China’s Growing Engagement with the UNDS as an Emerging Nation:
Changing Rationales, Funding Preferences and Future Trends

Mao Ruipeng
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Foreword

This study about Chinese contributions to and policies regarding the United Nations development system (UNDS) was commissioned as part of a broader study about earmarked funding in the multilateral development system that is financed by the German Federal Ministry for Economic Cooperation and Development (BMZ). We are pleased to cooperate with UN expert Dr Mao Ruipeng of the Shanghai Institutes for International Studies (SIIS): The DIE and the SIIS have a long history of cooperation and joint research.

Most UNDS funding comes from a handful of OECD/DAC members, whose earmarking motivations, strategies and funding profiles have been widely discussed and analysed – including in our own study. Over time, however, other countries have increased their financial contributions and are using earmarked funding, often in rather restrictive ways. China is a particularly interesting case in point: Although China’s overall contributions remain modest they have roughly quadrupled over the last decade, making it the largest BRICS contributor to the UNDS (if local resources are not counted). China is also seeking to play a more active role at the UN generally – not only in the area of development. While China’s bilateral South-South cooperation and its recent initiative to establish a new multilateral development bank have been studied extensively, barely any empirical analysis has been made of China’s development policies vis-à-vis the UN. Many observers are following China’s behaviour at the UN with great interest – and often drawing very broad interpretations.

This study helps us better understand China’s activities and positioning at the UN in the realm of development and humanitarian affairs by analysing its UNDS funding and related decisions in depth. It also speaks to the larger debate about China’s attempts to proactively shape the international system and multilateralism. As the author notes, there are many different reasons for increasing contributions to the UNDS, from making reputational gains and appreciating the UN’s multilateral assets to seeking greater influence and using the UNDS for China’s Belt and Road Initiative (BRI). Such motivations do not necessarily reap the anticipated results in complex multilateral settings. Nevertheless, the positioning of a key player like China will undoubtedly be very significant for the future of both the UNDS and the UN.

Bonn, February 2020             Silke Weinlich
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<th>Full Form</th>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
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<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>AIIB</td>
<td>Asian Infrastructure Investment Bank</td>
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<td>ASEAN</td>
<td>Association of Southeast Asian Nations</td>
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<td>BRI</td>
<td>Belt and Road Initiative</td>
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<tr>
<td>BRICS</td>
<td>Brazil, Russian Federation, India, China and South Africa</td>
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<tr>
<td>CDB</td>
<td>Caribbean Development Bank</td>
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<tr>
<td>CFIT</td>
<td>UNESCO-China-Fund-in-Trust</td>
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<tr>
<td>CICETE</td>
<td>China International Center for Economic and Technical Exchanges</td>
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<td>CIDCA</td>
<td>China International Development Cooperation Agency</td>
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<tr>
<td>CPC</td>
<td>Communist Party of China</td>
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<tr>
<td>CROP</td>
<td>Council of Regional Organizations in Pacific</td>
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<tr>
<td>DAC</td>
<td>Development Assistance Committee</td>
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<tr>
<td>ECA</td>
<td>UN Economic Commission for Africa</td>
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<td>ECE</td>
<td>UN Economic Commission for Europe</td>
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<tr>
<td>ECLAC</td>
<td>UN Economic Commission for Latin America</td>
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<tr>
<td>ESCAP</td>
<td>UN Economic and Social Commission for Asia and the Pacific</td>
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<tr>
<td>ESCWA</td>
<td>UN Economic and Social Commission for West Asia</td>
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<tr>
<td>ECOSOC</td>
<td>UN Economic and Social Council</td>
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<tr>
<td>FAO</td>
<td>Food and Agriculture Organization of the United Nations</td>
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<td>G77</td>
<td>Group of 77</td>
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<tr>
<td>ICAO</td>
<td>International Civil Aviation Organization</td>
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<td>ICC</td>
<td>International Chamber of Commerce</td>
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<td>IDA</td>
<td>International Development Association</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<tr>
<td>IGO</td>
<td>inter-governmental organisation</td>
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<tr>
<td>IIICBA</td>
<td>UNESCO International Institute for Capacity Building in Africa</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>IMO</td>
<td>International Maritime Organization</td>
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<tr>
<td>INGO</td>
<td>international non-governmental organization</td>
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<td>IOM</td>
<td>International Organization for Migration</td>
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<td>ITC</td>
<td>International Trade Centre</td>
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<td>ITU</td>
<td>International Telecommunication Union</td>
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<tr>
<td>MDB</td>
<td>multilateral development bank</td>
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<td>MDG</td>
<td>Millennium Development Goal</td>
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<tr>
<td>MoU</td>
<td>memorandum of understanding</td>
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<td>MPTF</td>
<td>Multi-Partner Trust Fund</td>
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OCHA  UN Office for the Coordination of Humanitarian Affairs
ODA  official development assistance
OECD  Organization for Economic Co-operation and Development
OHCHR  UN High Commissioner for Human Rights
OHRLLS  UN Office of the High Representative for the Least Developed Countries
PBF  UN Peacebuilding Fund
PIFS  Pacific Island Forum Secretariat
SDG  Sustainable Development Goal
SPFS  Special Programme for Food Security
SSTC  South-South and triangular cooperation
2030 Agenda  United Nations 2030 Agenda for Sustainable Development
UNAIDS  Joint United Nations Programme on HIV/AIDS
UNCDF  UN Capital Development Fund
UNCEB  UN Chief Executives Board
UNCTAD  UN Conference on Trade and Development
UNDESA  UN Department of Economic and Social Affairs
UNDP  UN Development Programme
UNDPA  UN Department of Political Affairs
UNDS  UN development system
UNEP  UN Environment Programme
UNESCO  UN Educational, Scientific and Cultural Organization
UNFCCC  UN Framework Convention on Climate Change
UNFPA  UN Population Fund
UNGA  UN General Assembly
UN-Habitat  UN Human Settlements Programme
UNHCR  UN High Commissioner for Refugees
UNICEF  UN International Children’s Emergency Fund
UNIDO  UN Industrial Development Organization
UNITAR  UN Institute for Training and Research
UNODC  UN Office on Drugs and Crime
UNPDF  UN Peace and Development Trust Fund
UNRISD  UN Research Institute for Social Development
UNSPC  UN Standard Products and Services Code
UNSSC  UN System Staff College
UNU  United Nations University
UN-Women  UN Entity for Gender Equality and the Empowerment of Women
UNWRA  UN Relief and Works Agency
UNWTO  UN Tourism Organization
<table>
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<tr>
<th>Acronym</th>
<th>Full Name</th>
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<tr>
<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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<td>WFP</td>
<td>World Food Programme</td>
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<tr>
<td>WHO</td>
<td>World Health Organization</td>
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<tr>
<td>WIPO</td>
<td>World Intellectual Property Organization</td>
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<td>WMO</td>
<td>World Meteorological Organization</td>
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Executive summary

As China deepens its engagement in global governance and development, its strategic motivation and rising influence within the United Nations (UN) and on international rules and norms are attracting the world’s attention. This paper focuses on China’s engagement with the United Nations development system (UNDS), specifically Chinese funding and allocation decisions.

China regards itself as a developing country and regards its foreign aid as South-South cooperation. China has both increased its aid volume in recent years and expanded it from bilateral to South-South and triangular cooperation (SSTC) through various multilateral institutions.

Over the past decade, China has provided increased support and funding for development aid projects conducted by international organisations. Today, China is not only the 11th largest contributing country to the World Bank’s International Development Association (IDA), but is also the 13th largest UNDS funder. China values the UN’s role in implementing the 2030 Agenda for Sustainable Development (2030 Agenda) and has made the UNDS a key partner in order to facilitate its growing volume of multilateral development aid.

China’s UNDS funding has risen rapidly since 2008 and even accelerated in 2013. In 2017, China’s total contribution reached USD 325.869 million, including USD 120.157 million for its assessed contribution and USD 38.778 million voluntary core (unrestricted) funding and USD 166.934 million voluntary non-core (restricted) funding. Between 2013 and 2017, Chinese funding (excluding local resources) grew at an annual average rate of 33.8 per cent. China’s shares of core funding and assessed contribution in its total UNDS funding are much higher than traditional donor countries. However, the share of non-core funding (excluding local resources) in China’s total contribution has also jumped – from 23.0 in 2008 to 50.1 per cent in 2017. China extensively uses trust funds in its voluntary funding. It has also contributed relatively small sums to UN inter-agency pooled and thematic funds, which support specific high-level outcomes for various entities.

China tends to prioritise development activities over humanitarian assistance. Between 2010 and 2017, Chinese development funding averaged 86 per cent. Nevertheless, its amount and share of funding for humanitarian assistance has been increasing since 2015. China’s resources tend to go to a limited number of UNDS agencies: In 2017, the World Food Programme (WFP) received 46.2 per cent of its total funds, followed by the United Nations Development Programme (UNDP) (10.7 per cent) and the United Nations Department of Social and Economic Affairs (UNDESA) (7.4 per cent). China’s voluntary funding seems to go to agencies with Chinese citizens in senior positions, such as UNDESA, the International Telecommunication Union (ITU), the International Civil Aviation Organization (ICAO) and the United Nations Industrial Development Organization (UNIDO).
This paper examines three cases of China’s earmarked funding – to the UNDP and the WFP, which receive the largest share of its UNDS funds, as well as for United Nations Peace and Development Trust Fund (UNPDF) operations, which count as a voluntary contribution.

China’s growing engagement with the UNDS reflects the government’s changing thinking about foreign policy and evolving perception of foreign aid. China’s increased funding to the UNDS can broadly be attributed to the following factors:

First and foremost, China is seeking hard to upgrade its foreign policy, emphasising the importance of active participation in global governance and enhancing its discursive power on the international stage. Active engagement in global governance has been written into many official Chinese documents as a means of advancing the country’s development and international status.

Second, China’s perception of its national interests and foreign aid is changing: National interests are now viewed more comprehensively. In the long run, Chinese foreign aid aims to help maintain national security, provide global and regional public goods, and contribute Chinese wisdom and experience to major global development issues.

Third, China’s awareness of the importance of the UN in global development cooperation is growing. The UN stands for a multilateral, universal and rules-based world order; its legitimacy in global development cooperation permits the UN to engage more in certain activities than bilateral aid can. China hopes that triangular cooperation with the UN will make its foreign aid more effective and efficient.

Fourth, China needs to promote its image. One important criterion for determining funding for international organisations is how it will improve global public opinion about China and foster China’s image as a “responsible great nation”.

Finally, China needs to advance its Belt and Road Initiative (BRI). So far, China has signed memoranda of understanding (MoUs) on building the BRI with such UN agencies as the UNDP, the UN Environment Programme (UNEP), the World Health Organization (WHO), the UN Economic and Social Commission for Asia and the Pacific (ESCAP) and the Food and Agriculture Organization (FAO). UN support for and participation in the BRI is key to its legitimacy and sustainability, and helps it become more institutionalised. This last point was made clear at the Second Belt and Road Forum for International Cooperation in April 2019.

China supports UN Secretary-General António Guterres’ efforts to reform the UNDS. Aligned with the Group of 77 (G77) of developing nations, China differs from developed countries in the fields prioritised for development. It worries that UNDS reform will lose momentum or negatively impact the developing world. While increasing its UN funding, China will also make greater efforts to promote its effectiveness and efficiency. A large gap remains between China’s “quasi-core funding” – like inter-agency pooled funds and thematic funds – and the requirements of the UNDS funding compact, which has been little discussed in China.

Key findings:
Several key findings and policy recommendations can be made after examining China’s engagement with and funding to the UNDS over the past decade:

1. China has greatly increased funding for the UNDS since 2013. However, the amount remains relatively low. China’s peak funding in 2017 represented just 0.97 per cent of total UNDS funding and 1.3 per cent of all UN member state contributions. The share of multilateral development aid in China’s total foreign aid is far below the average of members of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD): China may need to further increase its engagement in and funding for the UNDS.

2. While China tends to mostly provide funds for UNDS development projects, in recent years it has also been hiking funding for humanitarian assistance. In 2017, about 72.8 per cent of China’s total contributions to the UNDS went to development activities – much above the member states’ average of 52.4 per cent. China’s contributions to humanitarian assistance rose from USD 5.1 million in 2010 to USD 88.7 million in 2017, with the share of humanitarian assistance in its total funding increasing from 5.3 to 27.2 per cent during the same period – reflecting the Chinese government’s growing recognition of UN humanitarian assistance.

3. China tends to prioritise economic development and people’s livelihoods in funding projects for other developing countries – in fields like poverty reduction, education, health and environmental protection. These priorities are seen in China’s non-core funding for the UNDS and its advocacy for UNDS reform. Meanwhile, China endorses the 2030 Agenda’s premise of concerted economic, ecological and social development because it realises that “development” is a complex concept with multiple dimensions.

4. Most of China’s UNDS funding has been core funding, although its share of voluntary non-core funding has been rising rapidly during the last decade. In 2017, for the first time, the share of voluntary non-core funding reached more than half of its total funding. The international community should encourage China to take bigger steps to meet the requirements of the new funding compact by contributing significantly more to quasi-core funding like inter-agency pooled and thematic funds: More can be done to enhance coordination between the UNPDF (which China founded and funds) and inter-agency pooled and thematic funds.

5. China has shown increasing interest in triangular cooperation with UNDS agencies. China acknowledges the UN’s authoritativeness, neutrality and universality in promoting development cooperation, and will continue working with it to enhance the scope and effectiveness of Chinese foreign aid. Further mainstreaming South-South and triangular cooperation (SSTC) in international development cooperation will beef up cooperation under the UN framework between emerging economies and other developing countries.

6. China’s voluntary non-core funding goes to a limited number of UNDS agencies. In 2017, the WFP, UNDP, UNDESA, WHO and the United Nations High Commissioner for Refugees (UNHCR) were the main beneficiaries. China seems to favour agencies where its citizens hold senior positions, such as UNDESA, the ITU, ICAO and UNIDO.
This may reflect China’s wish for more international organisations to recognise China’s rising global status – while at the same time, international organisations with Chinese senior officials may acquire resources from China more easily.

7. China has increasingly sought to encourage UNDS agencies to help implement the BRI, which its government has defined as a grand project that requires all parties’ engagement to succeed. With the BRI becoming a key platform for Chinese participation in international development cooperation, China’s foreign aid resources will likely be focused there. The international community needs to develop ways to help the BRI implement the 2030 Agenda and the Sustainable Development Goals (SDGs).

In general, China continues to integrate into the global development system. Facing the wane of multilateralism, it still views the UN and other multilateral institutions as key to international order. China also believes that supporting multilateralism helps promote relationships between China and other developing countries and most Western ones. China is thus expected to keep supporting the UN and contributing to the UNDS.
1 Introduction

Not only has China augmented its volume of foreign aid by double digits since the beginning of the 21st century, but it has also expanded from bilateral to South-South and triangular cooperation (SSTC) through various multilateral institutions in order to help bridge growing funding gaps for implementing the 2030 Agenda for Sustainable Development (2030 Agenda). China is now the 11th largest funder of the World Bank’s International Development Association (IDA), and second largest contributor to the UN’s regular and peacekeeping budgets. With its power and authority steadily increasing, China attaches great importance to the UN’s role in promoting global development, and is working with the organisation to align its Belt and Road Initiative (BRI) with the 2030 Agenda. Meanwhile, China is providing more and more funds to the UN development system (UNDS), and in 2017, was its 13th largest funder.1 The past years have also witnessed China’s increasing voluntary contributions to UNDS agencies, particularly for humanitarian projects like those of the World Food Programme (WFP). In May 2016, the Chinese government and the UN agreed that China would contribute USD 200 million over 10 years to set up the United Nations Peace and Development Trust Fund (UNPDF), one of the largest recent contributions to the UN from any country.2

Nevertheless, China’s UNDS funding is relatively small compared with traditional donor countries, and its voluntary donations constitute a much lower proportion of its total contribution than traditional donors and most emerging economies. As the Organisation for Economic Co-operation and Development (OECD) pointed out in its 2018 report on multilateral development finance, “China and other emerging economies are growing in importance, even though the ODA [official development assistance] financing from DAC [Development Assistance Committee] members still represents the bulk of funding for most multilateral development organizations” (OECD, 2018, p. 81).

As China’s engagement in global governance and development deepens, its strategic motivation and rising influence within the UN and on international rules and norms attracts more and more attention. Although the Chinese government has reiterated that its growing contribution to global governance and development reflects its determination to become a great power with due responsibilities, international observers are divided over China’s role. While the OECD report noted that “China is establishing a leadership role in the multilateral system, through greater funding to and influence on ‘traditional multilateral institutions’” (OECD, 2018, p. 59), some Western critics believe that China intends to use its economic, political and institutional powers to change the global governance system from within: redefining human rights and democracy, insisting on the principle of national sovereignty and “infusing consensus global goals with Chinese ideological terms and foreign policy

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1 This paper uses the definitions for the “United Nations development system (UNDS)” and “operational activities for development” in the Technical Note of the 2019 Secretary-General’s Report on the Implementation of the QCPR (A/74/73-E/2019/14). UNDS refers to UN entities that undertake operational activities for development – activities primarily intended to promote the development and welfare of developing countries – and are eligible for official development assistance (United Nations, 2019).

2 Interview with an anonymous UN official in Shanghai in June 2019.
strategies such as the Belt and Road” (Lee & Sullivan, 2019). Others think that by engaging in the UN’s social and economic institutions, the Chinese government is “showing itself as increasingly willing and able to employ the UN to internationalize and legitimize its own domestic interests as well as its economic approach to development” (Okano-Heijmans & Putten, 2018). Some worry that China’s growing financial contribution to the UNDS is negatively affecting international norms, and oppose Chinese efforts to align the BRI with the 2030 Agenda (Worden, 2019). Other observers argue that “[a]lthough there are indications of Chinese efforts to reshape international norms on human rights in the UN Human Rights Council, we have not yet observed similar dynamics in the UNDS” (Weinlich & Janus, 2018).

Instead of focusing on how China’s financial contribution could impact the UNDS, Chinese scholars and analysts generally assess how increasing foreign aid and other global public goods – such as by ramping up its assessment and voluntary contributions to the UN and other international organisations and contributing more peacekeeping personnel – boosts China’s image as a responsible great nation. Sun Mingxia (2018) analyses doubts and criticisms about China’s foreign aid from the perspective of national image-building and concludes that China should explain the concepts, values and rationale behind its aid practices. Xu Haoliang (2014) argues that cooperating with the UN can help China better understand and use UN standards and mechanisms to improve capacity and help reduce criticism of its foreign aid practices. Mao Xiaojing (2012) sees China’s multilateral aid as contributing to multilateralism and believes that resources are more effectively used through multilateral institutions, especially for emergency humanitarian assistance and food aid. She also argues that multilateral aid can support China’s multilateral diplomacy. Wang Luo (2016 and 2018) thinks that given UN expertise and global networks, engaging in triangular cooperation with UN agencies will help China integrate South-South projects like China-Africa industrial cooperation into the framework of international development cooperation.

This paper contributes to the debate by focusing on China’s engagement with the UNDS, specifically its funding and allocation decisions. Although the paper may only conclude with partial answers concerning China’s international pursuits, it can nevertheless explain China’s past and future international behaviour.

Section 1 explores the rationale behind and the related debate about China’s growing engagement in international development cooperation. It argues that seeing itself as a developing country, a responsible great power and a staunch defender of the international order, China seeks to enhance its international status by contributing more global public goods. Mainly using data from the United Nations Department of Economic and Social Affairs (UNDESA), Section 2 briefly reviews the history of Chinese UNDS funding and compares Chinese funding practices with those of other major contributors. Section 3 includes three case studies on China’s earmarked funding to the United Nations Development Programme (UNDP) and the World Food Programme (WFP), which receive the largest share of Chinese UNDS funding, and to UNPDF operations with China’s voluntary contribution. Section 4 analyses Chinese decisions on engaging with the UNDS, its management structure and major policy considerations. Section 5 summarises major Chinese positions regarding the new round of UNDS reforms. It concludes that China’s increasing engagement with and funding to the UNDS reflects changing perceptions of Chinese interests and foreign aid, as well as efforts to upgrade its foreign policy by participating more actively in global governance and enhancing China’s discursive power on
the international stage. China seeks to promote global development and its BRI through an SSTC model by reinforcing its joint efforts with the UN in global development cooperation.

2 China’s international development cooperation: from bilateral to multilateral engagement

The Chinese practice of contributing to multilateral development institutions is paradoxical. On one hand, China is seeking to shoulder more international responsibilities with its rising economic strength. On the other hand, as a developing country, China has reiterated that its foreign aid is not a grant but is intended to develop both China and the recipient countries – and should be regarded as South-South cooperation. One analyst observes that China may be limiting its funding to the UN and other multilateral institutions in order to not give the impression that China has become a donor country (and is no longer a developing one) (Xu, 2014). Indeed, over the past decade, China has struggled to balance its domestic developmental needs and international responsibilities.

China’s stance on global governance has evolved from sceptically looking on to actively participating. Since 2013, the Chinese government has been increasingly emphasising that international norms, rules and institutions are crucial for the country’s lasting development, and has adopted a new policy of actively participating in global governance and enhancing China’s discursive power in the process. While proposing concepts and initiatives for global governance reform, researching more and expanding its talent pool, China has come to understand the close link between a country’s financial contribution and its global influence. Put simply, bigger contributions would help China win more respect from international organisations and other countries, giving China greater say over international organisations’ agenda-setting and specific project decisions. China must increase funding to the UN and other multilateral organisations in order to strengthen its position in the international community.

The Chinese government has introduced the concept of a “great developing country” to rationalise its growing international contribution. This paves the way for China to take on more international responsibilities – as a developing country. China considers funding for the UN and other multilateral organisations as its share of global public goods, and necessary to boost its status (Yang, 2015). Such changes in perception and concepts make China more willing to increase foreign aid and more deeply engage with multilateral aid platforms: Foreign aid is becoming more important in China’s national development strategy. In 2016, for the first time, it was included in China’s 13th 5-Year Plan (2016-2020) in a proposal to increase the volume and improve the forms of China’s foreign aid (Xinhua News Agency, 2016a). In 2017, the “Guidelines for Implementing the Reform of Work Regarding China’s Foreign Aid” were passed at the “32nd meeting of the Central Leading Group of the Communist Party of China (CPC) for Deepening Reform in an All-round Way” chaired by President Xi Jinping. The guidelines include optimising China’s foreign aid strategy, better managing foreign aid funds and projects, and reforming management mechanisms to maximise the effect of foreign aid (Xinhua News Agency, 2017).

The emergence of trust funds and triangular cooperation makes it easier for China to participate in international development cooperation through multilateral organisations. For developing countries, South-South cooperation is not ODA but rather partnerships based on unity and equality between countries (UN-OHRLLS, 2011). The framework of operational
guidelines for UN support for South-South and triangular cooperation has defined South-South cooperation as

a process where two or more developing countries pursue their individual and/or shared national capacity development objectives through exchanges of knowledge, skills, resources and technical know-how and through regional and interregional collective actions [...] for their individual and/or mutual benefit within and across regions; triangular cooperation involves Southern-driven partnerships between two or more developing countries supported by a developed country(ies)/or multilateral organisation(s) to implement development cooperation programmes and projects. (UN Secretary-General, 2016)

With China insisting on its developing-country status, it defines foreign aid as South-South cooperation. For instance, the Information Office of the State Council of the People’s Republic of China states in *China’s Foreign Aid* (2014), that China will provide “assistance in China’s capacity” to other developing countries within the South-South framework, and that China’s aid reflects “mutual assistance between developing countries”.

Many international organisations like the UN have acknowledged this position and encouraged China to contribute more to SSTC (Han, 2017). In 2006, China’s Ministry of Agriculture signed a Letter of Intent regarding South-South cooperation with the UN Food and Agriculture Organization (FAO), making China the first country to launch South-South cooperation projects under the Special Programme for Food Security (SPFS). In 2011, China and the UNDP collaborated to improve sustainable cassava production and exports from Cambodia. The United Nations Educational, Scientific and Cultural Organization (UNESCO)-Chinese Funds-in-Trust (CFIT) for China-Africa Multilateral Education Cooperation was launched in March 2012 to boost investment in basic education in Africa. China and various multilateral organisations are deepening their partnerships.

Traditionally, China’s foreign aid, including grants, interest-free loans and concessional loans, was mainly bilateral: complete projects, goods and materials, technical cooperation, human resources development cooperation, medical teams, emergency humanitarian assistance, volunteer programmes in foreign countries and debt relief (Information Office of the State Council of the People’s Republic of China, 2011). Over the years, China has begun delivering more development aid through multilateral organisations. The Ninth Conference on Work Regarding Foreign Aid of China’s State Council in August 2010 proposed modernising foreign aid institutions and mechanisms. China’s white paper on foreign aid of April 2011 stated:

China’s foreign aid is provided mainly through bilateral channels. At the same time, China also has done its best to support and participate in aid programmes initiated by organisations like the United Nations, and has actively conducted exchanges and explored practical cooperation with multilateral organisations and other countries in the field of development assistance with an open-minded attitude. (Information Office of the State Council of the People’s Republic of China, 2011)

Three years later, China’s 2014 white paper on foreign aid placed greater importance on multilateral development assistance:

With [its] enhanced ability to participate in global affairs, China has within its capacity rendered support to the assistance programmes initiated by multilateral development
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While increasing its volume of bilateral aid, China has also been exploring other forms of foreign aid. In 2016, following other models of international assistance, China set up the South-South Cooperation Assistance Fund to help other developing countries implement the 2030 Agenda. The Fund was established with USD 2 billion, followed by another USD 1 billion in 2017. Major applicants and project contractors include social organisations from China and recipient countries, Chinese and international think tanks, and international organisations. The Fund has become an important channel for China’s foreign aid and joint actions with UNDS organisations. By the end of 2018, the Fund had cooperated with UNDS agencies like the WFP, UNDP, UNHCR, WHO and UNICEF to launch 52 projects in over 30 developing countries in Asia, Africa and Latin America – including medical services, care for women and children, disaster relief and food aid – that benefited nearly 20 million people (Yao, 2019). China’s International Development Cooperation Agency (CIDCA) stated that between January and August 2019, China had worked with the WFP to provide emergency food aid for Somalia, the Democratic Republic of Congo, South Sudan, Zimbabwe and Mozambique; cooperated with the UNDP to provide disaster recovery assistance to Zimbabwe, Malawi and Mozambique; helped finance the International Civil Aviation Organization (ICAO) training programmes in Togo, Republic of Congo, Tanzania and Ghana; and contributed funds to animal husbandry capacity-building projects run by the UN Industrial Development Organization (UNIDO) in Ethiopia. These were all financed through the South-South Cooperation Assistance Fund.

In the last decade, China has increasingly supported and funded development aid projects run by international organisations. According to the Chinese Ministry of Foreign Affairs, after first contributing USD 30 million to the International Development Association (IDA) in December 2007, China contributed another USD 161 million in 2010, 300 million in 2013 and 600 million in 2016 to increase its capital. Today, China is not only the 11th largest contributor to the IDA but also contributes to World Bank global funds like the Global Environment Facility and the Global Fund to Fight AIDS, Tuberculosis and Malaria, to which it pledged USD 18 million for 2017 to 2019. China also continues to fund regional financial institutions like the Asian Development Bank (ADB), the African Development Bank (AfDB) and the Caribbean Development Bank (CDB). China has launched the BRI and founded new multilateral financial institutions such as the Asian Infrastructure Investing Bank (AIIB) to strengthen international development cooperation. China’s overall contributions to multilateral development banks (MDBs) appear much larger than those to the UNDS, which might indicate that China prefers institutions that use weighted voting (Xu, 2014). This could result from China’s decision-making regime, especially the way specialised departments centrally manage affairs concerning international organisations. For example, the Ministry of Finance is in charge of matters related to MDBs like the World

3 Interview with an anonymous official at CIDCA, Shanghai, April 2019.
4 The “Guidelines for Application for and Management of Projects of the Assistance Fund for South-South Cooperation” (Trial Version) of September 2016 state that applications to the Fund can be submitted through relevant administrative agencies. International organisations and think tanks may submit applications to offices in China or through the commercial offices of Chinese embassies and consulates abroad (Ministry of Commerce of the People’s Republic of China, 2016).
Bank and the ADB, while the Ministries of Foreign Affairs, Commerce, Agriculture and Education are responsible for affairs concerning the relevant UNDS organisations. Since government budget proposals depend on past performance, MDB weighted voting can help agencies get more money from the central government.

China has fully supported the UN since it recovered its seat in 1971. China highly values the UN’s role in implementing the 2030 Agenda and has made the UNDS a key partner in facilitating delivery of international public goods. In the past few years, China’s Foreign Ministry has several times discussed providing more funds for UN agencies. In the UN High-level Dialogue on Financing for Development and at other UN meetings and events, the Chinese government has made numerous funding commitments to help implement the 2030 Agenda. In September 2015, for example, President Xi announced at the UN General Assembly (UNGA) that China would establish a 10-year, USD 1 billion China-UN Peace and Development Fund (UNPDF) and contributed the first USD 200 million in 2016.

**Figure 1: Chinese funding for international organisations and foreign aid (2008-2018)**

![Graph showing Chinese funding for international organisations and foreign aid (2008-2018)](image)

Source: Based on the annual Central Level General Public Expenditure from the Ministry of Finance of the People’s Republic of China

In recent years, China has provided increasing amounts of multilateral development aid, displaying a spirit of multilateralism consistent with its intention to more actively participate

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5 Interview with an anonymous Chinese diplomat, Shanghai, May 2019.
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in global governance and assume more international responsibilities. However, China’s multilateral development aid remains very limited compared with other major donors. China must increase the share of multilateral aid. According to the Ministry of Finance, China’s total “foreign aid” grew from RMB 12.56 billion (approximately USD 1.78 billion at the exchange rate for 5 Dec. 2019) in 2008 to RMB 20.46 billion (approximately USD 2.9 billion) in 2018, and its funding for “international organisations” jumped from RMB 3.57 billion (approximately USD 506.1 million) to RMB 19.22 billion (approximately USD 2.72 billion) during the same period (Figure 1). The annual budgetary item “Funding for International Organisations” includes China’s membership dues, voluntary contributions and assessments for UN peacekeeping as well as expenditures like capital shares and contributions to various funds – which makes it difficult to determine exactly how much China contributes to the development aid programmes of international organisations. China’s funding for international organisations has risen rapidly since 2015, largely due to new international financial institutions established by the Chinese government. For example, China founded the AIIB in December 2015 with USD 2.5 billion. Analysts estimate that multilateral assistance constituted 24.8 per cent of China’s total foreign aid in 2016 (Kitano, 2018), which represents a big jump. However, that figure is still far lower than OECD/DAC members’ average 41 per cent (OECD, 2018, p. 21).

China’s foreign aid is increasing in tandem with its steadily growing national strength. But China has to balance domestic developmental needs and international responsibilities. As President Xi said during a group learning session of the CPC Politburo in 2016, “We must actively participate in global governance and shoulder more international responsibilities. While trying to do our best, we must act according to our capabilities” (Xinhua News Agency, 2016b).

3 China’s UNDS funding

The UN is a key channel for China’s international development cooperation and a major international organisation that receives Chinese funding for multilateral development. China broadly defines South-South and trilateral cooperation and categorises all its aid through international organisations as trilateral cooperation. This section examines China’s financial contribution to the UNDS based on UNDESA data that supplements the UN Secretary-General’s reports to the ECOSOC operational activities unit, information about donors to agencies like the UNDP and the WFP, domestic media reports and Chinese government reports. It should be noted that since data from China is quite fragmented and may follow different statistical standards, it should be treated with caution. For instance, although the Ministry of Finance and other governmental agencies charged with aligning with UN agencies publish regular reports about their annual budgets, they only provide figures under broad items like “funds for international organisations” and “donations to international organisations” – rather than the sum of each donation and the names of individual organisations. Hence, it is difficult to understand Chinese funding.

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6 It should be noted that the weight of multilateral contributions in the ODA portfolios of DAC members also varies significantly – from 84 per cent from the Slovak Republic to 28 per cent from New Zealand. The figures for Japan, Germany and the United States are a little higher than New Zealand’s – and among the lowest for DAC members (OECD, 2018, pp. 74-75).
3.1 Scale and types of funding

This section examines the profile and types of Chinese financial contributions to the UNDS from 2008 to 2017 – including core (assessed and voluntary core), voluntary non-core and local resources. China’s total contributions to UN development operations reached USD 325.869 million in 2017, including USD 120.157 million assessed, USD 38.778 million voluntary core and USD 166.934 million voluntary non-core resources.

The technical note on definitions, sources and coverage in the UN Secretary-General’s 2019 report on system-wide policy and orientation explains that core resources refer to non-earmarked funding used at the sole discretion of the respective UNDS entity and its governing board. Non-core resources refer to funding directed by donors towards specific locations, themes, activities and/or operations and local resources are by nature non-core funding: earmarked funding used by UNDS entities for donors’ domestic projects. Data analysis reveals the following about China’s UNDS funding:

**China’s funding volume has been rapidly increasing since 2008, and accelerated in 2013.** As Figure 2 shows, China’s total UNDS funding jumped 280 per cent between 2008 and 2017, with core funding increasing by 275 per cent and non-core funding (including local resources) by 283. During that period local resources (for domestic development) in non-core funding dropped from USD 31 to 7 million, with the proportion of local resources in China’s total funding sinking from 36 per cent to just 2.2. Local resources aside, China’s funding has grown since 2013 at an annual average rate of 33.8 per cent, peaking at USD 325.9 million in 2017. That represented 0.97 per cent of total UNDS funding and 1.3 per cent of UN member states’ total contributions. China’s 2017 funding corresponded to only 5.2 per cent of the top contributor, the United States, making it the 13th largest donor (Figure 3).

![Figure 2: Chinese contributions to the UNDS](source: Based on UNDESA data)
It is also worth mentioning that China’s funding hike in 2017 was largely due to a big swell in its contribution to the WFP – nearly USD 57.4 million more than in 2016 (4.3 times the 2016 figure), thanks to the first Belt and Road Forum for International Cooperation held in Beijing in April 2017, where the Chinese government pledged a total of RMB 2 billion (approximately USD 283.7 million) in emergency food aid to BRI countries. In 2018, according to the WFP, China’s funding slumped 55.8 per cent from the previous year – but was still higher than in 2016 (WFP, 2019a).

**Figure 3: The 15 largest UNDS contributors and their share of core funding (2017)**

Note: Excluding local resources.
Source: Based on UNDESA data
In 2017 China contributed more to UNDS than other emerging economies (Figure 4) – if local resources are excluded. Since 2015, it has become the largest funder among the BRICS (Brazil, Russian Federation, India, China and South Africa) and since 2017, one of the biggest non-OECD/DAC funding countries. Brazil remains the largest contributor of local resources – about one-third of all local resources received by the UNDS. If local resources were included, Brazil’s total 2017 contribution would be the eighth largest. As we have seen, the proportion of local resources in China’s total UNDS contribution has been sharply declining, from 36 per cent in 2008 to 2 in 2017.

![Figure 4: Total UNDS contributions by BRICS countries (2008-2017)](image)

Note: Excluding local resources.
Source: Based on UNDESA data

A large proportion of China’s total funding is core funding; its share of non-core funding is rising. Compared with traditional donor countries, Chinese funding is comprised of many more assessed contributions and fewer voluntary donations. Indeed, the shares of core funding, especially the assessed contribution in China’s total UNDS funding, are much higher than traditional donor countries (Figures 3 and 5). The sharp increase of non-core funding in 2017 brought China’s voluntary non-core funding to 50.1 per cent of its total contribution. In that year, Germany’s non-core funding was 90.7 per cent of its total, and the United States’ 86.3 per cent.
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China’s assessed contributions to UNDS agencies have continued to rise. For example, in 2017, China’s dues to all UNDS agencies averaged 6.90 per cent of all UN member states – behind the United States (23.77 per cent) and Japan (9.49 per cent). This development is consistent with China’s rising share in the regular UN budget – from 2.667 per cent in 2008 to 7.92 per cent in 2017 and 12.005 per cent in 2019. Today, China is the second largest contributor to the UN’s regular and peacekeeping budgets – after the United States. Figure 6 shows that counting voluntary core funding, China’s share of core-funding contributions from all UNDS member states increased from 0.77 per cent in 2008 to 2.75 per cent in 2017.
Figure 7 shows that the share of non-core funding (without local resources) in China’s total contribution more than doubled – from 23.0 per cent in 2008 to 50.1 in 2017. In that year, China’s non-core UNDS funding increased by 112.7 per cent and its core funding rose 61.4 per cent.

Note: Excluding local resources.
Source: Based on UNDESA data
China extensively uses project funding and trust funds in voluntary funding. Of China’s total UNDP funding for 2017, 12.3 per cent was regular budgetary funding, 87.7 per cent was other funding types, including cost sharing and local resources (83.6 per cent) and trust funds (3.9 per cent) (UNDP, 2019). In 1989, China signed an agreement with UNIDO to establish a trust fund, offering UNIDO RMB 820,000 (approximately USD 217,743 at the 1989 exchange rate) and USD 50,000 to promote industrial cooperation between Chinese and international enterprises (PKULAW, 1989). Since then, China has continued to use trust funds to work closely with UNDS agencies. In the past few years, China has signed trust fund agreements with the FAO, the International Fund for Agricultural Development (IFAD) and UNESCO. China has been the largest contributing country to the FAO South-South Cooperation Trust Fund that it founded in September 2018 with an initial donation of USD 30 million. In June 2015, China and the FAO signed another agreement in which China pledged USD 50 million for the Fund’s operations. By the end of 2018, the Fund had supported 28 projects: 18 in individual countries, four globally and three in triangular cooperation (Xia, 2019). In February 2018, China provided IFAD with USD 10 million to set up the China-IFAD South-South and Triangular Cooperation Facility, the first IFAD facility dedicated to SSTC.

In November 2012, China contributed USD 8 million to UNESCO to establish CFIT. After the initial period ended in 2016, China pledged another USD 4 million to fund projects for two more years. CFIT is financing the Enhancing Teacher Education for Bridging the Education Quality Gap in Africa project in Congo, Côte d’Ivoire, DR Congo, Ethiopia, Liberia, Namibia, the United Republic of Tanzania, Togo Uganda and Zambia, which is implemented by UNESCO’s International Institute for Capacity Building in Africa (IICBA). China had provided the UN USD 4 million in 2012 to set up a trust fund to promote geospatial information management in China and other developing countries. More Chinese funding followed in March 2018.

China, like other emerging economies, has contributed relatively little to UN inter-agency pooled and thematic funds, however. UNDESA data reveals that China provided USD 500,000 for UN inter-agency pooled funds on humanitarian assistance in 2017 but did not contribute at all to the developmental thematic or inter-agency funds. China contributed just USD 1 million annually to the Multi-Partner Trust Fund (MPTF) between 2007 and 2015 (except for 2013 when it provided USD 2 million and 2011 and 2014, when it provided nothing) – principally for the UN Peacebuilding Fund (PBF) – as well as USD 600 million in 2014 and USD 500 million in 2015 for the Ebola Response MPTF. As of 31 December 2017, China had provided a total of USD 8 million and USD 11 million each to the PBF and the Ebola Response MPTF. China appears to have ceased contributing to inter-agency pooled funds after 2016 (UN Multi-Partner Trust Fund Office, 2019), perhaps because the UNPDF was established that year: Many PBF functions overlap those of the UNPDF, which is now receiving many Chinese resources.

3.2 Funding distribution

China’s contribution to multilateral development institutions is mainly aimed at supporting other developing countries in poverty reduction, food safety, trade development, crisis prevention and reconstruction, population development, maternity and child care, disease control and prevention, education and environmental protection (Information Office of the
State Council of the People’s Republic of China, 2014). UNDESA data analysis reveals how China’s UNDS funding is distributed.

**Chinese funding tends to prioritise development activities over humanitarian assistance.** Figure 8 shows that most of China’s UNDS funding has been for development – averaging 86 per cent between 2010 and 2017, when Chinese development funding reached USD 237 million, or 72.8 per cent of its total, with only 27.2 per cent (USD 89 million) for humanitarian assistance. In contrast, total UNDS funding includes 54 per cent for development activities and 46 per cent for humanitarian assistance.

![Figure 8: Chinese UNDS funding for development and humanitarian assistance (2010-2017)](chart.png)

Source: Based on UNDESA data

It is worth mentioning that since 2015, the amount and share of humanitarian assistance funding in China’s total funding has been increasing. China’s funding for humanitarian assistance more than quadrupled from USD 20.4 million in 2016 to USD 88.7 million in 2017, which corresponds to 27.2 per cent of China’s total funding and 45.9 per cent of its total annual increase. According to the Financial Tracking Service of the UN Office for the Coordination of Humanitarian Affairs (OCHA), in 2017 China provided a total of USD 30 million to Somalia, South Sudan, Yemen, Nigeria and Chad through the WFP (OCHA Financial Tracking Service, 2017). However, China’s contribution to humanitarian assistance remains much lower than the average of 47.6 per cent of all UN members, and far below that of traditional donor countries like the United States, Germany and the United Kingdom.
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Figure 9: Selected contributors’ shares of humanitarian assistance in total funding (2010-2017)

Source: Based on UNDESA data

China funds a limited number of UNDS agencies. In 2017, for instance, without counting local resources, China provided USD 159.8 million in non-core funding (0.92 per cent of all UNDS non-core funding) to 24 UNDS agencies. China’s funding for the WFP alone constituted 46.2 per cent of its total contribution, followed by the UNDP (10.7 per cent) and UNDESA (7.4 per cent). Twenty-one other agencies, including the World Health Organization (WHO), the United Nations High Commissioner for Refugees (UNHCR), UNESCO, the United Nations Environment Programme (UNEP), ICAO, FAO, UNICEF, the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), UNIDO, the United Nations Human Settlements Programme (UN-Habitat), the United Nations Office on Drugs and Crime (UNODC), International Trade Centre (ITC), Joint United Nations Programme on HIV/AIDS (UNAIDS), International Labour Organization (ILO), World Intellectual Property Organization (WIPO), UN Department of Political Affairs (UNDPA), UN Conference on Trade and Development (UNCTAD), International Maritime Organization (IMO), UN High Commissioner for Human Rights (OHCHR), and OCHA received around 36.6 per cent of China’s non-core funding.
Although China has been increasing its non-core funding for most UNDS agencies, only a few have received much greater sums. In 2017, China’s non-core funding for the WFP (excluding local resources) grew by USD 57 million over the previous year – 55.3 per cent of China’s total non-core-funding increase. Other UNDS agencies that benefited from major increases in China’s non-core funding included the UNDP (USD 15.9 million, 15.4 per cent of the total increase), UNHCR (USD 8.4 million, 8.2 per cent of the total increase), UNESCO (USD 6.6 million, 6.4 per cent of the total increase), the WHO (USD 5.4 million, 5.3 per cent of the total increase) and ICAO (USD 3.3 million, 3.3 per cent of the total increase).

Other UN member states exhibit different funding preferences. Table 1 compares the share of an agency in China’s voluntary funding with the average share of this agency among all member states: “funding score of Agency A = (share of Agency A in China – average share of Agency A)/average share of Agency A”. UNDS agencies are categorised by: no funding (funding score = -1); low funding (-1< funding score≤0), middle funding (0< funding score≤1), high-middle funding (1< funding score≤2) and high funding (funding score >2).
As shown in Table 1, in 2017, China preferred to voluntarily contribute to UNDESA, ESCAP, the International Telecommunication Union (ITU), IMO, IFAD, UNESCO, WIPO, ICAO and UNIDO. Chinese funds accounted for 55.7 per cent of UNDESA’s total government voluntary funding, 20.7 per cent of ESCAP’s (second only to Japan), 8.3 per cent of ITU’s and 6.4 per cent of IMO’s (the two tie for 4th global ranking), 6.0 per cent for IFAD and 5.5 per cent for UNESCO (both rank 6th), 5.4 per cent for WIPO (5th rank), 3.5 per cent for ICAO (7th) and 2.8 per cent for UNIDO (5th).

In general, greater shares of Chinese funds go to UNDS agencies with relatively few resources, such as ESCAP, ITU and IMO, which are among the smallest UNDS agencies. This is not only because China considers that its limited funding can have the biggest impact on these agencies, but also because traditional donor countries tend to disregard or exclude them from development cooperation (Runde, 2013). China also tends to fund agencies with Chinese citizens in senior positions who can help foster good relations with the Chinese government. China’s contributions demonstrate firm support for the role of its citizens in these agencies. For example, when Li Yong was elected Director-General of UNIDO in 2013, China pledged to contribute USD 5 million per year for its activities between 2013 and 2016 (UNIDO, 2016). Zhao Houlin’s election as ITU Director-General in 2016, Liu Fang becoming ICAO Secretary-General in 2017 and Qu Dongyu the FAO’s Director-General in 2019 may help these agencies attract more Chinese funds.

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Note: Voluntary core funding and voluntary non-core funding, excluding local resources.
Source: Based on UNDESA data
4 Chinese funding: case studies

4.1 China and the UNDP

China has received lots of assistance from the UNDP throughout their long history of cooperation. China continues to benefit from UNDP assistance regarding development concepts, information and technology. UNDESA data reveals that in September 2016, China and the UNDP signed a memorandum of understanding (MoU) about cooperating on the BRI, making the UNDP the first international organisation to sign an MoU with China, opening a new chapter in their cooperation (Saling & Zhang, 2016). Then in 2017 the UNDP directed USD 50.257 million to China (USD 3.313 million as core and USD 46.944 million as non-core funding) – more than China contributed to the UNDP that year (USD 28.897 million).7

In 2017, the UNDP ranked third of all UNDS agencies in terms of funds received. UNDESA data reveals that China provided USD 28.9 million to the UNDP (8.9 per cent of its total UNDS funding) that year, including USD 4.7 million in voluntary core funding (16.1 per cent) and USD 24.2 million of non-core funding (83.9 per cent). According to the UNDP China Donor Profile, nearly USD 7.1 million, or 24.6 per cent of China’s non-core UNDP funding, were local resources for Chinese domestic development.8 Yet despite its surging contributions to the UNDP in 2017, China ranked only 26th among all donors and 21st among member states. China’s contribution constituted just 0.92 per cent of all UN member-state funding for the UNDP.

SSTC is a chief way for China and the UNDP to cooperate. In 2010, China’s Ministry of Commerce signed an MoU with the UNDP that kicked off their SSTC. The UNDP listed support for SSTC as one of its major pillars in its Strategic Planning for 2014 to 2017 and Country Programme Document for China (2016-2020). The first triangular project involving China and the UNDP was the China-Cambodia-UNDP project on cassava production and export, to which China pledged USD 605,000 and the UNDP China Office pledged USD 95,000 (UNDP, 2016). China and the UNDP have also conducted SSTC in other five countries in Asia and Africa. The SSTCs mainly cover three fields: (1) sustainable agriculture, such as the China-Cambodia-UNDP project (Phases I and II); (2) community-based disaster management, including the China-Nepal-UNDP, the China-Bangladesh-UNDP (Phases I and II) and the China-Malawi-UNDP projects; and (3) renewable energy technology transfer, like the China-Ghana-UNDP and the China-Zambia-UNDP projects (Han, 2017).

Local resources constitute a large proportion of Chinese UNDP funding. According to UNDP statistics, between 2016 and 2018, China contributed USD 33.6 million to 93 projects, with 76 of them for development in China – mainly environmental protection, capacity building, poverty reduction, regional cooperation and SSTC (51.3 per cent of the total funding). Figure 11 shows that environmental projects accounted for more than half of the

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7 In 2017, China received a total of USD 149.468 million from all UNDS agencies, of which USD 34.372 million were core resources and USD 115.096 million were non-core resources.

8 According to the UNDP, in 2017 China provided USD 30.88 million, including USD 3.80 million (12.3 per cent) in Regular Budget funds and USD 27.08 million (87.7 per cent) for cost sharing, (83.6 per cent), trust funds (3.9 per cent) and other non-core funding.
local resources provided by China. Local resources from China are mainly used to promote its own development, using the UNDP’s advanced technologies and assistance networks.

Figure 11: Disbursement of local resources in Chinese UNDP funding (2016-2018)

Source: Based on UNDP data

China’s foreign aid through the UNDP focuses on post-crisis humanitarian assistance and disaster prevention. In 2016-2018, China directly funded 17 projects in eight countries or regional centres: Bangladesh, Nepal, Pakistan, Malawi, Philippines, Cambodia, and the Panama and Bangkok Regional Centers: the Early Recovery Facility in Bangladesh, the Livelihood Recovery for Peace in Nepal, the FATA Transition and Recovery Programme in Pakistan and the Regional Recovery Plan for the Caribbean Post Hurricanes Irma and Maria in Panama – four projects that accounted for 96.7 per cent of China’s funding for UNDP international projects (UNDP, 2019).

Although China’s UNDP funding has risen in recent years, the Chinese contribution remains limited. Nearly a quarter of China’s non-core funding is used for development in China, mainly in environmental protection, poverty reduction, capacity building and other areas; China’s funding for international UNDP projects focuses on crisis response and early recovery.
4.2 China and the WFP

Between 1979 and 2005, the WFP, one of the largest UNDS agencies, provided China with aid benefiting more than 30 million people (Fang, 2014). UNDESA data shows that in 2017, the WFP spent USD 1.34 million on operational activities for development in China. In turn, since becoming a food donor in 2006, and especially in the past few years, China has generously supported WFP projects. China’s contribution to the WFP reached USD 76 million in 2017 – 23.3 per cent of its total UNDS funding, of which non-core funding for the WFP accounted for 46.2 per cent of its total UNDS non-core funding. According to the WFP, between 2015 and 2019, China ranked 23rd among its contributors (including international organisations and individuals) (WFP, 2019b).

Figure 12: Chinese WFP contributions (2008-2018)

Source: Based on WFP data

Figure 12 shows China’s rising contributions to the WFP, which reports that from 2008 to 2018, China’s average contribution was 0.3 per cent of its total funding, with China’s lowest share (0.08 per cent) in 2009 and its highest (1.2 per cent) in 2017. Earmarked funding remains China’s chief type of WFP funding – about 89 per cent of China’s total. Between 2008 and 2018, Chinese multilateral funding represented an average 0.5 per cent of the WFP total. It should be noted that both China’s core and non-core contributions increased rapidly after 2012 and peaked in 2017, when core funding and non-core funding accounted for 0.55
per cent and 1.26 per cent, respectively, of Chinese WFP contributions. In 2018, however, China’s contribution shrunk to just 0.4 per cent of the WFP’s total funding.  

China and the WFP prioritise South-South cooperation: In 2015, they agreed to work together to reduce poverty and promote food safety within that framework. For the first time, in November 2015, China pledged USD 915,500 to the WFP China Office, supporting it as a WFP Centre of Excellence to enhance SSTC (WFP, 2017). Over the years, China has steadily encouraged and helped the WFP institutionalise South-South cooperation and establish an independent office and task force under its aegis (Li & Xu, 2016).

At the same time China urges the WFP to maintain its focus on food aid, believing that the agency is first and foremost a global platform for food aid. Chinese agricultural officials recommend that China impress the WFP with the importance of continuing to enhance agricultural development in developing countries through programmes like the scientific management of an agricultural economy, on-site training for peasants and preferential policies for small peasant households (Li & Xu, 2016). Through the WFP, China has also provided lots of food aid to other developing countries. In 2017 alone, it offered emergency humanitarian aid in food and nutrients to many countries, including Ethiopia, Zimbabwe, Cameroon, Iran, Niger, Pakistan, Syria and Afghanistan (Permanent Representation of the People’s Republic of China to the UN Agencies for Food and Agriculture, 2017).

Although its WFP funding remains limited, China has continued to emphasise the agency’s role in implementing the 2030 Agenda, particularly the second Sustainable Development Goal on ending hunger (SDG2). By increasing its contributions to the WFP, China helps it play a bigger role in SSTC. Unlike some Western countries, China opposes the organisation’s non-agricultural trend, insisting that the WFP must continue to prioritise food.

4.3 China and the UNPDF

At the summit commemorating the UN’s 70th anniversary in September 2015, President Xi announced that China firmly supports the UN assuming a greater role in global security governance and development. Then in May 2016, the UNPDF was established with the Chinese government’s pledge to contribute USD 200 million over a 10-year period. The UNPDF is tasked with promoting international peace and security and supporting the 2030 Agenda’s implementation by means of innovative, forward-looking and pro-active projects. The UNPDF has two sub-funds: the Secretary-General’s Peace and Security Sub-Fund, managed by the Executive Office of the Secretary-General (EOSG), which finances projects and activities linked to maintaining international peace and security, and the 2030 Agenda for Sustainable Development Sub-Fund managed by UNDESA, for financing activities that support the 2030 Agenda and the SDGs.

The UN Secretary-General approves projects and activities to be funded by the UNPDF based on a steering committee’s recommendations. The Steering Committee, chaired by the EOSG director, is mandated to propose cost and action plans, project and activity priorities, adjust the total amount of funds, as well as monitor and evaluate the implementation of

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9 Author’s estimate based on WFP data
projects. Members include the UN Under-Secretary-General for Economic and Social Affairs, China’s Permanent Representative to the UN, the Director-General of the Department of International Organisations and Conferences in China’s Foreign Ministry, and the Director-General of the Department of Administrative and Law Enforcement in China’s Finance Ministry.

To promote implementation of the 2030 Agenda in developing countries, in 2016-2017 the UNPDF sponsored 30 projects related to the safety of peacekeeping personnel, rapid response systems, anti-terrorism, UN partnerships with regional organisations, poverty reduction, science and technology, micro, small and medium enterprises (MSMEs), education and health. In 2016-2017, the 2030 Agenda for Sustainable Development Sub-Fund received USD 16.1 million, or 57.8 per cent of total UNPDF funds.10 The Sub-Fund mainly supports landlocked developing countries and small island developing countries, with around 35 per cent of its funding for African, 59 for Asian and 7 for Latin American and Caribbean countries (Li, 2018).

The seven most-funded fields include environmental protection, science and technology, economic capacity, SDG7 (affordable and clean energy), refugees and immigrants, health, and the BRI (Figure 13). The 2030 Agenda for Sustainable Development Sub-Fund pays special attention to sustainable development, particularly in agriculture, as well as environmental and social protection, and the development of women, children and the physically disabled. In 2016, the Sub-Fund launched a project to strengthen Asian countries’ policy capacities to build the BRI and promote implementation of the SDGs. In May 2017 the Sub-Fund initiated a two-year, USD 2.3 million project to enhance developing countries’ capacities to achieve sustainable agriculture through fungus/herbs technology transfers – thus alleviating poverty and promoting productive employment. In 2016-2017, the Sub-Fund disbursed a total of USD 2 million for three projects on refugee issues and immigrants.

10 Author’s estimate based on the UNPDF project list
Table 2: 2030 Agenda Sub-Fund projects: implementing entities & partners (2016-2017)

<table>
<thead>
<tr>
<th>IGOs</th>
<th>DESA</th>
<th>UNDP</th>
<th>ESCAP</th>
<th>ESCWA</th>
<th>ECA</th>
<th>ECE</th>
</tr>
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<tr>
<td>UNCTAD</td>
<td>ITC</td>
<td>UNIDO</td>
<td>UNHCR</td>
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<td>IOM</td>
<td>UNAIDS</td>
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<td>ASEAN</td>
<td>CROP</td>
<td>PIFS</td>
<td>UNSPC</td>
<td>WTO</td>
<td>AfDB</td>
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</tr>
<tr>
<td>World Bank</td>
<td>OECD</td>
<td>OHRLLS</td>
<td>UNCEB</td>
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</tr>
</tbody>
</table>

| INGOs and international charities | ICC | WBCSD | UN Foundation | Gates Foundation | Ford Foundation |

Source: Based on the UNPDF project list

The UNPDF has helped develop a global partnership network on sustainable development. At present, more than 30 inter-governmental organisations (IGOs), international NGOs (INGOs) and charities are implementing entities or partners for 2030 Agenda Sub-Fund projects (Table 2). Their joint efforts have not only enhanced project transparency, but also strengthened China’s trust and confidence in the UNDS.

5 China’s decision-making about its UNDS engagement

While the CPC Central Committee and the State Council of the People’s Republic of China have closely guided China’s engagement with the UNDS, government agencies have played important roles in making and implementing specific foreign aid policies. China’s objectives and policy deliberations on foreign aid have been undergoing profound changes.

5.1 Management structure

At the operational level, the Chinese government manages China’s participation in multilateral development cooperation in a decentralised manner. Different government agencies are responsible for specific issues and relationships with particular international organisations. They recommend the volume of contributions.

The Ministry of Foreign Affairs is in charge of the affairs of most UN multilateral development organisations and China’s humanitarian contributions to multilateral organisations. The Ministry of Finance is responsible for those related to the World Bank Group and regional financial institutions for development like the ADB. The Ministry of Commerce is responsible for matters concerning the WTO, the United Nations Conference on Trade and Development (UNCTAD) and a few other multilateral development organisations that implement humanitarian material aid projects. The Ministry of Agriculture and Rural Affairs is in charge of liaisons with the FAO, the WFP and IFAD; the Ministry of Education is in charge of UNESCO, the National Health Commission is responsible for coordinating with the WHO and so on. When preparing their annual budgets, these ministries and national commissions work with the Ministry of Foreign Affairs and
the Ministry of Finance to determine their contributions to multilateral organisations based on need and Chinese government policies. The Ministry of Foreign Affairs then submits budget plans to the State Council. The Ministry of Finance allocates funds to specific ministries and national commissions. In this decentralised administrative system, line ministries and national commissions make major decisions about China’s foreign aid (Xiong, 2013).

At the same time, China’s Permanent Mission to the UN and the UN Office at Geneva can also make suggestions about Chinese contributions to international organisations. The Permanent Mission to the UN Office at Geneva can send reports to the Ministry of Foreign Affairs and relevant government agencies about new initiatives of international organisations, reply to contribution requests, adjust contribution amounts, suspend or terminate contributions and so forth. If the Ministry of Foreign Affairs is not authorised to make decisions, the relevant ministries and national commissions are contacted and the Ministry of Finance allocates the funds.11

Before China’s development cooperation agency was established, the Foreign Aid Department of the Ministry of Commerce formulated and implemented foreign aid policy. But because there were few laws or regulations on the coordination between multilateral and bilateral aid, the Commerce Ministry actually played a marginal role in China’s multilateral development aid (Ye, 2013).

In 2011, the poor coordination among the many agencies dealing with foreign aid led the Ministry of Commerce to establish a ministerial coordination mechanism on foreign aid with the Ministry of Foreign Affairs, the Ministry of Finance and other government agencies. In 2014, the Ministry of Agriculture and Rural Affairs convened a meeting of all the relevant ministries to better coordinate foreign agricultural assistance. The resulting mechanisms have done little to enhance cross-agency coordination, however (Xu, 2014). Apart from the Ministry of Agriculture and Rural Affairs, the Ministries of Commerce, Civil Affairs, Foreign Affairs, Finance and National Defence also occasionally participate in South-South cooperation with the WFP. But their participation is often criticised as fragmented and ineffective due to a lack of communication and coordination (all the ministries maintain separate links with the WFP office in Beijing) (Li & Xu, 2016). Some observers hold that China’s foreign aid policy suffers from a lack of strategic thinking, continuity and coordination due to the different priorities and inadequate high-level coordination of government agencies (Ye, 2013; Varrall, 2016).

In recent years, China has substantially reformed its way of managing foreign aid. CIDCA was established in April 2018; and in that November the Ministry of Commerce closed its Department of Foreign Aid. CIDCA has since been “making policies on international exchange and cooperation on foreign aid, conducting international exchange and cooperation on foreign aid with other countries or international organisations, and participating in international policy dialogue on development on behalf of the Chinese government (Article 15)” (CIDCA, 2018). That implies that CIDCA has a leading role in policy-making and coordinates agencies dealing with Chinese foreign aid, including multilateral development aid. Funding and implementing specific foreign aid projects,

11 Interview with anonymous Chinese diplomats in Geneva, September 2019.
however, remain the “tasks of specific governmental agencies according to their roles and functions” (CIDCA, 2019). In its budget for the 2019 fiscal year, CIDCA’s “expenses on foreign relations” are just RMB 196.72 million (approximately USD 27.9 million), or 1 per cent of the Ministry of Commerce’s budget for this item. It is too early to evaluate CIDCA’s role in foreign aid decisions and the coordination of the related ministries and government agencies. Take, for example, the South-South Cooperation Assistance Fund: Although its management has been moved from the Ministry of Commerce to CIDCA, the Ministry of Commerce and its China International Center for Economic and Technical Exchanges (CICETE) remain responsible for implementing specific Fund projects.

5.2 Chinese deliberations about UNDS funding

China’s growing UNDS funding results from the Chinese government’s changing view of foreign policy and evolving perception of foreign aid. When the Central CPC Leading Group for Deepening Reform in an All-round Way passed the Guidelines for Implementing the Reform of Work Regarding China’s Foreign Aid on 6 February 2017, “the strategic layout of China’s foreign aid” appeared in an official document for the first time since 2000. That indicates the growing importance of foreign aid in Chinese strategy.

Indeed, in recent years China has adopted a more comprehensive view of its participation in and funding for the UNDS. CIDCA’s Guidelines for Management of China’s Foreign Aid (Draft for Comments) issued in November 2018 proposed that

China’s foreign aid should follow the principles of respect for the sovereignty of the recipient countries and non-intervention into their internal affairs, and should be aimed at alleviating and eliminating poverty in the recipient countries, improving their social and biological environments, promoting their economic development and social progress, helping strengthen their capacity for self-development, consolidating and enhancing the friendly and cooperative relations with the recipient countries, and fostering joint endeavours in building the ‘Belt and Road’, ‘new-type major-country relations’ with win-win results, and the ‘community of shared future for mankind’.

(CIDCA, 2018, Article Four)

China’s increasing UNDS funding reflects its strenuous efforts to fully integrate into the international system since opening up in 1978: how the country has more confidently and actively developed its relationship with the world. Its increased UNDS funding can be attributed to the following factors:

**First and foremost, China is trying to increase its discursive power in international organisations by actively engaging in global governance.** Most significantly, in recent years, Chinese diplomacy has adopted an increasingly active and positive attitude toward global governance. The 5th Plenary Meeting of the 18th National Congress of the CPC confirmed that one of China’s key objectives in participating in global governance is to strengthen its international discursive power: China should “actively participate in global

12 The 2019 Budget of the Ministry of Commerce lists more than RMB 18.3 billion (approximately USD 2.6 billion) as “expenses on foreign relations” – including “institutions abroad”, “foreign aid”, “international organisations” and “other expenses”.

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economic governance and provide global public goods, so as to strengthen our institutional power of discourse in global economic governance and foster a wider community of shared interests” (Xinhua News Agency, 2015). To that end, China has made many efforts to expand its influence in global governance. China’s Foreign Ministry has stated that funding to and working with various international organisations, including the UN, helps China better fulfil its international duties and responsibilities, improve its status in those organisations and its influence and power of discourse regarding international affairs. It will be able to more deeply participate in making international rules and global governance, optimise Chinese diplomacy, foster a new type of international relations that feature “mutual respect, fairness and justice and win-win cooperation” and ultimately construct a “community of shared future for mankind” (Ministry of Foreign Affairs of the People’s Republic of China, 2019).

Second, China’s perception of its national interests and foreign aid is changing. In the past, foreign aid was mainly regarded as economic activity abroad that was expected to generate immediate economic benefits: China’s foreign aid was managed by government agencies in charge of foreign trade and economic exchange (Liu & Huang, 2013). Today, however, China takes a comprehensive view of its national interests. An analyst at the Ministry of Commerce observes that facilitating diplomacy, exports and foreign investment is only the superficial goal of China’s foreign aid. In the long run, foreign aid can help maintain national security, provide global and regional public goods, and contribute Chinese wisdom and experience to major development issues worldwide (Wang, 2018). Such changes may explain why, in recent years, China has played a more active role in global governance regarding climate change, environmental protection, food safety and so on.

Third, China is starting to understand the UN’s global role in development cooperation. As the world’s most authoritative international organisation, the UN stands for a multilateral, universal and rules-based world order. Its legitimacy in global development cooperation makes it possible for the UN to achieve many goals that bilateral aid cannot. China’s changing perception of foreign aid has influenced its attitude towards triangular cooperation – cooperation between China, the UN and other developing countries. More and more research is being conducted on the importance of engaging with international organisations in multilateral development cooperation: Huang Meibo and Tang Luping (2013) suggest that triangular cooperation is an important way for China to share knowledge and experience with the world and also promote its global partnership networks; Wang Luo (2016) proposes that China conduct more triangular cooperation with UNDS agencies so as to integrate into the framework of international development cooperation.

Fourth, China needs to promote its image. Chinese leaders and other government officials have repeatedly stated that the country is a “responsible great nation” – in reference to China’s international engagement, including its increasing UNDS funding. In 2015, Xu Yubo of China’s Permanent Representation to the FAO proposed that China increase its WFP funding because its low rank among the contributing countries did not match its status as a responsible great nation (Xu, 2016). China’s Foreign Ministry considers that an important criterion for assessing China’s funding for international organisations is how much it helps improve global public opinion about China and foster China’s image as a responsible great nation (Ministry of Foreign Affairs of the People’s Republic of China, 2019).
Fifth, China must advance the BRI. Today, China’s foreign aid practices seem to be concentrated along the Belt and Road. CIDCA (2019) has made clear that its function is to “coordinate and advise on major efforts in foreign aid, so as to serve China’s overall diplomatic strategy and facilitate the construction of the ‘Belt and Road’, etc.” Not surprisingly, the Chinese government announced a number of aid and cooperation initiatives at the First Belt and Road Forum in 2017, offering RMB 60 billion (approximately USD 8.5 billion) to BRI developing countries and international organisations, with another RMB 2 billion (approximately USD 283.8 million) to BRI developing countries as emergency food aid. The UN supports China’s claim that the BRI provides an open, inclusive platform for international development cooperation (Liu, 2018). In fact, as was made clear during the Second Belt and Road Forum in April 2019, UN support for and participation in the BRI is important for strengthening the Initiative’s legitimacy and sustainability, and helps its institutionalisation. With the BRI becoming a key platform of Chinese foreign aid, China is expected to seek closer cooperation with the UNDS. So far, China has signed MoUs about building the BRI with UN agencies like the UNDP, UNEP, the WHO, ESCAP, FAO, UNAIDS, UNESCO, UNFPA and UNDESA. The MoU signed in December 2016 between UNEP and the Ministry of Environmental Protection stated that both sides would “further their shared goals and objectives for a green ‘Belt and Road’ and to promote sustainable development along the BRI region through regular dialogue and other agreed ways” (UNEP, 2016).

6 China and UNDS reform

Inadequate funding and an unbalanced resource structure have challenged the UNDS, with the predominance of non-core earmarked funding viewed as significantly constraining the principles of multilateralism (Jenks, 2014). However, there has been constant debate about its reform, in particular between Northern and Southern countries (Weinlich, 2011; Baumann, 2017). During the new round of UN reforms, Secretary-General António Guterres is largely focused on reforming UNDS funding mechanisms. The new UNDS funding compact emphasises core funding as the basis and recommends boosting the share of inter-agency pooled and thematic funds in total funding to improve predictability, sustainability and flexibility.

The Chinese government recognises the UN’s important role in coordinating implementation of the 2030 Agenda and supports efforts to reform the UNDS. China aligns itself with developing countries and differs with developed countries over which development fields should be prioritised and worries that UN reforms will stall or negatively impact the developing world. In December 2017, the Chinese government shared its position paper on the various UN reform strands, including UNDS reform, with a few key partners at the UN (Ministry of Foreign Affairs of the People’s Republic of China, 2017). China has been coordinating policy with G77 members, backing them on key issues like the new funding compact and funding mechanisms for Resident Coordinators (RCs). China has also made a few key proposals of its own about reforming the UNDS (Chen, Mao, & Xue, 2018).

13 Interview with an anonymous official from CIDCA, Shanghai, April 2019.
First, China proposes that the development-peace-humanitarian nexus be handled within the UN system and that resources on development cooperation not be diluted—a common concern among developing countries. This has been apparent in the position of the G77 and China during various funding dialogues and the UN Development Finance Forum. For example, at the briefing about repositioning the UNDS in February 2018 they announced, “[W]e express our concerns about any reallocation of resources [allocation of non-core resources to ‘joint activities’] without focusing on the priority areas of the developing countries” (Gad, 2018). A year later, they worried that “[t]his shift in ODA resources towards humanitarian and crisis situations is not consistent with long-term and sustainable approach to financing development needed to achieve 2030 Agenda targets” (Mansour, 2019).

Second, China emphasises that the UNDS should focus on promoting economic development, especially poverty reduction, which it sees as the 2030 Agenda’s priority. On many occasions, including the fourth ECOSOC Forum on Financing for Development, China called on the UNDS to make funding more effective, meet the basic needs of developing countries and be prioritised for fields that are crucial for developing countries, such as capacity building to fight poverty, eradicate hunger, ensure food safety, and promote education and hygiene (Ma, 2018).

Third, China advocates the principle of member states’ ownership and leadership of development assistance through the UNDS: UNDS funding must be aligned with programme countries’ national development priorities and strategies to reflect national ownership of the development trajectory. Developing countries propose that this principle also be applied to the mechanisms for selecting and evaluating RCs. China supports a neutral and effective RC system. It backed Secretary-General António Guterres’ proposal to fund the system through assessed contributions, although as the second largest contributor, China would have to pay a substantial share. The proposal was not accepted. But after the UNGA reached consensus about a funding package in May 2018, China provided USD 2 million the following year for the RC System Special Purpose Trust Fund as a concrete measure of support. China urges that the new system avoid creating malign competition for existing resources (United Nations, 2018).

China further insists that North-South cooperation should remain the major approach to international development cooperation, with SSTC a necessary supplement to North-South cooperation—not its replacement. In recent years, although China has regularly contributed to two important SSTC funds, the United Nations South-South Cooperation Trust Fund and the Pérez-Guerrero Trust Fund for South-South Cooperation, it has not made much use of them. Meanwhile, China supports UN efforts to enhance the role of SSTC. At the Second High-level UN Conference on South-South Cooperation, China and other developing countries proposed that the UNDS should become an active channel for encouraging and expanding developing countries’ access to SSTC, and that improving coordination and coherence of the UN system’s support for SSTC at national, regional and global levels be prioritised.

By increasing its funding for the UN, China has become more active and proposed ideas for enhancing the organisation’s effectiveness and efficiency, for example, in peacekeeping

14 The Resident Coordinator System Special Purpose Trust Fund now includes three funding streams: member states’ voluntary contributions, UN entity cost-sharing contributions and the 1 per cent levy on tightly earmarked donor contributions to UNDS entity projects.
missions. Although China’s position paper on the new round of UN reforms in late 2017 did not address the UN’s effectiveness and efficiency per se, it did recommend increasing the accountability of both the Secretariat and the UNDS to member states. China’s interest in improving the UNDS’ effectiveness and efficiency is expected to grow and increasingly overlap with the interests of other major contributors.

It should again be stated that China’s funding for inter-agency pooled and thematic funds remains insufficient in light of the new funding compact, which targets 10 per cent of non-core resources for development-related activities to inter-agency pooled funds and 6 per cent to entity-specific thematic funds by 2023. China should be encouraged to allocate more financial resources to core funding or “quasi-core funding”, such as inter-agency pooled and thematic funds. So far, there has been little public discussion of the issue in China. Yet as an official of the Ministry of Foreign Affairs believes, China will continue to increase its contributions to the UNDS according to its means.15

7 Conclusion

As China becomes a more important participant in international development cooperation, it is shifting its focus from bilateral means of delivering foreign aid to SITC with multilateral institutions. China’s growing engagement with and funding to the UNDS reflects its changing view of national interests and foreign aid. It seeks to improve its image and exert greater influence on international organisations as well as the BRI’s implementation. In the interest of playing a more active role in global governance, China has been working closely with the UN to fill global development-funding gaps. It recognises the UN’s key role in coordinating international development cooperation and implementing the 2030 Agenda.

An important motivation for China to increase its supply of global public goods, such as UNDS contributions and peacekeeping personnel, is international recognition. Against this background, China’s growing engagement with the UNDS in international development cooperation benefits both China and the UN. The international community, particularly traditional donor countries, should welcome China’s engagement.

Examining China’s engagement with and funding for the UNDS over the past decade inspires key findings and policy recommendations:

1. Although China has greatly increased its UNDS funding since 2013, it remains relatively low. Excluding local resources, China’s funding between 2013 and 2017 grew at an annual average of 33.8 per cent. Nevertheless, that amount is small compared with traditional donor countries and Chinese contributions to MDBs like the World Bank and the AIIB. China’s funding peak in 2017 accounted for only 0.97 per cent of total UNDS funding or 1.3 per cent of total contributions from all UN member states. The share of multilateral development aid in China’s total foreign aid is well below the average of OECD/DAC members. China should further increase its engagement in and funding for the UNDS.

15 Telephone interview with an anonymous official from the Ministry of Foreign Affairs of China, September 2019.
2. China tends to mostly fund UNDS development projects, but in recent years has increased funding for humanitarian assistance. In 2017, about 72.8 per cent of China’s total contributions to the UNDS went to development-related activities, much higher than the average 52.4 per cent of UN member states. Chinese contributions to humanitarian assistance rose from USD 5.1 million in 2010 to USD 88.7 million in 2017, with the share of humanitarian assistance in China’s total funding increasing from 5.3 to 27.2 per cent during that period. This indicates that the Chinese government has begun to recognise the importance of UN humanitarian assistance work.

3. China tends to prioritise promoting economic development and improving public well-being in funding for other developing countries. As a developing country and long-time recipient of foreign assistance, China generally prioritises the most urgently needed projects in poverty reduction, education, health and environmental protection. Such priorities can be seen in China’s non-core UNDS funding and its advocacy for UNDS reform. Chinese funding for the UNDP, the WFP and the UNPDF focuses on capacity-building in economic development, health, disaster relief and emergency food aid. However, it is worth noting that China is not challenging international norms and rules regarding international development cooperation. Indeed, China has come to realise that “development” is no longer just about economics but is a complex concept with environmental, health, social, human rights and other dimensions. This is why the SDGs are more universal, systematic and comprehensive than the Millennium Development Goals (MDGs). China endorses and follows the 2030 Agenda principle of the concerted – and sustainable – development of society, economy and environment.

4. Most Chinese funding to the UNDS has been core funding, with the share of voluntary non-core funding rising over the past decade. Before 2017, core funding accounted for more than half of China’s total funding, with its assessed contribution share much higher than the member country average. China’s voluntary non-core funding has been rising rapidly in recent years. However, China’s “quasi-core funding” – for inter-agency pooled and thematic funds – remains insufficient. The international community should encourage China to take bigger steps to fulfil the new funding compact. Coordinating the UNPDF (which China founded and funds) and inter-agency pooled and thematic funds – perhaps by allocating specific UNPDF funds – could help China to satisfy the new requirements.

5. China has shown its growing interest in triangular cooperation with UNDS agencies. Many official Chinese government documents and public statements show that it acknowledges the UN’s reliability, neutrality and universality in promoting development cooperation. China will continue to work with the UN to not only enhance the scope and effectiveness of its foreign aid, but also to reduce international scepticism and apprehension. UNDS encouragement for China and other emerging economies to join in triangular cooperation has prompted China to provide more development assistance to other developing countries through the UN. Even before China increased its UNDS funding, international organisations like the UN and the World Bank had begun to promote SSTC. Further mainstreaming SSTC in international development cooperation will strengthen cooperation between emerging economies and other developing countries under the UN framework.

6. China’s voluntary non-core funding goes to a limited number of UNDS agencies. In 2017, the WFP, the UNDP, the UNDESA, the WHO and the UNHCR were among the
relatively few agencies who received most of China’s voluntary non-core UNDS funding. Compared with traditional donor countries, China seems to prefer funding agencies with Chinese citizens in senior positions, such as the UNDESA, the ITU, ICAO and UNIDO. This may reflect China’s intention to use funding to induce more international organisations to recognise its rising status. It is also often easier for Chinese citizens at international organisations to acquire more resources from China.

7. China has been increasingly encouraging UNDS agencies to help implement the BRI. The Chinese government has defined the BRI as a grand project that China has proposed but that requires all parties’ engagement to succeed. With the BRI becoming a key platform for Chinese participation in international development cooperation, it is likely to be the main recipient of China’s foreign aid resources. On one hand, China is expected to seek closer alignment between the BRI and UNDS agencies in order to help institutionalise and legitimise the BRI. On the other hand, the international community needs to develop more measures to help the BRI implement the 2030 Agenda and the SDGs.

As China continues to integrate into the global development system, it regards the UN and other international organisations as cornerstones of the international order. Participating actively in global governance and assuming greater international responsibilities are major elements of its “major-country diplomacy with Chinese characteristics”. China regards foreign aid not just as economic cooperation with other developing countries but also as a useful diplomatic tool. To that end, it has been allotting more and more resources for multilateral development aid and deepening its engagement with the UNDS.

Today, multilateralism is on the wane and many countries are looking inward. China, however, continues to advocate multilateralism, fully acknowledging the UN’s authority in global governance and endorsing the UN Charter as the basis for the international order. China believes that a multilateral international order means that countries consult on equal footing – and that the UN is the best venue for that. China views its advocacy for the principles of broad consultation, joint contribution and shared benefits in global governance as consistent with the basic principles of multilateralism. China also believes that most countries support multilateralism and resent unilateralism and protectionism. By supporting multilateralism China is able to promote relationships with other developing countries – as well as most Western ones. In this regard, China can be expected to maintain its support for the UN and continue to contribute to the UNDS.
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