guidance for pollutant discharge permits in the secondary copper, zinc, lead and aluminum sectors.

⁷¹ Tajikistan, Kazakhstan and Kyrgyzstan were included in this project.

2.4 Global partnership

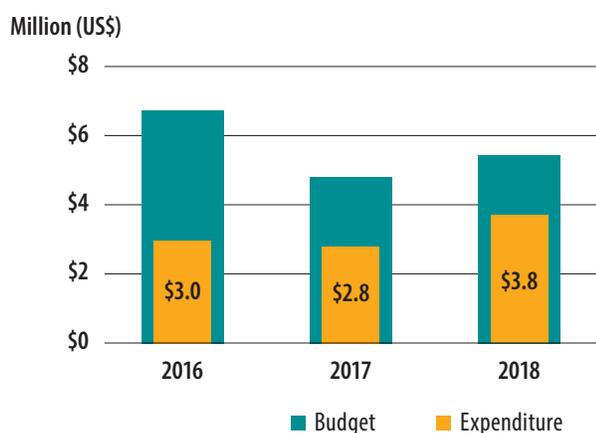
RELATED OUTCOMES

Outcome 3: The effectiveness of China’s engagement in international cooperation is enhanced for the mutual benefit of China and the world.

Under this outcome, a number of South-South and triangular cooperation projects were implemented. UNDP also implemented some projects supporting the International Poverty Reduction Centre in China for South-South cooperation, strengthening CICETE for international development cooperation and supporting the Sustainable Development of Chinese Enterprises Overseas. In addition to these projects, UNDP is also undertaking various research and policy advocacy activities.

Finding 11. UNDP has been a key partner in supporting the Government of China on its aid policy and

FIGURE 6. Outcome 3 budget and expenditure



Source: UNDP Atlas, Power BI, as of April 2019

expanding its role in global partnerships through leveraging its global network. However, UNDP’s positioning, as well as the medium- and long-term strategy for its engagement in this area will need to be clarified.

While there was cooperation between China and other developing countries within the framework of UNDP’s projects and programmes in the past decades, global/South-South/triangular cooperation was not a focus of the country programmes. In recent years, in response to China’s expanded role in global partnerships and cooperation, UNDP China pursued opportunities as they arose to promote sustainable development via China’s international initiatives and actions, aiming to create multiple entry points for partnership building and resource mobilization primarily for other UNDP country offices. This work became an important portfolio of the CO, with 22 out of 79 employees working under the two clusters of South-South and global development cooperation, and Global partnership and liaison. Under the overarching principle of promoting the SDGs, the CO works in the framework of South-South/triangular cooperation in general, and supports China’s BRI.

UNDP seems well on track to achieve or even surpass its objectives and targets under this outcome. Looking at the outcome indicators, the ‘Number of national South-South and triangular cooperation partnerships’, which indicated partnerships built with relevant partners, increased over the reported period and reached 48 at the end of 2018, compared to the target of 15. Similarly, the ‘Number of countries implementing innovative solutions shared by China to progress towards sustainable development goal targets’, both under South-South cooperation and the BRI reached 39 compared to the target of 25. Many of the output indicators are also on track or have been exceeded.⁷² In general, UNDP China does not implement projects, but it played an important role in bridging other country offices with appropriate Chinese

⁷² For example, the ‘Number of trilateral partnerships with China established in key priority areas’; the ‘Number of poor people targeted via trilateral cooperation and knowledge exchange pilot initiatives in partner countries’; and the ‘Number of businesses engaged in “sustainable business abroad” initiatives that demonstrate improved social, environmental and economic footprint’.

partners, mobilizing expertise and resources in China, facilitating communication and coordinating activities, contributing to the design and quality assurance of projects, and conducting policy research with national think tanks.

On South-South cooperation, UNDP China has been working with the Government of China since 2010 in three ways: (i) sharing China's development experiences with other developing countries; (ii) evidence-based research on international development cooperation and policy recommendations on development effectiveness; and (iii) helping deliver Chinese aid through South-South and triangular cooperation projects. The CO reported that its South-South and global development cooperation portfolio from 2016-2019 included 11 projects with a budget of some \$32 million, and another 12 projects in pipeline with a budget of some \$23 million. The projects that were completed or are under implementation were mainly on early recovery and DRM (benefiting Malawi, Bangladesh, Pakistan, Nepal, the Caribbean and Pacific Islands and some Central Asian countries), as well as renewable energy (benefiting Ghana and Zambia). The final reports of these projects and the 2018 Results-Oriented Annual Report conveyed important results. For example, the terminal project report on the trilateral cooperation between Malawi, China and UNDP from 2016 to 2019 estimated that the project benefitted 23,000 people in terms of strengthened resilience to floods through community action to bring sustainable solutions to predictable floods. This included the construction of flood control check dams and dykes, and river bank protection. The 2018 annual report and the final reports of the post-disaster restoration/emergency response initiatives in Bangladesh, Nepal, Pakistan, the Commonwealth of Dominica, and Antigua and Barbuda reported some immediate short-term benefits. More than 600,000 people received support to rebuild their lives, for example, emergency shelters and recovery packages, restoration of livelihoods and support to rebuild damaged roofs and houses

after hurricanes Maria and Irma. As the majority of project activities were relatively new and implemented in other countries, there is no data on the long-term impact of these South-South initiatives or wider replication of the benefits.

UNDP was among the first UN agencies working with CIDCA and the South-South Cooperation Assistance Fund. The CO has been trying to positively influence China's aid policy. It reported that it assisted in shaping the strategy and operational guidelines of CIDCA and the South-South Cooperation Assistance Fund, contributing to aligning Chinese aid to international standards on development aid. As CIDCA is newly established and its role in China's foreign aid system will continue to be fine-tuned,⁷³ there are further opportunities for UNDP to continue contributing to China's foreign aid process and working model, provided it can closely follow CIDCA's development and adapt quickly.

UNDP has provided policy support to China's participation in international cooperation, enabling better-informed decision making. For example, UNDP supported China's 2016 G20 Presidency in the drafting of the G20 Action Plan for the Implementation of the 2030 Agenda, the first of its kind for a G20 Presidency. In connection with the G20, UNDP and the top think tank, the China Centre for International Economic Exchanges, provided policy advice and advocacy through the joint report, *Rebalancing Global Economic Governance: Opportunities for China and the G20 Beyond 2015*. This report is one of the publications of the Global Governance Initiative, which was co-launched by UNDP and the China Centre for International Economic Exchanges in 2012. The Global Governance Initiative consists of a biennial high-level policy forum followed by a policy-informing report.

UNDP was the first international organization to sign a memorandum of understanding (September 2016) and action plan (May 2017) with the Government of China on the BRI as a framework for cooperation. UNDP established strategic

⁷³ Cheng Cheng, *The Logic Behind China's Foreign Aid Agency*, <https://carnegiendowment.org/2019/05/21/logic-behind-china-s-foreign-aid-agency-pub-79154>

cooperation and engagement with key Chinese counterparts on the BRI.⁷⁴ The main objective of its support is to link the BRI to the achievement of the SDGs, focusing on helping countries link BRI opportunities to domestic needs, addressing sustainability challenges and local absorption capacity constraints. UNDP conducted policy research in collaboration with Chinese agencies and think tanks in areas such as economic development along the belt and road, BRI investment and financing standards and their harmonization towards sustainable development, SDG financing, the sustainability of Chinese businesses abroad, Chinese NGOs' overseas engagement, and best practices which might contribute to China's development effectiveness. UNDP China supported various national and international meetings on BRI, including the first high-level meeting of the UNDP-China Joint Working Group on BRI in April 2018 and the first and second International Forums on BRI in April 2017 and 2019, respectively. To build absorptive capacity in BRI partner countries to leverage sustainable investment, in 2018 UNDP started the Sustainable Investment Promotion Facility Initiative. Ethiopia was identified as the first pilot country and a project is now being implemented. UNDP recognized that certain risks and political sensitivities were expected around the BRI-related work and planned to manage these risks through a clear SDG impact focus and demand-driven approach.

Overall, in this new function related to South-South cooperation and global partnership, the CO remained relevant and agile in a fast-evolving national context, successfully mobilizing resources (for itself and other country offices) and establishing partnerships in China. Most government partners appreciated UNDP China's support on South-South and triangular cooperation and BRI,⁷⁵ although there is concern regarding the resources that UNDP China allocated towards global partnership and cooperation compared to resources for UNDP's development programmes in China. This is a valid

question relating to the role of UNDP in China in the coming years. Given the CO's partnership and liaison function beyond China, this concern should be addressed by UNDP at corporate level.

In terms of operations, the setting up of the two clusters, Global partnership and liaison, and South-South and global development cooperation, within the CO required further reflection. Although it seemed that one cluster focused more on BRI and the other on South-South and triangular cooperation, the work of the two clusters shared the same outcome/objective, and there were many similarities in terms of content and working modality. Finding a way to organize the clusters and ensure close cooperation and integration was important for UNDP engagement in this area. The CO indicated to the evaluation team that it was working on this issue.⁷⁶ UNDP's approaches and tools at global level were developed to cater for traditional donor requirements, and currently there has not been a clear corporate approach to ensure flexibility and agility in the engagement with emerging partners, such as China. Overall, this is a relatively new area of work for UNDP, and due to dwindling corporate resources of the CO, investment in, organization of, and operational support to the South-South and global partnership work will need to be clarified.

2.5 Other findings (factors affecting performance)

Finding 12. UNDP has effectively built into its strategies several factors that enable its projects to succeed. These include strong alignment with government priorities, close engagement with key government institutions, and working consistently in specific areas for a longer period of time to generate more results and impact. Operating in China for 40 years, UNDP's status as a trusted and legitimate international partner also enables it to be a channel for innovation.

⁷⁴ National Development and Reform Commission, Ministry of Foreign Affairs, Ministry of Commerce, CIDCA, Ministry of Science and Technology, China Development Bank, key national think tanks and media partners.

⁷⁵ The evaluation team was not able to meet with CIDCA.

⁷⁶ Following the ICPE data collection mission, the country office informed the ICPE team that the two clusters were merged in June 2019.

The CPD 2016-2020 is well aligned with China's Thirteenth Five-Year Plan, which focuses on priorities related to poverty reduction, environment and global partnership. It forms a good basis for further project programming. To remain strongly aligned with government priorities, UNDP closely followed national policies. For example, UNDP was sitting on China's Advisory Committee on SDG localization until the committee closed the door to international organizations and, soon after the selection of three cities as SDG pilot zones by the Chinese government, UNDP established partnerships with these three pilot zones and signed memoranda of understanding with the local governments.

As China emphasizes the virtue of national self-reliance and ownership, most UNDP projects followed the national implementation modality, executed through CICETE and implemented by national and local governments or via public-private partnerships. Overall, the national implementation modality worked well, due to high government engagement and ownership, and in several cases high capacity for implementation. The fact that UNDP worked closely with government implementing partners enhanced the prospect of sustainability. The evaluation team noted that there was an ongoing effort between UNDP and CICETE to update the national implementation modality manual to reflect the evolving roles and the changing context.

UNDP consistently worked in specific areas and developed long-term partnerships with some key stakeholders to generate more results and impact. Examples include work since the early 2000s with the National Development and Reform Commission on phasing out incandescent lamps and promoting energy saving lamps via GEF-funded projects, work on alternative energy, particularly hydrogen technology and FCVs for 15 years, and work on inclusive finance since the 1990s.

Given strong national self-reliance and ownership, it is challenging for UNDP, like any other international partner, to influence Chinese policies and decision

making directly. However, by working with national partners on pilot projects or issues with political/cultural sensitivity, UNDP's legitimate status as a United Nations agency and its well-established trusted partnership with the government enabled it to promote and advocate for innovations which may lead to institutional/policy changes. For example, as indicated by stakeholders from CICETE and project-related documents, in the Inclusive Finance Project UNDP not only provided financial resources and technical support, it also served as a key enabler. Without UNDP's partnership, an innovative approach would not have been possible under the existing policy framework.⁷⁷ During the field visit in Nanhai district in Foshan, in the context of the Fuel Cell Vehicle Project, local government project management offices indicated that the framework of the cooperation with UNDP/GEF empowered them to create innovative administrative and institutional approaches to move the project forward. These otherwise would not have taken place. In the work related to LGBTI and HIV/AIDS, NGOs and other partners interviewed during the mission appreciated UNDP's convening role, bringing government stakeholders, legal experts and civil society together to discuss these sensitive issues—not an easy task for civil society alone.

Finding 13. UNDP's strategy included a focus on upstream policy work, accompanied by downstream local pilots and demonstrations. This strategy facilitated mainstreaming of good practices from local pilot projects and replicating innovative approaches for greater impact. However, a thorough and evidence-based analysis of opportunities for effecting development change, as well as the necessary assumptions and risks which could give better insights and provide scenarios going forward would have further strengthened its agility and effectiveness.

The Assessment of Development Results (ADR) of the UNDP programme in China in 2005 called for more upstream activities to balance UNDP's

⁷⁷ UNDP's intervention helps the Government of China to institutionalize a new type of synthesized social service organization (Minfu Centre) to serve rural cooperatives within an existing legal framework.

downstream projects. The ADR 2010 noted that UNDP was shifting to an upstream strategy through policy advocacy, dialogue, fora, advice, research, capacity building and knowledge products. As noted by the ADR 2010, this upstream shift was necessitated by the relatively small share of UNDP resources compared to national scale inputs by the Government of China. In practice, downstream projects usually require more resources, posing challenges to the CO, which has been coping with diminishing resources.

In the context of China, transformational change happens only if changes are brought at scale. Most UNDP-supported projects have a policy component, but also local pilot implementation to test the approach. As indicated in the previous findings, there are several examples of projects and programmes with innovative approaches that promoted experimentation, testing and learning, and that could be used for further upscaling. In some cases, UNDP was able to advocate for policy changes through demonstration projects. For example, at the sub-national level the partnership between UNDP and Zhejiang Province resulted in the first provincial green logistics index. This will impact on the green logistics industry at the provincial level. Working with local governments in the area of biodiversity conservation also resulted in provincial regulations and policies, for example in Hainan and Yunnan provinces. Another example of policy impact generated was the support to the development of the national Carbon Emissions Trading System in collaboration with the Department of Climate Change of the Ministry of Ecology and Environment.

Recognizing the importance of finding innovative solutions to development problems, UNDP China was one of the first country offices in Asia and the Pacific to invest in in-house capacities in innovation. The innovation team worked on applying innovative ideas to programmes (i.e., partnering with Baidu on the e-waste app, using big data for living standard index analysis and research, etc.). It also worked with Chinese local government on developing an innovation lab within the Regional Innovation Network to facilitate solution exchanges/

technology transfer under BRI. As this is a new area of work, reflection on how to integrate innovative ideas or technology with other projects and how to strategize the work needs to be developed further.

As UNDP China is in a transition period where it is testing different models of engagement and adapting constantly to respond to the rapidly changing context and financing situations, it is important that the office has a good analysis of opportunities to effect development change that play to UNDP's comparative advantage. This would help UNDP better respond to and seize opportunities as they arise. Although there is knowledge and a basic understanding of UNDP's advantage among the CO and key stakeholders, there is no well-articulated, thorough and evidence-based analysis. In some cases, the policy and regulatory environment, and/or market conditions, are not yet in place for sustaining and scaling up the results achieved. This indicates a lack of proper understanding of opportunities and challenges which may cause delays or missed opportunities. An analysis should be done in terms of obtaining a better understanding of the national and operational environment in different areas. This would help UNDP identify appropriate projects and approaches.

Finding 14. The trusted partnership with the government enabled UNDP to work in key priority areas, test innovative approaches, and enjoy high government ownership at different levels. However, UNDP's effectiveness was somewhat hampered by limited joint activities and programmes with other UN agencies and other development partners. Collaboration with NGOs, though evolving, is still limited.

In the current programme cycle, UNDP China tried different partnership models. UNDP established a trusted relationship with the government, which enhanced its engagement and ownership at different levels and was key to the successful implementation of UNDP-supported projects. Close partnership with the government also helped in bringing policy impacts, connecting lessons learned from pilots and demonstrations to policies and strategies, and wider replication of

interventions. Institutional and working arrangements with the government are complex and evolving, requiring UNDP's efforts to understand and engage at different levels. Interviews during the mission showed that different partners had different expectations towards the partnership with UNDP. Some highlighted UNDP's bridging and facilitation role, as well as its support to test innovative approaches and initiatives, while others appreciated UNDP's implementation support and support to mobilize funding from multilateral sources, such as GEF and the Montreal Protocol.

Through many of its projects, UNDP partnered with local government. This generated some innovative and sustainable approaches (e.g. FCVs with Foshan District in Guangdong Province, Green Logistics with Zhejiang Province). However, this was not always straightforward, due to sometimes unclear mandates or weak local capacity (e.g. for protected areas and wetland projects). Overall, as China is a large country with a centralized political system, UNDP usually works with local government either through, or together with, central agencies. This facilitates the possibility of central-government scale up, through policies, of any successful work with local government. Partnerships with local government will be more and more important, particularly for SDG localization work. There are many opportunities for this collaboration: as the top priorities of the central government (which are highly consistent with the SDGs) trickle down to local governments, local governments will need support in terms of policy research, capacity building, international exchange and demonstration projects, etc.

There were very few joint activities and programmes with other UN agencies, as these did not seem to be efficient and effective, likely due to less importance being accorded to these joint programmes by both UN agencies and the government. Some examples of joint activities with other agencies included a collaboration with UNAIDS, UNICEF and the United Nations Population Fund in Qinghai Province (multidimensional poverty measurements and participatory approaches to trigger bottom-up development planning) and with the United Nations Industrial Development Organization in

Chengbu (incubating local rural cooperatives and service providers as social service organizations through technical assistance that covers cooperative law, financial management of cooperatives, and technical training). The Yellow Sea Marine Ecosystem Transboundary Programme, implemented by China and South Korea, was affected by delays and other problems, due to barriers between the different implementing partners in South Korea and China, but also within the UN (UNDP and the United Nations Office for Project Services).

In the area of advocacy for marginalized groups, such as LGBTI people and PLHIV, UNDP implemented its interventions in collaboration with grassroots NGOs. However, in the environment, energy and climate change area, apart from the Small Grants Programme, there was limited collaboration with NGOs. This was also due to challenges associated with the implementation of the new Charity Law, which requires strict registration and vetting of NGOs.

Finding 15. There were some good examples of partnerships with the private sector and academia, which enhanced the effectiveness of UNDP's programme. UNDP's convening ability helped bring partners from different sectors to explore innovative approaches.

UNDP established various public-private partnerships, for example: the UNDP-CICETE-Coca-Cola partnership on water governance; the UNDP-Kaidi partnership on sustainable biomass energy development; the UNDP-City of Rugao-private sector partnership on hydrogen economy; the UNDP-CICETE-Guangna partnership for green mining in Wuhai (Inner Mongolia). Others included partnerships with: Baidu on an e-waste recycling mobile phone app; LinkedIn for the 2018 SDG online campaign; and Mary Kay on the SDG village. The office launched the first Private Sector Advisory Board which allowed it to transform partnerships with the private sector from project-based collaborations into a platform approach. UNDP developed a due diligence checking mechanism to assess if and how a partnership could be developed with the private sector to ensure UN values and standards, and

implementation in the Chinese context. Overall, the collaboration with the private sector contributed to enhancing developmental change. The office recognized that enhanced engagement with the private sector comes with risks as the portfolio grows, and that the existing due diligence requires additional processes.

As policy research is an important part of the UNDP programme, UNDP partnered with a number of research institutions and think tanks, for example with the Chinese Academy of International Trade and Economic Cooperation, the Centre for International Knowledge on Development, the China Academy of Social Sciences, the Development Research Centre of the State Council, the China Agriculture University, the Tsinghua University and the Beijing Normal University. Working closely with these partners enhanced the effectiveness of UNDP's policy research through facilitating the potential incorporation of recommendations into national strategies and plans.

UNDP leveraged its convening ability to bring partners from different sectors to explore innovative approaches. For example, an SDG financing platform was established, bringing together traditional and non-traditional partners (Research Bureau of the Central Bank, Public Policy School of Tsinghua University, China Global Philanthropy Institute, Investment Alliance and Ernst & Young) to develop SDG financing standards for impact investing, and SDG social impact bonds. This aims to leverage resources from the private sector. The platform is reported to be the first with which the Government of China has formally engaged in SDG financing work, and the only such platform available in the country.

Finding 16. Recent efforts in the office to strengthen gender aspects, including in-house capacity strengthening and planning for gender mainstreaming at project level were hampered by the limited resources allocated. Although there are some specific projects benefiting women, in general

indicators and targets are not gender-sensitive. There is room for improvement in both gender mainstreaming and gender results achieved.

In 2018, the CO formed a gender and diversity focal team with members from different clusters (both Operations and Programme). This aimed to build a culture of inclusion and co-create better development solutions through gender knowledge. The team is working on the development of the office's gender equality strategy with annual action plans to promote gender equality and diversity in the office and in the work of the country programme. A review of the terms of reference of the gender and diversity focal team and the gender and diversity action plan 2019, as well as discussions with the team during the evaluation mission showed that the office demonstrated awareness that gender mattered to development results, but its intention to strengthen the gender aspects was not accompanied by dedicated human and financial resources required to implement planned activities.

Several UNDP projects and activities targeted rural and ethnic minority women, particularly in the poverty and growth area, as indicated in earlier findings. Having women as the main beneficiaries in poverty reduction through inclusive finance and other income-generation programmes brought short-term results in gender equality and women's empowerment. Gender results from these projects were mostly 'gender-targeted' (meaning they were limited to counting the number of women and men involved).⁷⁸

Gender mainstreaming was not well implemented in many projects, especially in environmental and climate change related projects. There was a lack of gender analysis as a central component of programme design, and funds were not dedicated to regularly perform gender assessments at the design stage or to monitor and evaluate outcomes. Indicators and targets were generally not gender-sensitive.

⁷⁸ These results often merely mention the percentage of women receiving benefits, such as the number of women whose income and access to resources had increased or who were provided with jobs and skills for the labour market through UNDP programming.

FIGURE 7. Expenditure by gender marker



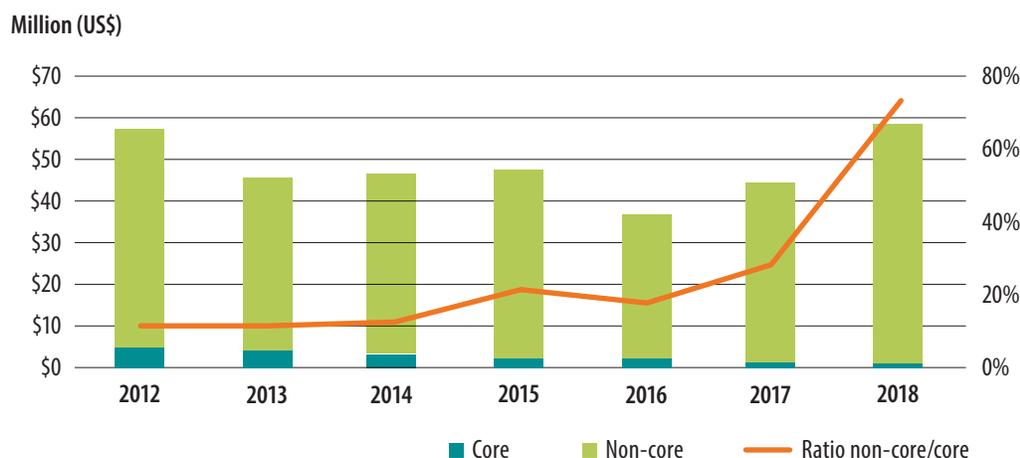
Source: UNDP Atlas, Power BI, as of April 2019

The gender marker scores of the top 20 projects by budget were mainly GEN1 (expected to contribute to gender equality in a limited way only), and there was a lack of consideration of gender perspectives in these projects. The percentage of expenditure on GEN3 projects (where gender equality is the main objective) was very low (1 percent of total programme expenditure from all sources of funding), much lower than the corporate target of 15 percent in UNDP’s Gender Equality Strategy 2018-2021.⁷⁹ More than 95 percent of the expenditure was either expected to contribute to gender equality in a limited way only (GEN1) or not expected to contribute to gender equality noticeably (GEN0) (see Figure 7). During interviews, some staff from project management offices did not have a clear understanding of UNDP’s gender strategy, equating female participation with gender mainstreaming.

Finding 17. Despite very limited core funding, UNDP was able to mobilize sizeable resources from different sources, such as vertical trust funds, third-party cost-sharing (including the private sector) and government cost-sharing. However, vertical trust funds accounted for most of the non-core resources, demonstrating very strong dependence on GEF and Montreal Protocol funding.

Following a decrease in programme expenditure between 2012 and 2016, since the beginning of the current programme cycle programme expenditure increased steadily. Despite the constant reduction in core resources, UNDP was able to mobilize sizeable and increasing amounts of non-core resources. The ratio of non-core/core resources increased significantly, from 17 times in 2016 to almost 73 times in 2018 (see Figure 8).

FIGURE 8. Core vs. non-core resources (funding utilization)



Source: Executive Snapshot, as of July 2019

⁷⁹ UNDP Gender Equality Strategy 2018-2021, p. 19.

The increase in non-core resources was mainly fuelled by the increase in vertical trust funds from GEF and the Montreal Protocol Fund for the environment/energy/climate change portfolio. Vertical trust funds account for the major share of non-core resources and programme expenditure (\$44.4 million in 2018, or 76 percent of total 2018 programme expenditure).

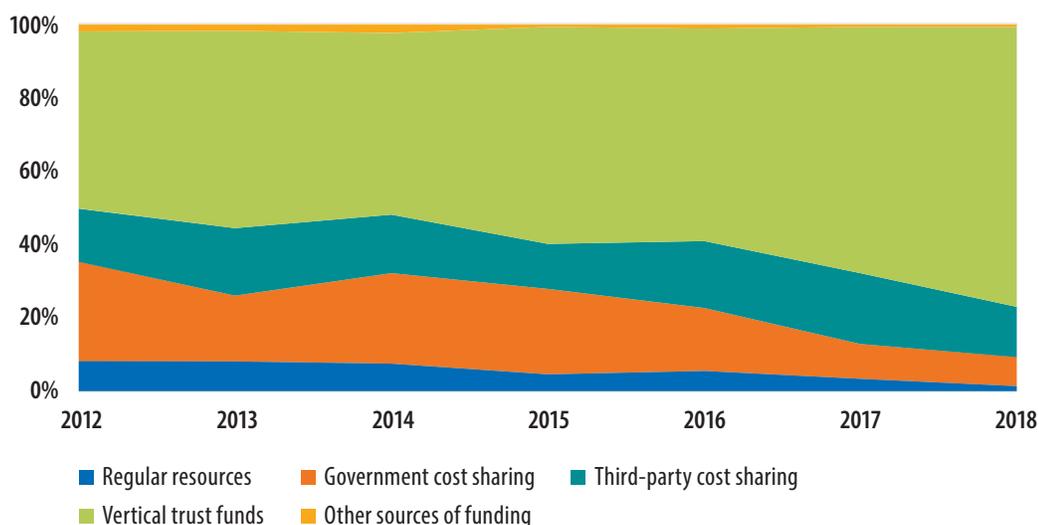
Third-party cost-sharing remains relatively constant with expenditures at around \$8 million per year. This includes funding from the private sector (Coca-Cola company, Wuhan Kaidi Electric Power company) and donors, such as the governments of Norway, Korea and Australia. However, government cost-sharing reduced from a share of 27 percent of total programme expenditure in 2012 to 17 percent in 2016, and close to 8 percent in 2018 (around \$4.6 million in 2018) (see Figure 9).

Resource mobilization is likely to become tougher in future, given China’s continued growth and recent graduation to UMIC status. The decline in core resources as a result of qualifying for UMIC may make it more difficult to mobilize resources from the government and the private sector. Though the prospects and pipelines for GEF and Montreal

Protocol funding are still strong, relying too much on these sources might be risky, as it would imply a strong imbalance in the country programme portfolio towards environment-related interventions. There may also be a reluctance in future to approve projects from these multilateral funds for China, given the pressure to allocate the scarce resources to least-developed and other vulnerable countries (e.g. small island developing states) rather than middle- or high-income countries. This was evidenced in negotiations on resource envelopes within GEF and seems to be the case for the Montreal Protocol: it was said that negotiations to release the third tranche for the Industrial and Commercial Refrigeration HCFC Phase Out Management Plan Stage II Programme for China were tense. There are no Green Climate Fund projects developed for China yet. Other new, innovative financing opportunities can be explored to leverage financing for the SDGs with the support of UNDP.

Given the scarcity of donor finance available in China, aside from vertical funds for climate and environment related work, UNDP’s ability to work in other areas will depend on China’s interest and willingness to fund this work. For China, this issue will take on greater significance from 2020, when it

FIGURE 9. Evolution of share of funding sources



Source: Executive Snapshot, as of July 2019

will be expected to contribute more to the financing of UNDP's physical presence.

Finding 18. Good efforts to standardize reporting and strengthen CO monitoring capacities allowed for the appropriate tracking of financial delivery and progress of activities. However, the current monitoring and evaluation (M&E) system is not sufficiently commensurate with the complexity of the environment in which UNDP operates in China, as well as the size and complexity of the UNDP programme.

UNDP China made good efforts to strengthen its internal M&E system, with the standardization of reporting (i.e. the bi-weekly management report), development of the M&E handbook, and various trainings on different topics, such as M&E general knowledge and skills, quality assurance, project marker and output linking, and results-based management. A review of the handbook and other reporting tools (management report, budget and delivery analysis table) showed that the current internal M&E system allows appropriate tracking of financial delivery and the progress of activities.

However, there is not yet a comprehensive approach to monitoring and evaluating the performance and impact of projects during implementation. One reason is that some indicators set at the beginning of reporting cycles are not suitable for practical and effective M&E. Some of the output indicators in the CPD are vague and open to interpretation (e.g. 'Extent to which adopted regulations, ordinances and standards bring about low emissions and climate resilient development'). Some project indicators are also difficult to interpret (e.g. 'Status of recognition and compliance to regional and international treaties and agreements', in the Yellow Sea Large Marine Ecosystems Project). This reflects broader weaknesses in results-based management across the UN. For example, the United Nations Development Assistance Framework mid-term review found that, "the UN in China has not established an adequate results-based management system".

Reporting at project level is still uneven and reports do not always reflect results obtained. Quality assurance reports, which are required at the time

of approval, implementation and closing of projects, contain little useful information. Evidence of using these reports for adaptive management is not clear. The project progress reporting system is better established, especially in GEF projects where these are usually quality controlled by the regional office and the GEF secretariat. Some implementing partners said the reporting requirements from UNDP were "burdensome", especially for UNDP-GEF projects, although others did not agree, and appreciated the rigour. Regarding South-South and triangular cooperation projects and initiatives, reporting, information sharing and evaluation of UNDP's support to and results achieved through these projects is not systematic and there is room for improvement.

Working in a highly complex context like China, which is evolving rapidly and is influenced by many actors, where both expected and unexpected results tend to emerge and occur in non-linear fashion, requires strong adaptive management. Feedback from dynamic formative M&E methods needs to be integrated well into management decision making. This form of management typically requires clarity in the definition of the programme's theory of change, the underlying conditions of success that underpins the theory, and a dynamic M&E system for ensuring validity. The current M&E system of the CO is not adequate enough to deal with the high level of complexity in the China context.

Finding 19. UNDP has successfully used communication to promote its visibility and strengthen awareness on key topics and issues, thereby enhancing the effectiveness of its programme. It has also invested in producing and disseminating knowledge products.

There were some excellent examples of campaign and advocacy activities reaching a wide audience. For example, the UNDP communication team reported that in 2016-2018, SDG awareness campaigns reached an annual average of 50 million people and positioned UNDP as the leading advocate on the SDGs. Other campaigns and advocacy activities, such as the campaign for the visibility of ethnic minority livelihoods, advocacy

on the safety and environmental sustainability of hydrogen, or on issues related to persistent organic pollutants, contributed to programmatic results in these areas. UNDP's engagement, creativity and ability to leverage partnerships with the media (including large state-owned media platforms), the private sector and key opinion leaders (celebrities) were key to these successful campaigns.

UNDP, in collaboration with national partners, published and distributed a number of knowledge products across the country. In 2016-2018, the CO worked on some 50 publications in all outcome areas (though fewer publications in the environment/energy/climate change areas), and many policy research studies were done in collaboration with governmental think tanks and academic/research institutes. One example is the book on international poverty reduction experiences, a joint effort of UNDP, the International Poverty Reduction Centre in China, and the Centre for International Agricultural Research of the Chinese Academy of Agricultural Sciences. In a context such as China, increased investment in generating high quality knowledge products is critical to UNDP's influence. Knowledge generated and lessons learned not only impact other areas of China, and at a wider scale, they can also potentially be shared with other countries. However, evidence on the use of the knowledge products for stimulating policy debates and influencing policy development was not clear to the evaluation. The mechanism to move from project reporting to knowledge generation, documenting and communicating best practices and lessons learned, either internally or to external audiences, was not systematic.

Finding 20. Despite recent efforts, including the office restructuring, there still appears to be limited synergy between programmes/projects, giving the impression that projects are working in silos and thereby not taking advantage of pooled resources and increased effectiveness to have even bigger impact.

Following the repositioning exercise in 2016, in the context of funding cuts the office was restructured

with the aim of increasing the efficiency, integration and synergy of its projects and programmes. A sustainable development team was created consisting of the previous Poverty, Environment and energy, and Disaster risk management clusters, with one new team leader and five cluster managers for different thematic projects. The creation of the sustainable development team contributed to leveraging synergies between different portfolios and there were some positive examples of collaboration between portfolios, including between the Small Grants Programme and biodiversity, climate change and poverty reduction.

However, overall there seemed to be limited synergy between programmes and projects. This may be the result of continued reliance on vertical funds (GEF, Montreal Protocol) with the particular way of programming, and the fact that various government ministries also function in silos. This may improve in the near future with renewed attention from GEF to integrated programming and the government's restructuring, especially in the environmental governance sphere. Setting up internal platforms to better integrate expertise in different areas (e.g. a 'SDG localization platform'), restructured reporting lines (e.g. on climate change, gender) and closer sharing of experiences (e.g. Small Grants Programme and biodiversity projects) as well as efforts to organize annual review meetings to bring government partners together, are expected to create more synergies and improve effectiveness. However, this will require continued attention and focus in the immediate future.

While the CPD includes strategic direction for the programme, it lacks a theory of change that clearly articulates how activities/interventions can lead to expected outputs and outcomes and how they can complement each other. A clearer articulation of the logical flow from activities to outputs and outcomes, as well as of the link between different areas of work and their complementarities would have provided mechanisms for different teams in the office to work together towards the long-term goal, and facilitated further synergy for the achievement of the overall objective.



CHAPTER 3

CONCLUSIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSE

DEVELOPMENT effectiveness COORDINATION efficiency PARTNERSHIP sustainability NATIONAL OWNERSHIP
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3.1 Conclusions

- **Conclusion 1. UNDP systematically reshaped its partnership with China to remain relevant in a fast-evolving context. National stakeholders consulted by the evaluation continue to see the added value of UNDP both for domestic development programmes in China and for China's engagement in global development. Moving forward, as part of the evolving discussions on the new United Nations Sustainable Development Cooperation Framework (UNSDCF) and CPD, clarification and agreement with the government on UNDP's future presence and working modality in China is important.**

UNDP's programme evolved in response to the changing geopolitical and socio-economic conditions in China and declining core resource allocations. The CO made laudable efforts to ensure it was well positioned and remained relevant to China's needs. National partners continue to appreciate UNDP's expertise and global network, and value UNDP as a partner in domestic development, and as a source of support and facilitator of China's global engagements.

The partnership between China and UNDP is now at a crossroads. China's graduation to UMIC status triggered a major decrease in core resources allocated to the country programme, and government cost-sharing for the UNDP programme within China decreased compared to the previous programme cycle. Further significant changes are forthcoming. UNDP China is currently in a two-year grace period until January 2020, after which the Chinese government will be expected to contribute more to the funding of local office costs. A good mutual understanding between UNDP and the government about the role and focus of the CO will be critical for the partnership to continue to be effective. One of the key issues is to clarify expectations about the role and resourcing of UNDP's support to South-South cooperation programmes funded by China.

- **Conclusion 2. UNDP made conscious efforts to focus on policy work and innovative pilots**

that can be tested, and potentially taken to scale. Important results have been achieved in some cases. In others, more work is needed on policy and regulatory aspects for new technologies and ways of working to attain transformational results.

National stakeholders signalled their appreciation of UNDP's international experience and expertise, its global presence, neutrality and convening ability. Leveraging its trusted partnership with the government and working closely with government partners on policy development, regulations and standard setting, as well as innovative pilots and demonstration projects, UNDP contributed to the achievement of some important results. These were mostly in environment-related areas, such as the reduction in discharge of persistent organic pollutants and ozone depleting substances, the establishment of the first hydrogen economy city and the increase in hydrogen FCVs, the establishment of an emissions trading system, the phasing out of incandescent lamps and the introduction of new and more efficient electric motors, and the first provincial green logistics index. Overall, the environment programme is on track to achieve most agreed targets, and in some cases it will exceed them. However, challenges exist in a number of areas, particularly regarding the necessary policy, regulatory and market conditions for replicating and scaling up results. While work in the area of inclusive finance, job creation and entrepreneurship development for poverty reduction achieved encouraging results, it is small in scale. UNDP's contribution in terms of broadening access to justice and social services, as well as supporting public sector reform and the development of civil society was limited.

UNDP's expertise on integrating multidisciplinary development areas means it is well placed to provide integrated/cross-cutting solutions for development problems. As China is exploring the use of SDGs as a standard for development and economic decisions and investments, support to government efforts on SDG localization is an emerging area of work for UNDP. This is where

it can play to its comparative advantage and demonstrate its added value.

- **Conclusion 3. In the context of China continuing to invest in strengthening its global partnerships and engagement, UNDP was able to mobilize resources from China to promote sustainable development beyond its borders through major South-South cooperation and global partnership programmes. Many government partners value UNDP's support, although future arrangements for the support need to be clarified.**

UNDP support provided China with learning opportunities in international development, and the opportunity to share its experience and learning internationally. The CO facilitated communication between Chinese counterparts and other country offices and mobilized sizeable resources for South-South and triangular cooperation projects (\$32 million in 2016-2019, with another \$23 million in pipeline). The CO envisages increased work on global partnerships. UNDP was the first international organization to sign a memorandum of understanding and action plan with the Chinese government for cooperation on the BRI. Under this arrangement, UNDP is seeking to improve the effectiveness of BRI investment as a vehicle for pursuing the SDGs.

There are important questions to be resolved about the resourcing of CO support for cross-country/regional projects beyond national boundaries, as this is not traditional work for a UNDP country office. Further clarity is needed on the UNDP corporate governance mechanism, as well as regional and headquarter support, including funding. The future position and organization of this global partnership support within the CO is unclear. It is worth noting that while it is appreciated by most stakeholders, some government partners questioned UNDP China's investment in global partnerships and support to other countries instead of domestic support within China.

- **Conclusion 4. UNDP was successful in mobilizing considerable financial resources for its programme, mainly through vertical**

trust funds, but also government and third-party cost-sharing. Mobilizing resources through government cost-sharing will be increasingly important, especially if UNDP is to work outside the sphere of environment and climate related work. UNDP established robust private sector engagement, but work with other UN agencies and NGOs was limited.

The insignificant level of core programme resources may have an impact on further resource mobilization. In its current programme cycle, UNDP depends heavily on GEF and Montreal Protocol funding, making the programme mainly environment-focused. Chinese government cost-sharing contributions have been decreasing and are well below the levels they reached in the previous programme cycle. Whether this trend can be reversed will depend on developing a better mutual understanding between UNDP and the government on UNDP's future presence and working modality, something which was missing at the time of the ICPE.

UNDP invested in strengthening partnerships with private sector actors, not just as a means of mobilizing resources but also to take advantage of their innovation and technology capacity for pursuing development objectives. However, UNDP's collaboration with other development partners, including other UN agencies and NGOs, is limited.

- **Conclusion 5. UNDP China made great efforts to improve M&E and communication practices, and some improvements were evident. However, there continues to be room for improvement in measuring the quality of results and unintended consequences as a basis for adaptive management and the utility of knowledge products.**

The CO's capacity for M&E improved over the last year thanks to its significant efforts in training and reporting standardization. UNDP China's communication function actively contributed to enhancing the office's visibility and public awareness on several key issues. There were some very

good examples of communication and dissemination of materials reaching a wide audience. However, the current M&E system remains more oriented towards delivering activities and meeting financial targets, and there is insufficient analysis of the quality of results, or unintended consequences. Working in a complex context like China requires stronger application of adaptive management approaches. Several innovative initiatives were not independently evaluated, which reduced the scope for learning and scaling up. Complementarities between the knowledge management and evaluation functions of the CO were weak.

- **Conclusion 6. UNDP's efforts to work with rural women, ethnic minorities and other vulnerable groups, including LGBTI people and PLHIV are to be applauded. However, except for some dedicated projects, the integration of gender principles in the programme was generally limited. There is a long way to go to systematically and adequately mainstream gender and achieve stronger gender results.**

The CO formed a gender and diversity focal team and is developing a strategy and action plan to strengthen its focus on gender equality in the office and in its programmatic work. Some interventions consciously worked to promote gender equality by targeting women beneficiaries and other vulnerable groups. In particular, UNDP's efforts to work with marginalized groups, such as LGBTI people and PLHIV who face strong social stigma, are to be commended.

Apart from these positive examples, UNDP's approach lacked a comprehensive analysis of gender factors and dynamics that go beyond access to resources and opportunities. The country programme did not develop interventions addressing men's and women's specific needs, nor seek to bring substantial changes in the norms and structures of power required for gender transformative results. More than 95 percent of expenditure was either expected to contribute to gender equality in a limited way (GEN1) only, or not expected to contribute to gender equality noticeably (GEN0).

3.2 Recommendations and management response

Recommendation 1.



The new CPD should clearly define UNDP's positioning and roles in China. To remain relevant, UNDP should continue to be agile, both in its thematic offerings and its modalities. Its work needs to be underpinned by clear theories of change, developed in consultation with key stakeholders and applied using a reflective approach. UNDP should consider establishing an advisory group to provide strategic feedback and advice on its work and interactions within the broader policy and institutional context in China.

It is important to reach clarity and agreement on the CO's role in this phase of differential funding presence for the UNDP-China partnership post-2020. At the time of the evaluation, there was still uncertainty about the level of government funding contribution, the approaches, areas and modalities of work (including both development work in China and work to support China's global partnership), as well as the corresponding size and expertise required for the CO in this new phase. The CO has been working in different areas, testing different working modalities and models of partnership for resource mobilization. It is time for stocktaking to clearly define the way forward.

There are different models of UNDP operation in middle- and upper-middle-income countries. UNDP (the CO, together with the regional bureau and headquarters) may assess these models and discuss different scenarios in the context of China. As China is a large country with high levels of diversity, when working at sub-national level UNDP should carefully reflect on its areas of work, working modalities, and resource mobilization approaches for different regions (i.e. less- and more-advanced regions, rural and urban). This is due to different implications in terms of local capacity and funding.

The new country programme, developed in consultation with the government and linked to China's Fourteenth Five-Year Plan, should be underpinned by a theory or theories of change which consider the evolving environment in China, the reduced funding envelope from corporate UNDP resources, and UNDP's strengths. Such a theory of change would give better insight into the proposed programme and allow for better visibility and understanding of UNDP support for transformational change in China. Given the rapid growth, structural changes and complexity of China, a reflective approach should be used in applying the theory of change during programme implementation. Significant value could be gained from establishing an advisory group comprising China experts to help the office keep abreast of the latest developments and provide advice.

Management Response:
Agreed



UNDP China, as part of the UNSDCF process and in consultation with the Government of China and key stakeholders will develop a theory of change and strategic approach in response to China's priorities and the country's needs. UNDP will use its existing advisory committees on SDG financing, National Human Development Reports, etc., on strategic feedback and advice, as setting up a stand-alone advisory committee is not feasible.

Key actions	Time-frame	Responsible	Tracking*	
			Status	Comments
1.1 Consultation with key stakeholders and the government will be held as part of the UNSDCF process to ensure that UNDP's response is tailored to the needs and priorities of the country.	September 2019 – July 2020	Senior management		
1.2 The CPD 2021-2015 is developed in line with the UNSDCF and country priorities.	December 2020	Senior management		

Recommendation 2.



Building on lessons learned from previous work and UNDP comparative advantages, UNDP should focus on where it can offer most value for China and global development and how to optimize its comparative advantages. For development work within China, this should include continuing to support China's transition to a green, low-carbon economy, promotion of the SDGs, and advocacy for the needs of poor and marginalized groups of society. SDG localization could serve as an entry point for UNDP programmes in China.

The scale of UNDP's work in China is small compared to financial and substantive inputs from the Government of China and some other multilateral partners. Still, UNDP has been able to bring added value through its development expertise rooted in its global experience and presence. Considering the key lessons learned from past and current programmes, UNDP China should continue to support China's shift to using SDGs as a standard for development and economic decisions, its transformation to a green, low-carbon economy, and work to advocate for the needs of the poorest and most marginalized people.

UNDP is well placed to promote the adoption of the SDGs in China. It has been appreciated for introducing international values, standards, expertise, advanced technologies and new development approaches in various areas. UNDP's expertise on integrating multidisciplinary development areas is a comparative advantage for work on SDG localization, which requires a holistic approach addressing economic, social and environmental development. Such SDG localization projects/programmes could serve as a platform for resource mobilization and integration (from donors, including the private sector and national partners). This will help reduce the imbalance of the current programme, where most expenditure was in environment-related areas. UNDP should continue to promote innovative approaches and work closely with relevant partners for national ownership and possible policy impact. SDG localization could be a potential area where joint programming with other UN agencies would be useful.

UNDP has been a long-time partner of the Government of China in environment/energy/climate change via projects funded by the GEF and the Montreal Protocol. Such partnerships should continue to maintain the momentum built through past projects. However, UNDP will need to be prepared to work with the Government of China to ensure it meets increasingly higher expectations about government contributions. For example, GEF's updated co-financing policy requests a ratio of investment mobilized to GEF financing of at least 5:1 for the portfolio of projects and

programmes approved in UMICs, and encourages all countries to seek to mobilize greater investment.⁸⁰

UNDP has strong convening power and should continue to raise and provide support to addressing issues which may be challenging within the national context (such as support to LGBTI people and PLHIV). Efforts to identify such issues, and approaches to address them, are important and should continue in the future.

Management Response:
Partially Agreed



UNDP China takes note of the recommendation and this will be taken into consideration as the CO develops the new UNSDCF/CPD with the China Government. UNDP China's strategic priorities will be defined during the consultations underpinning the UNSDCF/CPD development process and be guided by the strategic guidance of the UNSDCF/CPD advisory board. UNDP will provide input to the UNSDCF on South-South cooperation and SDG financing as part of the UN positioning. However, most of the response to these recommendations will be covered as part of the UNSDCF/United Nations Development Assistance Framework process.

Key actions	Time-frame	Responsible	Tracking*	
			Status	Comments
2.1 Provide two papers on SDG financing and global partnerships (BRI and South-South cooperation) to the UNSDCF process.	December 2020	Senior management		
2.2 UNDP will develop the CPD 2021-2025 and its outputs, building on its comparative advantage in-country as identified through the implementation of the current CPD cycle and its evaluations.	December 2020	Senior management		

⁸⁰ Updated Co-Financing Policy, GEF/C.54/10/Rev.01, <http://www.thegef.org/council-meeting-documents/updated-co-financing-policy>; Report on the Implementation of the Co-Financing Guidelines (55th Council), https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.55.Inf_06_Co-financing.pdf

Recommendation 3.



UNDP should continue its support to China’s global development engagement. Expectations around the global development engagement funded by China should be clarified, and further corporate guidance would be useful.

Given the prominence of South-South cooperation and BRI for both China and UNDP, UNDP should continue its role in this area. It should work on capacity development for stakeholders in China to engage in South-South cooperation, to help China better share its experiences in development with other developing countries. The expectations of the government about the role and resourcing for UNDP’s support to South-South cooperation programmes should be clarified. Further corporate guidance on cross-border programming of South-South cooperation, including responsibilities and financial accountabilities of country offices involved would be useful. Monitoring and reporting on South-South initiatives should be improved, including efforts to document lessons learned. Overall, future global partnership work requires a clear corporate strategy, guidance and support.

Management Response: Agreed



Recognizing the role that UNDP China plays for UNDP at large, UNDP China, with the support of the Regional Bureau, will continue to seek corporate support in providing guidance and financial support to ensure the continuity of UNDP China’s global development engagement.

Key actions	Time-frame	Responsible	Tracking*	
			Status	Comments
3.1 Corporate support to UNDP China for the global development functions will be tabled for decisions at the BRI Advisory Board meeting.	March 2021	Regional bureau		
3.2 UNDP will officially request the government to financially contribute to cover the global development functions UNDP performs from the China office, as part of UMIC transition discussions.	December 2020	Senior management of UNDP China		

Recommendation 4.



To facilitate the scaling out and scaling up of its successful pilots and demonstrations, UNDP should continue to strengthen knowledge management, M&E, policy advocacy and resource mobilization.

UNDP China has been shifting to an upstream strategy, including advocacy, policy dialogue and advice, capacity building and pilot experiments, partly due to limited and decreasing resources. Upstream policy approaches require solid knowledge and expertise. UNDP has a presence in about 170 countries and territories and has been in China for 40 years. This is UNDP's most unique advantage but also the one that has probably not been fully leveraged. Knowledge on successful (and unsuccessful) practices in terms of thematic area approaches and strategies, as well as ways of working (resource mobilization, partnerships, policy advocacy, etc.) should be generated, further disseminated and used for future programming in China and elsewhere. Efforts should be supported by headquarters.

The M&E system should be improved to capture the extent to which observed changes can be attributed to UNDP's support. More efforts should be made to improve the coverage and rigour of evaluations and knowledge management, which is required to increase prospects for scaling up pilots. Evaluations should be planned strategically to provide substantive information for decision making and learning, and address the CO's priorities, emerging or innovative areas of engagement, potential scale-up opportunities and cross-cutting issues.⁸¹

The differentiated funding presence transition sets an even higher bar for UNDP's resource mobilization. In the current and past programmes, the CO, in its efforts on resource mobilization, explored different partnerships and models and gained a better understanding of what works more effectively and efficiently. While continuing to seize opportunities when they arise, a systematic resource mobilization strategy and action plan should be developed. The strategy should include a structured due diligence process for selecting non-traditional partners (including the private sector) with clear, well-defined and relevant criteria. The process should include assessment of risk factors and potential conflict of interest, etc. Specific risks associated with partnerships and resource mobilization activities should be identified, addressed and monitored through a risk management process. The strategy should also include a mapping of key players in each area of intervention to facilitate strengthening synergies.

⁸¹ See 2019 UNDP Evaluation Guidelines, <http://web.undp.org/evaluation/guideline/>

Recommendation 4 (cont'd)

<p>Management Response: Agreed</p> 	<p>UNDP China will strengthen its knowledge management and M&E system and develop a resource mobilization strategy to facilitate the scaling up of successful experience.</p>			
Key actions	Time-frame	Responsible	Tracking*	
			Status	Comments
<p>4.1 UNDP will develop a resource mobilization strategy aligned to the CPD 2021-2025 with the aim of scaling successful interventions through the private sector, the government and key actors.</p>	<p>March 2021</p>	<p>Strategic partnership taskforce of UNDP China</p>		
<p>4.2 Knowledge management will be built into the projects to be implemented within the new CPD. Good experiences and practices within the office will be materialized and systematically documented.</p>	<p>March 2021</p>	<p>M&E team Learning committee of UNDP China</p>		
<p>4.3 M&E systems will be strengthened through dedicated M&E budget in projects, stronger monitoring, and evidence collection.</p>	<p>March 2021</p>	<p>M&E team of UNDP China</p>		

Recommendation 5.



UNDP should further strengthen the gender aspect of its programme, to achieve more gender-responsive and gender-transformative results.

UNDP's gender equality strategy, which is being developed, should serve as a framework for mainstreaming gender in the CO and in its programme. The annual action plan should be accompanied by resources for implementation. At the moment, most of the interventions are expected to contribute to gender equality in a limited way (GEN1). The office should try to increase the number of interventions that have gender equality as the main objective (GEN3), in line with UNDP's corporate objective of having at least 15 percent of budget for GEN3 projects—as defined in the UNDP Gender Equality Strategy 2018-2021 (currently this is at 1 percent). More efforts should be made to consider the specific needs of men and women, and enhance gender norms and structures to achieve more gender-responsive and transformative results.

Management Response:
Agreed



The CO acknowledges the weakness with regard to the gender aspects in programming.

Key actions	Time-frame	Responsible	Tracking*	
			Status	Comments
5.1 Specialized gender expertise will be recruited to contribute towards the CPD 2021-2025 to ensure gender mainstreaming throughout UNDP's proposed interventions.	December 2020	Gender and diversity task force of UNDP China		
5.2 UNDP will develop a gender equality strategy, including institutionalizing the gender and diversity task force.	March 2020	Gender and diversity task force of UNDP China		
5.3 Gender mainstreaming will be reviewed through the project quality assurance mechanism (through an updated checklist) and the gender marker will be used to monitor expenditure.	December 2019	Gender and diversity task force of UNDP China		

* Implementation status is tracked in the Evaluation Resource Centre.

Annexes



Annexes to the report (listed below) are available on the website of the Independent Evaluation Office at: <https://erc.undp.org/evaluation/evaluations/detail/12269>

Annex 1. Terms of reference

Annex 2. Country at a glance

Annex 3. Country office at a glance

Annex 4. Project list

Annex 5. People consulted

Annex 6. Documents consulted

Annex 7. Summary of CPD outcome indicators and status as reported by the country office



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