

Government of the People's Republic of China

United Nations Development Programme

Programme Revision Document

Support Capacity Building and Innovations to Promote Green Development in China

The economic growth in China has achieved remarkable success since reform and open-up policy in 1978. “San Nong” issues, however, has always been a critical bottleneck and constraint for further economic development. Financial crisis and climate change have made “San Nong” issues more complicated than ever. Against those two crisis, green and sustainable development has been emphasized as a approach demanded by transition of economic development mode.

The GD project, based on the GPA project, aims to, through policy, mechanism, institution, technology and cultural innovation, scale up proven pilot and explore new green development approaches integrating poverty alleviation and rural low-carbon socio-economic development with environment improvement and ability enhancement of climate change adaptation, help mainstream rural regions, including poor rural areas and those in urbanization into climate change adaption and socio-economic sustainable development. It will also try to explore new modes and approaches of green integration of and win-win linkage between urban and rural areas.

The GD will place priorities on the fragile and poor populations to help them obtain equal chances in pursuit of green development and sustainable livelihood, and support community-level capacity building for green development and climate change adaptation, with special concerns on gender issue.

Three outcomes are expected, including 1) Networking of green development stakeholders is strengthened and a multiple-participatory extensive platform is established to promote broad collaboration in green development , and 2) Innovations and Win-win Options of Climate Change and Social Development Explored though Pilots and Capacity Building; and 3) Capacity building for China's carbon trade market is strengthened to facilitate carbon trade and carbon reduction project development.

Heilongjiang, Inner Mongolia, Xinjiang, Hainan and counties in southwest China will be new pilot sites, and China Beijing Environment Exchange (CBEEEX) will be incorporated as a component of building China's carbon trade market.

UNDAF (2011--2015) Outcomes/Indicators	<p>Outcome 1. Government and other stakeholders ensure environmental sustainability, address climate change, and promote a green, low carbon economy.</p> <p>Outcome 2: The Poorest and most vulnerable increasingly Participate in and benefit more equitably from China's social and economic development.</p>
Government Coordinating Agency and Implementing Partner	China International Centre for Economic and Technical Exchange (CICETE)
Cooperating Agency	Mentougou District Government of Beijing, Xinjiang Poverty Alleviation Office; Wulanchabu Bureau of Commerce of Inner Mongolia Autonomous Region; Heilongjiang Department of Science and Technology, Hainan Renewable Energy Association, Hainan Huayou Bio-fuel Development Co., Pilot county governments in southwest region of China, China Beijing Environment Exchanges (CBEEEX)

Estimated start date: June 2010 Estimated end date: December 2014 Management Arrangement: National Execution (NEX) Project site: Selected rural poor ethnic minority regions, rural areas in urbanization, and urban areas Beneficiary country: China	Budget (US\$ Million)		
	Previous	Increased	Total package
	TRAC: 3.73085	TRAC: 3.917	TRAC: 7.64785
	C/S: 8.455	C/S: 16.7	C/S: 25.155
	Total: 12.18585	Total: 20.617	Total: 32.80285

Agreed by:		
	Signature	Date
Government Coordinating Agency and Implementing Partner (CICETE):		
UNDP:		

Capacity Building and Innovations to Promote Green Development in China Project Revision

Part 1: Implementation Status of the Project

To achieve the United Nations Millennium Development Goals and better implement the China's strategy of building an all-around Xiaokang society, Green poverty alleviation (GPA) project was approved and initiated in October 2006. It is in compliance with the major concerns of the United Nations Development Assistance Framework(UNDAF) 2006-2010 and the Chinese government's "Eleventh Five-Year Plan" that aim at flourishing the cyclic economy and facilitating the socialistic rural area development. The fundamental goal of GPA project is to help promote the sustainable socio-economic development in the less developed rural region through integration of rural poverty alleviation, new and renewable energy exploitation, and ecological environment restoration. GPA project is also expected to explore feasible harmonious development patterns between human and nature in the rural areas throughout pilot demonstration, mechanism and technology innovation, effective management, participation of farmers and communities and industrialization.

The Green poverty alleviation project includes the following sub-projects that combine poverty alleviation with ecological restoration and new energy exploitation: tamarisk planting and ecological restoration in the desertification region in Xinjiang, Ecological restoration and green agriculture development in abandoned/shut-down mining areas of Mentougou District, Beijing, Cortex Jatrophae (JCL) planting and the development of biodiesel in Hainan and Ethanol production from Sweet Sorghum in Shanxi, and etc.

With progress of GPA implementation, agricultural green house gas (GHG) reduction and response to climate change was given much more emphasis and corresponding exploratory research was purposefully added, including environmental impact assessment in Hetian tamarisk project and CDM development in Hainan JCL project. In 2009 the mid-project evaluation committee gave high recognition and appraisal to the positioning and projection of the GPA project, especially its sub-projects in Xinjiang, Mentougou, and Hainan.

In the middle of 2009 when global financial crisis was expanding and Copenhagen Convention approaching, it was well recognized by the GPA partners and stakeholders that the GPA project needs to better help vulnerable groups in the rural areas, in enhancing the poor's capacity responding to the hardship and challenges brought by financial crisis and climate change.; accordingly, the United Nations Development Programme (UNDP) and the Ministry of Commerce/CICETE made the project adjustments. While keeping the fundamental goals as unchanged, new environmental friendly and low-carbon technology featured sub-projects, including rural biogas, solar energy application, rural energy saving construction was joining in the GPA project. Moreover, China Beijing Environmental Exchange (CBEEEX) and the Chinese Academy of Agricultural Sciences were introduced into the project with their exploratory agricultural carbon emission trading system.

To present, the GPA project has planted Tamarisk and JCL with sizes of 10,100 Mus and 60,000 Mus respectively, set up 5 edible mushroom production bases, and achieved industrialization and a well-operated chain connecting production, processing and sales. 12,934 and 18,000 rural poor people have been benefited directly and indirectly, respectively. The net income (per capita) of the participated rural population has increased at least RMB 2,000 in comparison with that of 2006, and meanwhile, ecological restoration has greatly ameliorated their livelihood and surrounding environment.

Part 2: Background of Project Revision

I. Problems and Challenges

The economic growth in China has achieved remarkable success since economic reform in 1978. In the past over thirty years, the annual economic growth rate has risen at an average rate of 9.8% and it was kept at 8% even during global financial crisis. China became the third greatest economic entity and the largest exporter in early 2010, thanks to the persistence of the reform and opening-up policy and active participation into economic globalization. The economy mode of China has generally transformed from planned economic system to market economy system while China gradually changes from an agricultural country to industrial country. The fast paced development in economy has greatly improved people's living standard. Thousands people turns out from poverty since 1978 and the national income per capita also increased to \$3000 compared to \$190 in 1978.

Despite of full realization of "leapfrog" development in economy, the socio-economic development in China is also facing a great number of challenges, in which the three dimensional agrarian issues (rural areas, agriculture sector and farmers) "San Nong" has always been a critical bottleneck and constraint for further economic development, and put on the top of the Chinese government's agenda. Meanwhile, although the success China has achieved in poverty alleviation is extraordinarily impressive to the whole world, China still has millions poor population living in the cost of less than US\$ 1.25 according to international standards announced by the World Bank. In addition to challenges in completely eradicating poverty and improving people's livelihood, China also has a long way to go in integration of urban and rural development and narrowing existing huge gaps between each other. While faced by those traditional challenges, the socio-economic development in rural area now has to deal with new challenges and significant impacts brought by two global crisis, global climate change and economic crisis.

1. Global economic crisis and climate change increase the complexity and difficulty of the "San Nong" issues

Under the circumstances of global economic crisis and climate change, agriculture is one of the most impacted industries which in turn reflect that rural region is amongst the most damaged areas. Rural populations are the most vulnerable, whose interests have been experienced the heaviest damages and highest risks.

Chinese agriculture, rural region and populations are indeed victims to the economic crisis. First of all, as affected by the financial crisis, the government's financial situation might have to make it reduce their agricultural investment, which might in turn deteriorate the environment of rural economy development. One the other hand, reduction of global agricultural products demand and the existence of trade protectionism have intensified the disequilibrium between demand and supply, causing price decrease in agricultural products. Meanwhile, millions of migrant workers had to return to their hometowns at the outbreak of financial crisis. Although it has been improved to a great extent by the government's efforts, it has not resume the employment level in comparison with that prior to the crisis. Its impact has been reflected in the rural population's net income. Rural population net income has achieved an increase of 6% in 2009, a lowest increase rate since 2004, while the increase rate of the urban population's net income has remained in 2009, the net income gap between the rural and urban populations has been further enlarged.

Climate change has been bringing about impacts on China's society and economy with increasing depth and width, especially in the rural regions. Climate change has direct impacts, such as extreme weather conditions (e.g. flooding, drought), and indirect impacts, such as water resource scarcity, soil productivity reduction, biodiversity loss, insects and plant diseases. These direct and indirect impacts have endangered the livelihoods of rural populations, making the graduated poor household turn back to the poor situation overnight, and seriously hindering rural socio-economic development.

Although human society has its own adaptability to climate change, current extent and speed of climate change is out of the boundary of this adaptability. This situation is much severer in the rural regions, especially those remote and poor regions, where supporting policies, funds and technologies and methods are limited and not

easily to access, and awareness needs waking up. All those have posed the rural regions in a fragile position in responding to climate change.

In general, the global financial crisis and climate change has made the “San Nong” issues more complicated and the socio-economic development of rural/poor regions tougher.

2. Gap between rural and urban development in the transition of economic development mode

Urbanization has been accelerated in China since the economic reform. China’s Urbanization percentage has been increasing from 17.9% (1978) to 46% (2009) and expected to reach 60% in 2030. Cities all over the world have consumed 67% of the available energy and discharged approximately 70% of the total CO₂ emission. Despite the huge difference between energy consumption per capita of China’s cities and cities in developed countries, there are 10% Chinese population have been consuming reach at least the same level of average consumption amount of the developed countries. It might imply an anticipated scenario that China may encounter greater challenges in energy, environment and climate change adaptability in the next 10-20 year urbanization given no change in its economic development mode.

Rural regions, including the traditional agricultural areas, the middle-and-small size township and those regions in urbanization, as the moderator of urbanized ecosystems, have always been playing a bearer role for the high-carbon lifestyle and production in urban areas and cities. Irrationalities of the dual society structure is one of main reasons why rural regions are lack of development, environmental protection, and adaptability to climate change, whereas the deteriorated environment and lag-behind in socio-economic development have to some extent reinforced the existing dual society structure. Eventually, the gaps between urban and rural regions have been intensified, and the development process of those rural regions and townships in urbanization is faced a possibility of repeating a non-sustainable approach.

Green development, which integrates low-carbon economy and development is not only a solution to climate change and economic crisis, but also a valuable opportunity for the vulnerable rural populations, who are living in the less developed region and lack of adaptability to environment deterioration and climate change, to gain equal developing chances and reduce the gap between themselves and the urban populations. How to make use of the opportunity and realize the sustainable development of the rural economy is a great challenge and question.

II. The Chinese government’s strategies and policies

Along with the acknowledgement and recognition of the potential impacts from climate change and the financial crisis, traditional industries and fiscal /capital operation modes have been widely questioned. Green industries and low-carbon economy have been marked as an important means of dealing with the financial crisis and climate change with supplying more employment chances revitalizing economy.

To transfer crisis into opportunity, demanded by the China’s strategy of building an all-around Xiaokang society, the Chinese government has proposed a strategic plan to accelerate reforming its economic development mode. Chinese President Jintao Hu proclaimed an announcement in the opening ceremony of the latest United Nations framework convention on climate change that China is going to make great effort in developing green, low-carbon, and cyclic economy, and climatic friendly technologies. Vice President Jinping Xi emphasized at 2010 Boao Asia Forum that green development and sustainable development are the mainstream and trend of the world development.

The Chinese government has made strategic plans of “keeping economic growth” and “reforming economic structure”, employing an economy stimulus plan of RMB 4,000 billion to encounter the financial crisis and revitalize its substantial economy, of which, more than RMB 340 billion are flowing into green industries. The

National Development and Reform Commission (NDRC) has named “developing green, low-carbon economy and strengthen sustainable development ability through energy saving and emission reduction” as one of the most important items in the upcoming “Twelfth Five-Year Plan”. Meanwhile, based on the principle of “common but distinguished liability”, the Chinese government has promised to reduce the CO₂ emission per GDP by 40-45% by 2020 from the level of 2005.

The Chinese government has been always paid great attention to the “San Nong” issues and the integration of the urban and rural development in order to narrow the gaps between urban and rural regions, especially focusing on the social and economic development in the western remote and poor regions. It’s seen consecutive 7 years since 2004 that Central Committee’s No.1 document focus on “San Nong” issues, reflecting its significance to China’s development. In the 2010’s priority No.1 document, climate change impacts have been firstly introduced with the balance between urban and rural development. China has already included its agriculture and forestry sectors in the national strategy in addressing climate changes. In the National poverty alleviation planning 2011-2015, climate change is also highlighted as a key concern in achieving sustainable rural development.

III. UNDP’s assistance strategies towards China’s development

The United Nations Millennium Development Goals share common essence with building a well-off society in China. UNDP believes that GDP is not the only evaluation criterion of development, whereas human and equal opportunities shall be the core principles. This also becomes the Chinese government’s core concept to promote balanced development.

In the new cycle (2011-2015) of the United Nations development assistance frame, goals regarding vulnerable group development, climate change adaptation, and environmental protection have been confirmed as follows:

1. The poorest and most vulnerable increasingly participate in, and benefit more equitably from, China’s social and economic development.
2. Government and other stakeholders ensure environmental sustainability, address climate change, and promote a green, low carbon economy.

It is also emphasized that both areas above need to be considered at the same time for the next step development in China especially for the underdevelopment regions and vulnerable groups in China. Sustainable livelihoods for the poor are critical to ensure their equal access to and benefit from development.

Part 3: Justification of Project Revision

Despite the losses from the global economic crisis and climate change, China’s agriculture, rural regions and rural populations have made considerable contribution to maintain economic development and society stability. The consecutive harvests and stable agricultural production supply gave people confidence in fighting with crisis. The rural market is not only stimulated as a critical measure of enlarging domestic demand and consumption, but also gave motivation to dealing with the crisis. The society was not unstable when migrant workers left their positions which gave society basis for solving this crisis.

Either from dealing with the global economic crisis and climate change, or building an all around Xiaokang society and achieving MDGs, or from the principle of “people-oriented” development concept, Chinese agriculture, rural regions and populations shall have equal opportunities in pursuit of better development, and

shall become main power sources and beneficiaries of green development as other groups. Mainstreaming environment and climate change development reflects that growth of the country and benefit for the people is not only an economic or environmental issue, but also an integration of social, economic, and environmental sustainability issues.

According to the new United Nations Development Assistance Framework (2011-2015) and priorities and trend of China's development in the next five years, on the basis of gained success and experience in GPA project, the GPA project is revised into Green Development (GD) Project, and two major changes are made as below:

1. The project goal of GD project is adjusted to intensify integration of poverty reduction and rural green economy development with improving environment and upgrading climate change adaptability, promoting the agriculture, rural regions and populations, especially the remote and lag-behind areas and the poor acquire the equal chances in pursuit of a green and sustainable development and sustainable livelihood.
2. The areas concerned by GD project is expanded, including not only rural areas, but also Towns where those rural regions are in the process of rapid urbanization, and existing urban areas and cities. It will promote the linkage between rural and urban in a concerted green development to facilitate green integration of urban and rural areas.

The first change reflects the core of the GD project. From GPA to GD, the key targets, agriculture, rural region and populations, are still unchanged, and special concerns remain at the poor and fragile groups at in remote, lag-behind and minority ethnic inhabited areas, as the GPA has been engaging in the past years. Under the background financial crisis and climate change, the conceptual evolution from GPA to GD is changed and adjusted in line with a green and sustainable development.

The second change is concerned about two aspects:

(1) Green development in urban and developed areas

As the main consumers of high-carbon products, urban and developed areas shall take major responsibilities in GHG emission reduction and low-carbon practice. This is not only an obligation to reduce the high-carbon and high pollution impacts on the rural region, but also a sustainable way to realize urban green development. The GD project will assist the urban and developed areas through improving their green development plan, sustainable ecological development, energy saving and efficiency and encouraging low-carbon lifestyle and culture, and etc.

(2) Linkage between the urban and rural areas

Urban and developed areas possess advantages of funds and technologies in saving energy and reducing emission. It's necessary to facilitate optimized allocation and transfer mechanism and methods of funds and technologies, which may bring the rural areas fund and technical support as required for rural green development; it may also create new chances and potential benefits for urban green investment and green industry development.

The GD project will explore and demonstrate an effective financing and technical support mechanism for the green development of urban and rural regions by capacity building for carbon asset and green technology trade markets. The agricultural greenhouse gas emission reduction index and low-carbon agricultural technology are the merchants on the trading market of carbon-reduction credits and low-carbon technologies. Urban areas purchase agricultural GHG reduction credits from the rural areas where the funds and technologies gained will be supporting rural regions' green practices in integrating local economy development with environment improvement and climate change adaptation upgrade, thus acquiring equal development chances.

From the on-going work under the current GPA, partnership is greatly extended with participation of more provincial governments, sub-province governments, relevant ministries and private sectors. Programme adjustment needs to be made to include new partners and enhance innovations under the project. It is also important to intensify experience summary and strength dissemination of the pilots' experiences. Wider network (national and international partners) and policy dialogues need to be deepened to ensure the achievement of maximum impact of the programme.

Part 4: Green Development Project Goals

The GD project goals are: through policy, mechanism, institution, technology and cultural innovation, explore and pilot new green development approaches integrating poverty alleviation and rural low-carbon socio-economic development. This will help environment improvement and ability enhancement of climate change adaptation, support in rural regions, including sustainable livelihood in the poor rural areas and those in urbanization process. It aims to explore win-win options and approaches of climate change and social development.

Part 5: Project Implementation Strategy

I. Promote green integration of urban and rural development with innovation

To achieve the GD project goals, it needs green mechanism, system, technology, and even cultural innovation. The green development need to be started from the following fields: urban sustainable development, rural development planning, new and renewable energies exploitation and employment, energy saving building, energy saving and emission reduction for high energy consumption enterprise, low carbon transportation, high efficient green production, green and low carbon lifestyle and consumption behaviour. The development is essentially based on energy saving and emission reduction, then effectively adapts to the climate change and enhance the adaptability, eventually promotes the economic development of urban and rural areas and the transition of social formation. The project will aim to improve the optimal distribution of funds and technology transfer at the guidance of policy and strategy, and the construction and completion of market-driven carbon exchange platform. Based on the carbon emission reduction and carbon trade, green development between urban and rural area will be dynamically connected, and pilot sites from urban and rural regions will also be linked at project level. The coordinated green development between urban and rural areas will be emphasized to explore approaches as industry nurturing agriculture, and urban nurturing rural. The GD project will also focus on the challenges of poverty and climate change with particular attention at vulnerable groups and deal with the challenges through innovation of new models of poverty alleviation and sustainable development.

II. Establish a sustainable multi-participatory platform for extensive, diversified, and long-term cooperation, a Green Development Alliance (GDA)

Green development is the strategic choice responding to climate change adaptation and sustainable socio-economic development. Green development involves benefit and welfare for everyone. Establishing a collaboration platform for extensive, diversified, and long-term cooperation at global, country, and sub-national level is crucial. A Green Development Alliance will be formed to serve this purpose. It will be featured by its diversity in its stakeholders and participants, and by its open-mind that encompass and demonstrate various concepts and voices of different groups including the government, scientific research institutes, enterprises, financial and banking systems, NGOs and every individual, international and national. With the development of

GDA, the development and evaluation abilities in research and consultation for green development mechanism and strategy, green technologies, and carbon exchange will be progressively achieved. The GDA will also facilitate communication for intelligence and information in green development, introduction and promotion of green low carbon culture and lifestyle in urban and rural regions, enhancement of public and private partnership, promotion the CSR and green financing, and make the GDA itself sustainable.

III. Support community-level capacity building for green development and climate change adaptation, with special concerns on ethnic minority and gender

The most basic subjects for green development and climate change adaptation are directly involved with every individual farmer and his/her family, which are key participants, implementers and direct beneficiaries of green agricultural production, environment improvement and upgrade of climate change.

As demonstrated in previous UNDP projects, community-level participatory approach always plays an important role. The capacity building for green agricultural production and climate change adaptation is a process of learning and practice. Communities, farmers' associations and other well-organized participation patterns can make outcomes of the training, learning and practising process more effectively and efficiently, help the farmers' awareness rising towards climate change and mainstreaming green production and climate change adaptation into economic development plan at community level.

While gender and socio-economic development issue which has been recognized and emphasized in previous UNDP projects, gender and climate change adaptation shall be given more attention in the GD project. Women, especially those in the poor rural areas, are always the direct bearers of crisis and damages cause by drought, floods, cyclones and other weather patterns due to climate change and the associated phenomena, threatened sustainable livelihood. Women's role shall not be ignored in local, national and international decision-making related to natural disasters and climate change adaptation. The fragile and remote areas also have high concentration of ethnic minority inhabitants. As learnt from UNDP socio-economic project experience, exploring sustainable livelihood is crucial to support their development in the areas.

IV. Open collaboration approach

Due to the coverage of urban, rural, trading platform, the GD project has obtained positive responses from a wide range of stakeholders. The GD programme will maintain an open umbrella framework to allow and encourage new interested partners to join.

Part 6 Outcome Framework

The ongoing programme framework is adjusted to include three pillar interventions: Partnership and Advocacy, Pilot Innovations and Carbon Trading.

Outcome I Networking of green development stakeholders is strengthened and a multiple-participatory extensive platform is established to promote broad collaboration in green development.

A networking of green development stakeholders under the GD project will be formed to promote the communication and cooperation at national and sub-national levels. It aims at facilitating policy and strategic dialogues related to green development, experience-sharing and dissemination in pursuit of green development

and its practice in rural and urban regions. It will strengthen linkages amongst line Ministries and government officials, researcher and scientist, scientist, industries and enterprises, CSOs and NGOs, communities and individual, urban and rural, domestic and abroad, with different background of and interests in green development.

Green Development Alliance as a sustainable platform will be established through policy support, knowledge sharing and network building in order to support relevant key stakeholders to work together for the mandate of green development. Its establishment and capacity building will be supported by the GD project to ensure gradually make it with the ability to engage research and consultation on green development policy, knowledge management on green development, develop and assess the green technology and carbon asset, facilitate green development intelligence and information exchange, promote a green low-carbon culture and lifestyle in urban and rural regions, develop and upgrade PPP in the context of green development, promote the social responsibility of the corporation and individual, mobilize funds for green development practice, and etc. Annual events will be held by the Alliance. Advocacy and communication efforts will be carried out to document and disseminate programme experience.

Outcome II Innovations and Win-win Options of Climate Change and Social Development Explored through Pilots and Capacity Building

Given the complexity of China and difference in social and cultural sectors among regions/areas, the programme will encourage pilots to test different approaches in various regions. The diversified pilot approach will support formulation of variable policy advice on green development to the government.

Through pilots of at sub-national level, green development initiatives will be tested and implemented for people especially vulnerable groups to have better sustainable development opportunities while protecting environment. Open platform will be set up for different regions especially underdeveloped regions to participate in the green development.

Based on the some current demonstration points (Hetian, Xinjiang; Mentougou and Shanxi), there are some potential co-operations discussing with the Development Department and the Department of Commerce/CICETE, including Heilongjiang, Inner Mongolia, Hainan and its southwest region, Xinjiang, Beijing Environment Exchange, Tianjing, Shunyi district of Beijing, Leshan of Sichuan. Among them, Heilongjiang, Inner Mongolia, Hainan, Xinjiang, Beijing Environmental Exchange already provided the five-party shared commitment letter and proposal, and were selected as pilots of the green development project. The others will be discussed in the next round of consideration.

On-going sub-projects to be continued

1) Xinjiang Green Development pilot project in Hetian and Akasu

Taking a combination of poverty alleviation and climate change adaptation as a new entry point, Xinjiang Green Development pilot project in Hetian and Akasu has initiated since the end of 2009 with aims to, via capacity building, demonstration, green Poverty Alleviation planning, promote ecological rehabilitation, agro-GHG emission reduction and carbon trade and compensation in the rural poor areas inhabited by ethnic minority. It will set up a UNDP western-China demonstration area based in Xinjiang, and via which, exchanges and cooperation in low-carbon featured green poverty alleviation are expected within western China and Central Asia.

2) Mentougou Green Development pilot project

As green barrier and ecological conservation area of Beijing, Mentougou will, in the next 2-3 years, in selected sites, supported by environmental protection and energy-saving technologies, construct UNDP rural low-carbon base in China's capital region for demonstration and international exchanges through integral practices in ecological restoration, environment-sound green agriculture, low-carbon folklore tourism industry upgrading and green villages and towns improvement.

New Pilot Subprojects in this project revision

1) The food safety demonstration project of low-carbon agriculture for adaptation to climate change in Northeastern black soil area of China—Heilongjiang

Continuous grain harvest in China is facing climate change, increases of extreme weather and other new constraints and challenges. The green house gas emissions from agriculture activities make up of 14%-17% of the total green house gas emissions of China, which is not easy to be ignored. How to respond to different challenges to achieve sustainable development of food production is the serious problem currently.

Capacity building and pilot support will be provided to farmers especially poor farmers to have better development from low carbon agriculture development.

The project will aim as the problems arising from remediation of degraded black soil under the conditions of climate change and select the typical degraded black soil area as pilots. Through the research on the technologies of black soil remediation, low-carbon model of agricultural production, mitigation technologies on green house gas emissions from agricultural activities, the project can explore the effective approaches to enhance the adaptation to climate change in rural black soil area, ensure the quantity and quality of food, and provide the valuable technologies and mechanisms to improve the agricultural sustainable development. Capacity building and pilot support will be provided to farmers especially poor farmers to have better development from low carbon agriculture development.

The project under the leadership of Heilongjiang provincial government will be implemented by the Department of Science and Technology of Heilongjiang. Soil Fertilizer and Environmental Resources Institute of Heilongjiang Academy of Agricultural Science, Northeast Institute of Geography and Agricultural Ecology of Chinese Academy of Science, and Northeast Agricultural University will provide technical support. The project will be carried out in Yian county, Baiquan county and Hailun county in Heilongjiang.

2) The demonstration project of ecological restoration and forestry carbon sequestration in the arid and semi-arid areas in western China – Inner Mongolia

The arid and semi-arid land in western China is one of the most sensitive and fragile areas to climate changes, including Inner Mongolia which has already become the origin of the sand storm every year. The deteriorating ecological environment, extreme weather caused by the climate change and severe water shortage has undermined the local social and economic development.

The project of ecological forestry and water-saving irrigation will be carried out in Ulanqab League, which is a state-level poverty stricken county in Inner Mongolia, together with the forestry carbon trading to help local residents develop the carbon assets in the ecological restoration and improve their lives, better the adaptation of the area to the climate change, and discover new techniques and methods of green development in the arid and semi-arid areas in west China.

The project will be carried out in Shangdu County by the Ulanqab League Bureau of Commerce.

3) The demonstration project of Jatropha Curcas plantation, biodiesel development, and forestry carbon sequestration – Hainan, Guangdong and Southeast China

The project is an extension to the southeast of the project of Jatropha Curcas plantation and biodiesel development in Hainan, which has seen the economic and ecological benefits after three years of trial. It will be promoted on a large scale, and the rural cooperative building and forestry carbon sequestration will be the key issues of the extension project. In the meanwhile, the partnership between public and private entities will be strengthened to ensure the capital and technical support for the project and the win-win situation for the companies and farm households,

The project will be carried out by the local government and Hainan Huayou Xiaotongzi Science and Development Co Ltd, with partners consisting of China Renewable Energy Society, Hainan Renewable Energy Society, College of Life Science in Sichuan University, and Chinese Academy of Tropical Agricultural Sciences.

4) Demonstration project of green low-carbon economy in western rural areas under urbanization - the city of Hami, Xinjiang.

This project use the city of Hami, Xinjiang as pilot project which aims to demonstrate a new way for the development of low-carbon technology in western rural areas under urbanization combine with improving of people's livelihoods.

The project will carry out many activities including use of methane instead of wood and coal, improvement of vegetable cultivation and living condition by central heating, promotion of using energy-saving building materials during residential construction, advocating of low-carbon lifestyle, and develop carbon-abatement projects.

Poverty Relief Office, Xinjiang Autonomous Region, and Hami City government are the Project implementation units

Outcome III: Capacity Built for Development of Carbon Trade Market

China has achieved remarkable success on Clean Development Mechanism (CDM) in past years. China has accounted for nearly 84% of major CDM market worldwide, which providing billions of dollars of clean development funding for China. However, there are still many problems with CDM projects in China, such as informational asymmetry and lack of unified standards, which makes foreign investors have doubts in the potential of CDM projects in China. Meanwhile, with the quickening pace of rural urbanization, the rural and agriculture greenhouse gas emission reduction and carbon exchange program become more and more attractive. This includes effective land use and management, reduction on use of fertilizer, effective use of methane, biomass energy, and solar power those fields. The realization of those activities requires intensive study to effectively regulate existing carbon trading market; Meanwhile, China's carbon trading also has great potential and requires reasonable and orderly development.

Pilot Project – Promote China's Carbon Market to Green Development in Rural Areas

This project aims at promoting the commercialization of China's carbon trading, to help with the realization of green development in rural areas under urbanization. The project mainly through construction of trading platform as well as formulate and perfect standards, communication and cooperation between international and domestic carbon trading market and low-carbon technology, involvement of green finance during development and trading

of carbon-abatement projects, to strengthen the system construction of China's carbon trading market and operational management.

The project authority is China Beijing Environment Exchange. The project member units including government organization, institution and enterprises in research, development, finance, and investment fields will be involved in project activities.

Beijing Environment Exchange is now facilitating the potential carbon trade and capacity-building in low-carbon development in the existing pilot sub projects in Xinjiang and Mentougou District. CBEEEX and other carbon trade platforms, carbon trade developers and research institutes will be encouraged to help newly added pilot subprojects in identifying and developing GHG reduction and low carbon industry, and facilitate the potential carbon trade and green investment.

Part 7: Project Management Arrangement

The management arrangement of GD project will follow that of the GPA project. UNDP and the Ministry of Commerce/CICETE will co-chair the GD project steering committee joined by line ministries, pilot project authorities, national and international stakeholders. The SPC will be responsible for decision-making on direction and strategies of the GD project. CICETE is the project implementing agency. Under the supervision of UNDP and the Ministry of Commerce/CICETE and the leadership of CICETE, the National and Local Project Management Offices and NPDs will be responsible for carrying out project activities. NPDs are responsible for achieving the final results of project activities, goals and outcomes as indicated in the project revision and the AWP. The national project office located in CICETE will be responsible for coordination, communication and linkage between local Project Management Offices. National Project Office is responsible for carrying out the national-level activities in cooperation with local project management offices and NPDs .

China Green Development Alliance, which will be initiating its mission, organization and function design at the every beginning of the GD project, will play an important role, facilitating project implementation and communication under the supervision of the national PMO and in cooperation with local PMOs under the direction of UNDP and the Ministry of Commerce/CICETE.

Part 8 Funding and budget allocation

Demonstration projects will be selected in batches to join in Green development project according to the availability of UNDP inputs and partners' financial contribution.

The five pilot project applicants in the first batch, including Heilongjiang, Inner Mongolia, Hainan and Southwest China(JCL), Xinjiang, China Beijing Environment Exchange, have submitted their commitment letter of cost-sharing and project applications for the GD project. The new budget consists of cost-sharing and UNDP inputs will be incorporated into the existing budget of the GPA project. The detailed outputs, indicators and activities will be made in the later AWP and combined with on-going GPA project on the basis of approved project revision which outlines and describes the goals and outcomes at the whole project level. In the project revision, the GPA project will be renamed as Support Capacity Building and Innovation to Promote Green Development (GD project).

The amount of newly added fund and budget allocation are shown below: (US\$)

UNDP core resources:	3,917,000
(which includes 1% UNDP GMS charged over the cost-sharing contribution)	
Cost-sharing:	16,700,000
Total new increase:	20,617,000

UNDP funds will be used for:

- Int'l and national Expert and technical consultancy service;
- Technical trainings, seminars, forums, and domestic and overseas study tours;
- Green Development Alliance establishment, capacity building and support for GDA;
- Partial demonstration activities;
- Green development related public participation, community organizations, media broadcasting and public relationship activities;
- Project monitoring and evaluation by UNDP and MOFCOM/CICETE;
- Audit;
- Coordination and management activities conducted by the National Project Management Office; and
- Dissemination activities at national level.

Share capital will be used for:

- Expert, technical consultation and research;
- Technical training, seminars, forums, and national/international study tours;
- Activities related to Green Development Alliance ;
- Demonstration activities (technological innovation, agriculture and forestry planting, farmers' subsidies and remuneration, and purchase of materials, equipments and technologies related to demonstration);
- Coordination and management activities conducted by national and local project management office, and necessary expenses supporting their operation; and
- Dissemination activities at national and local levels.

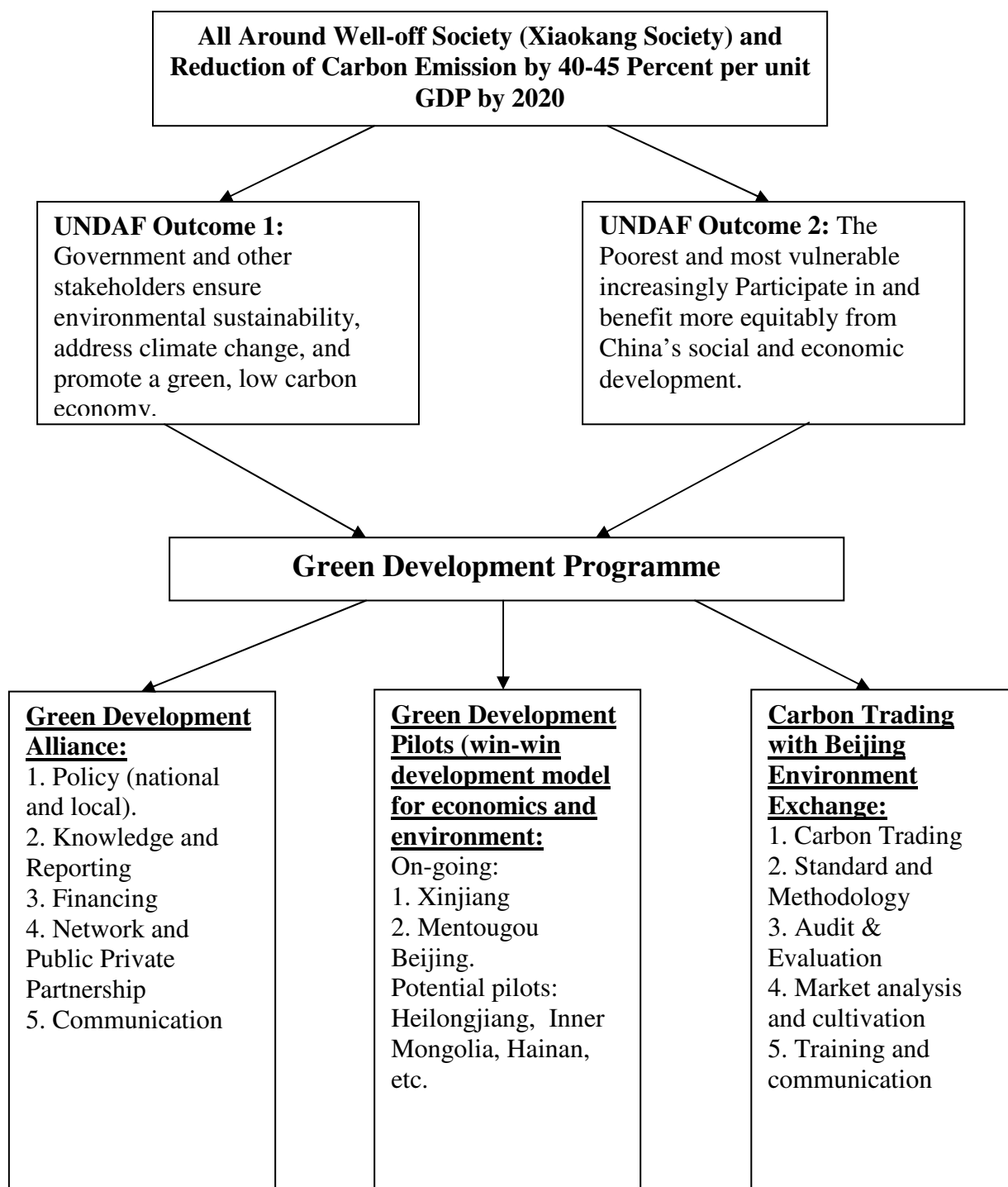
Cost sharing Allocation (US\$ Million)

	Total	Newly added	
Xinjiang (Hetian, Akasu, Hami)	4.155	1.5	
Inner Mongolia (Wulanchabu)	1.5	1.5	
Hainan and Southwest Regions	10.6	10.0	
Heilongjiang	1.2	1.2	
Mentougou	3.7		
Shanxi	0.9		
CBEEEX	2.5	2.5	...
Subtotal	24.555	16.70	

Schedule of Government Cost Sharing, thousand USD (US/CNY Exchange Rate: 1: 6.81)

Partner	2010	2011	2012	2013	Total
Xinjiang	0.3	0.3	0.6	0.3	1.5
Inner Mongolia	0.15	0.3	0.5	0.55	1.5
Hainan and SW regions	3.0	3.0	3.0	1.0	10
Heilongjiang	0.2	0.5	0.5		1.2
CBEEEX	0.5	1.5	0.5		2.5
Total	4.15	5.6	5.1	1.85	16.7

Annex 1 Diagram of the Key Programme Results



RESULTS AND RESOURCES FRAMEWORK

Part . Programme results and resources framework

Project Title and ID: 00051952 Capacity Building and Innovations to Promote Green Development in China
Outcome One: Networking of green development stakeholders is strengthened and a multiple-participatory extensive platform is established to promote broad collaboration in green development.
TRAC USD 417,000

Intended outputs	Indicative Activities 2010-2013	Inputs US\$
Output 1.1: Green Development Alliance Established with sustainable mechanism of forum, reporting, resource mobilization and advocacy events.	1.1.1. Green Development Forum is conducted on annual basis 1.1.2. Field visits conducted to monitoring and evaluation 1.1.3. Regular Meetings conducted for key shareholders 1.1.4. International study tour conducted for relevant green development initiative in other countries 1.1.5. Miscellaneous	97,000 30,000 20,000 30,000 85,000
Output 1.2: Green development strategy and policy recommendations formulated based upon summary of best practices of green	1.2.1 Best practices of Pilots of green development initiatives summarized	20,000

Intended outputs	Indicative Activities 2010-2013	Inputs US\$
development pilots.	1.2.2 Strategy and policy recommendations formulated for key shareholders to better advance green development in China 1.2.3 Workshop conducted to better sharing reports and knowledge products from the Green Development Alliance 1.2.4 Miscellaneous	20,000 30,000 85,000

Outcome Two: Innovations and Win-win Options of Climate Change and Social Development Explored through Pilots and Capacity Building

TRAC USD 3,000,000

Government Cost Sharing USD14,200,000

Intended outputs	Indicative Activities 2010-2013	Inputs US\$
Output 2.1: Baseline and pilot plan	2.1.1 Undertake local stakeholder consultations and assess the current situation regarding poverty alleviation, way of production, energy and ecology. 2.1.2 Quantitatively investigate and collect basic data on energy utilization and eco-environmental conservation. 2.1.3 Identify priority areas that need to be addressed, and Assess strengths and weaknesses of institutional policy, management and technical support systems. 2.1.4 Investigate potential synergy with other UNDP projects and aid initiatives in China and overseas. 2.1.5 Design of pilot plans in the pilot areas	TRAC50,000 TRAC50,000 TRAC50,000 TRAC50,000 TRAC50,000

Intended outputs	Indicative Activities 2010-2013	Inputs US\$
<p>Output 2.2: Capacity Building in the pilot areas To improve active participation, self-determination and self-development of farmers and local decision makers in each demonstration area.</p>	<p>2.2.1 Provide training to farmers representatives and local stakeholders in the establishment of associations.</p> <p>2.2.2 Agree terms of reference and regulations for the associations.</p> <p>2.2.3 Provide fundamental social education through easy-to-learn training courses to local ethnic people.</p> <p>2.2.4 Provide easy access to information sources and support services.</p> <p>2.2.5 Cultivate knowledge sharing through modern ICT means.</p> <p>2.2.6 training in: the theory and practice of agricultural co-operation; marketing and contract negotiation; participatory poverty alleviation; eco-environmental protection; renewable energy; and agricultural production skills.</p> <p>2.2.7 Provide training to trainers and key decision makers in farmers' associations</p>	<p>TRAC 50,000</p> <p>TRAC 100,000</p> <p>TRAC 100,000</p> <p>TRAC 100,000</p> <p>TRAC 500,000</p> <p>TRAC 150,000</p>
<p>Output 2.3 Demonstration Projects</p>	<p>2.3.1 Identify potential demonstration projects that combine bio-fuel development, low carbon agriculture production with poverty alleviation practice.</p> <p>2.3.2 Assess technical development, environmental and social needs for each demonstration project.</p> <p>2.3.3 Optimise technical, environmental and social parameters for each project.</p> <p>2.3.4 Establish an appropriate scientific and technical support platform for each project.</p>	<p>TRAC 1,500,000 C/S 13,000,000</p>

Intended outputs	Indicative Activities 2010-2013	Inputs US\$
Output 2.4 Knowledge management and dissemination	2.3.5 Finalise design and implementation plan for each demonstration project. 2.3.6 Establish demonstration projects and commence project activity 2.4.1 Documentation of proven experiences in the pilot areas. 2.4.2 Based on the project experience, prepare training manuals and guidelines to advise on and promote good practice in plant cultivation, eco-environmental protection, sustainable energy development and business development. 2.4.2 Conduct workshops to disseminate successful experiences	TRAC 300,000 C/S 1,033,000

Outcome Three: Capacity Built for Development of Carbon Trade Market

TRAC USD500,000

Government Cost Sharing USD2,500,000

Intended outputs	Indicative Activities 2010-2013	Inputs US\$
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Intended outputs	Indicative Activities 2010-2013	Inputs US\$
<p>Output 3.1: Standard and methodology developed for carbon trading for agriculture and forestation development with particular attention on vulnerable groups and poverty alleviation</p> <p>Output 3.2: Platform established for carbon Trading</p> <p>Output 3.3: Pilots for low carbon agriculture and forestation project for carbon trading</p> <p>Output 3.4: Capacity building at both institutional and individual level low carbon agriculture/forestation project for low carbon trading</p>	3.1.1 Reach and studies conducted to formulate standard and methodology based upon pilots	TRAC USD 50,000
	3.1.2 Workshops conducted for sharing and better formulating the standard and methodology	TRAC USD50,000
	3.2.1 Strategy, mandate and mechanism developed for carbon trading platform	TRAC USD20,000
	3.2.2 Needs and market analysis conducted for carbon trading	TRAC USD30,000
	3.3.1 pilots of low carbon agriculture/forestation and rural/urban project for carbon trading identified and implemented	Gov. Cost Sharing USD2,000,000
	3.3.2 Evaluation and workshops of pilots conducted to summarise best practices for carbon trading of green development initiatives	Gov. Cost Sharing USD250,000
	3.3.3 GMS of Government Cost Sharing for UNDP	Gov. Cost Sharing USD25,000
	3.4.1 Training programme designed based upon research, pilots and needs analysis	TRAC USD30,000
	3.4.2 Training conducted for the key shareholder at national and local level	TRAC USD100,000
	3.4.3 Forum conducted for carbon trading	TRAC USD150,000
	3.4.4 International study tours conducted for key stakeholders to exchange low carbon	Gov. Cost Sharing USD225,000
	3.4.5 Report, advocacy and campaigns launched to better communicate the pilot and research results from the programme	TRAC USD70,000

Annual Work Plan

Year 2010

EXPECTED CP OUTPUTS and indicators including annual targets	Indicative Activities	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q 1	Q 2	Q 3	Q 4		Source of Funds	Budget Description	Amount
Output 1 Project Management to establish efficient and effective management and implementation structure	1.1 Establish PMOs		X			XJ,HN, IM, HLJ, CBEEEX, CICETE			
	1.2 Establish participatory decision-making process		x	x		XJ,HN, IM, HLJ, CBEEEX, CICETE			
	1.3 Finalise management arrangements		x			XJ,HN, IM, HLJ, CBEEEX, CICETE			
	1.4 Project Monitoring and Inspection		X	X	X	UNDP, CICETE	04000		5,000
	1.5 Audit				X	CICETE	04000		1,000
							04000		6,000
Output 2 Baseline research for development of sub-projects	2.1 Assess current situations			X		XJ,HN, IM, HLJ, CBEEEX, CICETE			
	2.2 Identify priority areas			X		XJ,HN, IM, HLJ, CBEEEX, CICETE			
	2.3 Identify training and resource needs					XJ,HN, IM, HLJ, CBEEEX, CICETE	04000		10,000
							04000		10,000
Output 3 Capacity building /Training to improve participation and self-determination and development in demonstration areas	3.1 Research		X	X	X	XJ,HN, IM, HLJ, CBEEEX, CICETE	04000		50,000
	3.2 Training for PMOs		X	X	X	XJ,HN, IM, HLJ, CBEEEX, CICETE			60,000
	3.3 Study tour for PMOs		X			XJ,HN, IM, HLJ, CBEEEX, CICETE			60,000

	3.4 Training for farmers		X			XJ,HN, IM, HLJ, CBEEEX, CICETE			30,000
	3.5 Study tour for farmers	X	X			XJ,HN, IM, HLJ, CBEEEX, CICETE			26,500
							04000		226,500
Output 4 Demonstration projects	4.1 Demonstration construction			X	X	XJ,HN, IM, HLJ, CBEEEX, CICETE	30071		1,485,000
							30071		1,485,000
Output 5 Project dissemination									
Implementation Fees	Overhead to CICETE				X	CICETE	04000		7,500
	UNDP GMS					UNDP	30071		15,000
TOTAL							04000		250,000
							30071		1,500,000

Source	Amount
TRAC	250,000
GOVT. CS	1,500,000
SUBTOTAL	1,750,000