



**Office of the United Nations  
Resident Coordinator**  
联合国机构协调处

15 February 2005

Dear Mr. Secretary General,

**Subject: 2004 Annual Report of the UN Resident Coordinator System in China**

On behalf of the UN Country Team (UNCT) in China, I am pleased to present to you the 2004 Annual Report of the UN Resident Coordinator System.

2004 was an important year for the UN in China. It marked the 25<sup>th</sup> anniversary of the UN presence in China, which we were privileged to celebrate with you and Mrs Annan in October. The anniversary event brought together UN colleagues, high-level government officials, selected recipients and eminent persons, six of whom were specially recognized for their contribution to the UN over the years. As such the anniversary and other events during your visit proved most valuable in reinforcing UN partnerships in China.

**Progress and challenges**

China continues to achieve remarkable economic growth – 9.5% per annum in 2004. Equally impressive is that this growth has resulted in lifting an unprecedented 400 million people out of poverty, even if further poverty reduction is slowing down. With a per capita annual income US \$1100, China today is no longer classified as a low income country, and, though there are sharp variances in levels of development, all 30 plus provinces and special regions of China have Human Development Index (HDI) values in the medium development range.

China has met many of the MDG targets, some of them 11 years ahead of 2015. Yet as the MDG progress report launched in March 2004 highlighted, major challenges remain. And, this very rapid progress has brought with it new challenges and concerns.

Rapid growth has been associated with growing inequalities between urban and rural areas, between rich and the poor, and between men and women. It has now a Gini-coefficient exceeding 0.4%, the level at which countries often show signs of social tensions. Further, as China becomes more market driven, increasingly, many groups, not just those classified as poor, fall outside existing social safety nets. For instance, as the latest health survey reveals that not only large numbers of the rural population are unable to access basic health care, but also more people living in cities cannot afford health care services. All this, combined with an aging population, indicates the issue of social protection is likely to be high on the agenda of policy makers.

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At the same time, rapid growth over the last decades has resulted in environmental degradation on a massive scale with large implications for human health and sustained economic and social development. Resource use of water and fertilizer per hectare is two to three times the world's average. Towards challenges like HIV/AIDS, China is taking proactive action, though given China's scale, translating the commitment of central institutions and leaders to provinces and townships is likely to be critical in determining progress in halting and reversing the epidemic.

There is also a growing global dimension in China's policy and action. China is rapidly integrating with the rest of the world. Trade and investment flows are increasingly influencing positions on overall policy and regional and other partnerships. China is strongly committed to multilateralism, as evidenced in its commitment to Africa through the intended creation of the China Africa Business Council (CABC) and the International Centre on Poverty Reduction based in Beijing. As the Report of your High-level Panel on Threats, Challenges and Change (which included a senior Chinese diplomat) reminds us that we are living in a world of new and evolving threats. China intends to play a greater role in regional and global peace and development, as demonstrated in its response to the Tsunami disaster.

The above trends and challenges are shaping UN's work in China. We would like to take this opportunity to particularly highlight progress made in MDGs, in the preparation of the CCA/UNDAF, in HIV/AIDS, and in overall UN cooperation for 2005. Details of our results are summarised in the attachment.

## **1. MDGs**

The close correspondence between China's vision of a well off society (Xiaokang) and MDGs provides a rare opportunity for the UN system. The debate is no longer about 'what' to do but rather 'how' to balance development. The UN can help in accessing global experience and lessons learning.

China's first MDG progress report was formally launched at the International High-level Conference on the MDGs held in Beijing in March 2004. Mr. Tang Jiaxuan, State Councillor of China, opened the conference. The conference was attended by more than 250 representatives from the UN agencies (including several USGs), both central and provincial governments, the private sector, academia, NGOs, donors, and widely covered by more than 150 media. The conference and follow up activities helped in developing 'brand recognition' for MDGs, especially among government officials, and in laying the basis for further UN involvement in key national planning processes.

Focusing on Goal no 8, a UN symposium was convened in Hong Kong in June 2004 in cooperation with the Central Government and the Hong Kong Special Administrative Region (HKSAR). The symposium was attended by Mr. Tung Chee Hwa, Chief Executive of HKSAR, business leaders and representatives from academia, media and NGOs. Encouraging a closer Hong Kong link with global development matters, the symposium made concrete proposals on: 1) further investment and commitment in meeting the goals of the Global Compact and the MDGs; 2) more direct involvement of Hong Kong in on-going programmes of the UN system; and 3) linking and leveraging Hong Kong's strengths for China, particularly in the Western Region.

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The UN also undertook joint advocacy efforts in population and public health, more specifically linking population matters with MDGs, gender and HIV/AIDS. In particular, the International Conference on Population and Development (ICPD) in Wuhan and the World Family Summit in Hainan provided a good opportunity for the UN to speak with one voice. Taking the opportunity of the Beijing + 10 activities in 2005, we believe our continued joint advocacy for gender equality will bring more visible results. In the area of health, the Government is implementing new Rural Cooperative Medical Schemes with significant input from the UN system to address the severe lack of access to health care in rural China. Progress on rights dialogue was also noteworthy with the visit in late 2004 by the Working Group on Prevention of Abuse and Torture. The China Employment Forum prompted the Government and partners to increase its commitment to unemployment issues, decent work and social protection.

The second joint UN/Government assessment on HIV/AIDS launched in December 2004 enabled a closer tracking of the progress being made. And, on health a forthcoming Health Situation Assessment being prepared jointly with the Government is expected to feed into the 11<sup>th</sup> Five-Year Plan (2006-2010). We are looking forward to strengthen such UN views by producing 'white papers' in the future in close collaboration with relevant ministries, NGOs and other partners.

The MDGs and Xiaokang will continue to drive our work in the coming years. The participation of President Hu Jintao, at the MDG Summit Review in September 2005, presents a further opportunity to work closely with China on MDGs. We look forward to helping China in achieving MDGs through continued policy advice, technical cooperation and support to statistical and institutional capacity building.

## **2. CCA/UNDAF**

The UN China made progress in securing stronger national participation in the CCA/UNDAF, despite challenges of an exceptionally large number of stakeholders. Broad involvement of government agencies and mass organizations brought on board potentially important partners such as the State Ethnic Minorities Commission and All China Women Federation, especially important since minorities and women tend to be disproportionately represented among the poor with greater vulnerabilities.

Of particular note about this process was the UNCT's dialogue with the government 'mirror team'. Dialogue in particular with the National Development and Reform Commission (the government institution responsible for the formulation of the Five Year Plan) and Development Research Centre (the government's think-tank) on the next Five Year Plan. The CCA drafts were also reviewed by the donor community, the Regional Peer Support Group and non-resident UN agencies to assure the quality and secure regional and global perspectives about China's development issues.

Wide participation of stakeholders has helped in the CCA and UNDAF being driven by the Millennium Declaration and MDG; focused on China's national priorities; with the mainstreaming of gender and human rights concerns throughout the analysis. For instance, in order to address growing inequalities, China's development situation was analyzed in line with the China's concept of 'five balances' of Xiaokang<sup>1</sup>. More focus was placed on the rights of marginalized and vulnerable people. Sex-disaggregated data to the extent possible have been integrated in each chapter, and issues of women and ethnic minorities' access to health, education, social protection, decent work and political and administration decision-making process raised.

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<sup>1</sup> In 2003, based on the Xiaokang (well-off) society concept, the government started to advocate for the 'Scientific Concept of Development' focusing on achieving 'five balances' between : urban and rural; across regions; economic and social; between man and nature; and domestic development vs. opening up.

The CCA has been finalized and is currently undergoing translation and publication for early 2005. Drawing upon the areas of cooperation suggested in the CCA, the UNCT reviewed possible UNDAF outcomes with the government mirror team at the UNDAF Retreat, supported by the UN Staff College and UNDGO. The UNCT members as well as non-resident agencies are preparing for the UNDAF, and the Ex-com agencies are drafting their Country Programme Documents for submission to the June Executive Board. The final preference by Government for a June submission of the CPDs has however presented a fairly tight timetable for their completion.

### **3. HIV/AIDS - Progress and Challenges Ahead**

During the past year, the UN in China has capitalized on past efforts. The UN has been active in its advocacy, as evidenced by the Secretary General's visit to the people living with HIV/AIDS during your visit. In December President Hu Jintao visited a hospital in Beijing on World AIDS Day, where he met and shook hands with people living with AIDS (we are informed that he is the second world leader to do so). This is not only a powerful testimony that the government at the highest level is committed to fight AIDS, but also an important step in efforts to reduce stigma and discrimination.

During the year, a number of recommendations of the 2003 UN/Government joint assessment of HIV/AIDS prevention, treatment and care in China were implemented. These, which also attest to the commitment of the Government in responding to HIV/AIDS, include the establishment of a State Council AIDS Working Committee, development of policies, strategies and guidelines in a number of different areas and a significant strengthening of treatment and care, and prevention efforts – supported by the UN system – as well as substantially increased financial resources to fight AIDS from domestic as well as international sources facilitated by the UN in China.

In December, an updated joint UN/Government assessment of HIV/AIDS prevention, treatment and care was published which is expected (like the 2003 report) to guide the response to AIDS in China in 2005 and beyond. The challenge for the UN now is to strengthen its support to implementation of national policies at the local level. Thus, continued advocacy plus stronger efforts on implementation and capacity building, as well as strengthened monitoring and evaluation will be required from the UN in 2005 and beyond.

### **4. Platform for Joint Initiatives in the Year 2005**

A key focus of our Country Team for 2005 will be to create the conditions for increased coordination and joint work for UN efforts in China.

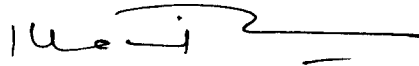
Last year, the UNCT extensively consulted on the 11<sup>th</sup> Five Year Plan and Xiaokang (China's long term vision for 2020) with the National Development and Reform Commission and the Development Research Centre. This culminated in agreeing upon embarking on joint research and cooperation on selected strategic issues to support to the 11<sup>th</sup> National Five Year Plan and beyond. On the operational side, continued discussion and negotiations on the UN Common House, launching of the UN Virtual Network and a joint workshop with the government on the UN privileges and immunities represent important opportunities for 2005. On the UN Common House, our Country Team has started the process in identifying various short and long-term options. A key aspect of this is being able to communicate with each other. Considerable progress has been made in developing a UN Virtual Network, the launch is planned for early 2005.

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Another operational initiative is our collective efforts towards the direct recruitment of local staff. The Chinese government has a long history in seconding Chinese staff to the UN agencies through the Diplomatic Service Bureau (DSB) and individual counterpart agencies. The UN Resident Coordinator and Heads of Agencies initiated collective and constructive discussions with DSB, securing an indication of government's willingness to be supportive of direct recruitment, particularly at this stage of support staff. Professional level staff however continues to pose a challenge. To promote further progress, a joint workshop on direct recruitment and the privileges and immunities of UN officials is scheduled for early 2005 in cooperation with concerned authorities. Finally, concerning the implementation of the UN Personnel Policy on HIV/AIDS in the workplace, a training plan has been developed, and staff training is scheduled for early 2005.

The UN Country Team in China looks forward to welcoming you to China again in the near future and to briefing you on joint progress and the challenges ahead.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Khalid Malik', with a long horizontal flourish extending to the right.

Khalid Malik  
UN Resident Coordinator in China