Project number: 150019

Project title: Promoting Inclusive and Sustainable Industrial Development (ISID) through Partnership Building for Trade and Investment Flows along Maritime and Continental Silk Road

Duration: 2015-2018 (3 years)
Starting date: 01 September 2015
Country/Region: China and other countries along the Maritime and Continental Silk Road on a voluntary basis

National Counterpart/Government Coordinating Agency: China International Centre for Economic and Technical Exchanges (CICETE), Ministry of Commerce, China

Project Inputs:
- UNIDO inputs: USD 500,000 (TC budget resources under the on-going UCSSIC/China project)
- Support costs (13%): USD 65,000
- Grand Total: USD 565,000

Brief description:
The proposed project is an immediate follow-up to the Maritime Silk Road and Investment Cooperation Forum under the theme of “Maritime Silk Road-East meets West” on 8 September 2014 in Xiamen, China. UNIDO Director-General made a keynote speech at the Forum’s opening and received proactive feedback from some 200 Asian, African and Pacific Island delegates. The Chinese President Mr. Xi Jinping put forward the proposals of building Silk Road Economic Belt and the 21st Century Maritime Silk Road when he visited Central Asian and Southeast Asian countries in late 2013 and received positive responses from various State leaders. With the establishment of the Asia Infrastructure Investment Bank and China’s US $40 billion Silk Road Fund, concerned countries are demanding joining efforts for a better future under the theme of Maritime and Continental Silk Road. UNIDO will take a leading role in promoting Inclusive and Sustainable Industrial Development (ISID) by enhancing trade and investment flows along Maritime and Continental Silk Road. This project is to be implemented in coordination with initiatives from UNDP, UNOSSC, UNESCO, UNWTO who will be working within the areas of their respective mandates and programmes in the concerned countries.
### Approved:

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<tr>
<th>Signature:</th>
<th>Date:</th>
<th>Name and title:</th>
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**On behalf of:**

___________________ __________ ________

**On behalf of UNIDO:**

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Contents

A. CONTEXT .......................................................................................................................... 4
   A.1 Origin of the Project .................................................................................................. 4
   A.2 Problems to be addressed ..................................................................................... 5
   A.3 Target beneficiaries .............................................................................................. 6
B. REASONS FOR UNIDO’S ASSISTANCE ..................................................................... 6
C. THE PROJECT .................................................................................................................. 7
   C.1 Objective of the project ......................................................................................... 7
   C.2 UNIDO’s approach ............................................................................................... 7
   C.3 RBM code and thematic area code ...................................................................... 11
   C.4 Expected outcomes .............................................................................................. 11
   C.5 Outputs and activities .......................................................................................... 11
   C.6 Timeline of the activities ..................................................................................... 13
   C.7 Risks ...................................................................................................................... 15
D. INPUTS ............................................................................................................................ 15
   D.1 Counterpart inputs ............................................................................................... 15
   D.2 UNIDO inputs ..................................................................................................... 15
E. BUDGET .......................................................................................................................... 16
F. MONITORING, REPORTING AND EVALUATION .................................................... 16
G. PRIOR OBLIGATIONS AND PREREQUISITES ......................................................... 17
H. LEGAL CONTEXT .......................................................................................................... 17
ANNEX I: LOGICAL FRAMEWORK .................................................................................... 19
A. CONTEXT

A.1 Origin of the Project

The continental overland Silk Road essentially came into being during the 1st century BC. The road was an interconnected series of routes traversed by camels and caravans, connecting Chang’an, the ancient capital of China with many other points all the way through Central and Western Asia, Eastern Europe to Western Europe. Silk, porcelain, tea and spices were traded between the countries along the route and significantly improved peoples’ livelihood during that time. The continental overland Silk Road laid the foundation for the development of the maritime Silk Road, which gradually began to take shape in the 1st century AD. The maritime route extended, via ports on the coasts of southern China, all the way to Southeast and Southern Asia, Arabia and East Africa, marking the first oceanic route as well as the earliest marine trading route in the world.

Overland and maritime routes were closely linked and novel products, technologies and innovative ideas began to spread across the continents of Asia, Europe and Africa. Intercontinental trade and communication became regular. However, the overland Silk Road through Central Asia gradually lost its significance in the age of the sail. Technological advances in the science of navigation, astronomy, and also in the techniques of shipbuilding made long-distance sea travel increasingly practical. The Silk Road’s “open, inclusive, cooperative and win-win” spirit never completely dissipated over more than 2000 years.

In 2013, China proposed building the overland “Silk Road Economic Belt” and “the 21st
Century Maritime Silk Road”, also referred to as the “Belt and Road Initiative”. By reviving the ancient Silk Road on both land and sea, China aims to promote an open and inclusive global economy by building cohesive regional trade networks and enhancing regional interconnectivity/integration. The proposal was echoed positively by most countries along the Belt and Road with expectations of closer economic cooperation, industrial upgrading and integration as well as capacity building for developing knowledge-based economies. Regional economic cooperation platforms and facilities like the Asian Infrastructure Investment Bank, the Silk Road Fund and the Euro-Asia High-Speed Transport Corridor will boost regional interconnectivity and finance regional cooperation. The proposed project is an immediate follow-up to the Maritime Silk Road and Investment Cooperation Forum under the theme of “Maritime Silk Road-East meets West” on 8 September 2014 in Xiamen, China. UNIDO DG made a keynote speech at the Forum’s opening and received proactive feedback from some 200 Asian, African and Pacific Island delegates. Awareness of the importance of strengthening interregional cooperation has been raised and has laid the foundations for this newly proposed project. The aim is to boost economic ties (investment, trade and entrepreneurship) between the countries of the East and West of the Maritime and Continental Silk Road.

A.2 Problems to be addressed

The geographical areas for the Maritime and Continental Silk Road (MCSR) are vast as most countries along it are developing and emerging economies whose development growth levels are at different stages. Some countries have comprehensive economic structures and sectors that are growing fast, while some others are heavily dependent on natural-resource or preliminary-product exports with relatively low levels of economic development. Apart from differences in economic development levels, the industrial growth situation also varies within targeted countries. Some countries show great potential for industrial growth while others are growing slowly in the industrial sector. In 2013, the industrial production growth rate of Mongolia, Sri Lanka, and China ranked 10th, 15th and 29th respectively in the world, while growth rates in some other countries, such as Malaysia and Indonesia, are lagging behind in comparison, according to The World Fact book (2013).

Another problem to be addressed is the interconnectivity within the MCSR countries and cities. Through the Sustainable Development Goals 9: Build resilient infrastructure, promote sustainable industrialization and foster innovation, the UN recognizes that investments in infrastructure – transport, irrigation, energy and information and communication technology – are crucial to achieving sustainable development and empowering communities. Currently, roads, railways, maritime and air routes linking Silk Road cities and regions are not fully developed. This situation impedes the flow of goods, services, capital, labour, knowledge and information between the countries. The two Silk Roads have geographical advantages as they drive home the enormous scale of three continents, stretching from East Asia, West Asia, the Middle East and East Africa to Western Europe. Once the transportation and other trade barriers have been removed, cooperation among Silk Road cities will become increasingly significant to link up the various conjuncture points together and help turn the conceptual Silk Road into a reality.
Despite its long history, at present, the collective identity of Silk Road countries is almost invisible. The “Belt and Road Initiative” was first proposed by the Chinese President Xi Jinping in 2013. The Chinese Government led the initiative for the establishment of the Asian Infrastructure Development Bank (AIIB) and the Silk Road Fund in order to financially support the initiative especially in terms of infrastructure development. These two important facilities are in different preparatory stages with regards to commencement of business operations. Promotion of the Silk Road countries’ identity and the realization of this newly generated initiative both have a long way to go. In order to ensure the success of the MCSR regional cooperation and development initiative, awareness-raising efforts and mechanism are urgently needed.

A.3 Target beneficiaries

Targeted countries, including but not limited to such countries as China, Thailand, Malaysia, Sri Lanka, Singapore, Bahrain, Turkey, Iran, Japan, Republic of Korea and Central Asian countries along the MCSR routes, will receive the benefits of South-South and Triangular Cooperation. Priority will be given to Silk Road cities with geographical advantages in transportation, industrial development, trade and investment. At the onset of the project, all MCSR countries will be invited to participate in the project at their own cost. With established MCSR networking and interregional cooperation in the area of ISID, the project will directly benefit national and local governments, Silk Road cities, industrial federations, chambers of commerce, the private sector, enterprises and research institutes. To ensure gender equality and inclusiveness, the project will also give priority to cities and other cooperation partners who are willing to establish programmes that can benefit women and youths by maximizing their involvement, providing skills acquisition, job training and employment.

B. REASONS FOR UNIDO’S ASSISTANCE

Five UN agencies including UNDP, UNOSSC, UNIDO, UNESCO and UNWTO have agreed to work together on a common project entitled “Maritime-Continental Silk Road Cities’ Alliance: Unlocking trade, investment and cooperation at the local level” (see Appendix 1). It aims to promote, manage, coordinate and implement South-South Cooperation (SSC) among multiple stakeholders (government, private sector and civil society) to scale up South-South and Triangular Cooperation, trade and investment for development impact. Under this common project, each UN agency will develop its own “Action Plan” which will be in the form of a project. For UNIDO, this proposed project document will serve as the “Action Plan” and UNIDO’s contribution to achieving the objectives of the common project.

The involvement of UCSSIC China in the project, with support of all sorts of UNIDO field offices and ITPOs along with the MCSR countries, is mainly for the promotion of South-South and Triangular Industrial Cooperation along the MCSR routes, considering the knowledge sharing and promotion of the Southern Industrial Development Solutions. Since 2011, UNIDO has been actively involved in the codification, showcasing and sharing of the Southern Industrial Development Solutions accumulated in its competent thematic areas of
environment and energy, poverty reduction and trade capacity-building, through cooperation with partners in the UN system and national counterparts involved in various global forums and technical cooperation activities. As a knowledge broker and partnership builder in the area of industrial development, UNIDO can offer unparalleled expertise in the area of platform establishment and when it comes to connecting countries along the Maritime and Continental Silk Road. With abundant professional experience and resources as well as well-established partnerships among the targeted countries, UNIDO can competently deliver the required services for the project cities.

The project is also in line with UNIDO’s mandate to promote and accelerate ISID in developing countries and economies in transition. It aims to promote ISID along the Maritime and Continental Silk Road through cooperative awareness-raising and capacity building and by conducting regional activities, investment promotion programs and entrepreneurship programs to assist in the development of partnerships with the private sector and financial institutions. Specifically, (i) The project goal of “promoting ISID” has been designed in compliance with UNIDO’s mandate; (ii) The project approach is in line with UNIDO’s partnership approach, which would play a catalytic role when it comes to increasing aid effectiveness; and (iii) the project targeted areas are in line with UNIDO’s strategy of promoting South-South and Triangular Cooperation.

The design of the project also takes into account experiences and lessons learned from completed and closely related UNIDO projects, most notably, “Development of Guidelines for Developing Green Industrial Zones along the New Silk Road” recently conducted in China and Kazakhstan. As an important output, the project has already produced the guidelines for green industrial parks and has laid a solid foundation for Silk Road regional brand-building and international cooperation.

C. THE PROJECT

C.1 Objective of the project

The objective of the project is improved ISID among participating MCSR countries

C.2 UNIDO’s approach

The project will be implemented over three years. At the onset of the project, countries along the Maritime and Continental Silk Road will be invited to participate based on a voluntary contribution. The project will adopt a partnership approach, and initially it will establish sustainable cooperation platforms for national stakeholders to support the development of ISID in the MCSR context and to ensure the required institutional support for ISID within MCSR countries and municipalities. Coupled with ongoing efforts to build up momentum for ISID on the political level in the MCSR counties, the project will take a practical approach in order to realize ISID on the ground by facilitating investments intended to promote connectivity and industrial infrastructure as well as enhanced industrial capacity within the MCSR countries. It is hoped that there will be a wide-ranging representation of stakeholders
such as international organizations, government counterparts, MCSR cities, ports, private sector enterprises and research institutes participating in the project, hence the strong focus on partnerships. UNIDO cannot prepare feasibility studies for industrial infrastructure and industrial parks in all MCSR countries with the budget allocated to the project, but UNIDO can draw upon its global network in order to mobilize as well as coordinate stakeholders and facilitate investment. While shouldering this role, UNIDO will draw upon its experience in and established capacity for South-South and Triangular Industrial Cooperation as well as green industrial growth.

**Project Management Structure**

The project will be backstopped by the Senior Coordinator for South-South and Triangular Industrial Cooperation (SSTIC) at UNIDO HQ. The Senior SSTIC Coordinator is responsible for overall in-house coordination with all relevant bureaus, branches and offices and oversees the execution of project activities. The Senior SSTIC Coordinator is responsible for coordination and regular follow-up with the main counterpart: China International Centre for Economic and Technical Exchanges (CICETE), Ministry of Commerce. The Regional Office in China will act as the alternate allotment holder.

Playing an important role in actual implementation, UCSSIC/China will establish a project office under the leadership of the Director for implementing day-to-day activities relating to the project. In particular, the project office will be responsible for:

1. Identifying and communicating with national counterparts in all MCSR countries as well as all relevant local partners such as cities, associations, institutions and industrial parks, etc. Official communication will be done through the Senior SSTIC when required;
2. Coordinating and creating synergies insofar as is possible with the project activities of the other UN agencies;
3. Organizing all workshops, conferences and global forum activities;
4. Organizing all study tours;
5. Ensuring that project outputs as stipulated in the project document are successfully achieved.

The Director of the UCSSIC China will be responsible for supervising the project office and will prepare a progress report to be delivered to the Senior SSTIC Coordinator on a half-yearly basis apart from other activity reports. The Director will report directly to the Senior SSTIC Coordinator and inform the UNIDO Regional Office in Beijing at the same time.

A project steering committee (PSC) will be established with the purpose of providing strategic guidance to the project. The steering committee will convene at least once every 12 months. The PSC will be chaired by CICETE and the Director UCSSIC/China will act as a secretariat. Other members of the PSC include the Senior SSTIC Coordinator, the UNIDO
Regional Office in Beijing and a representative of the participating MSCR cities.

**Project Partners**

Initially, two levels of project partners will be involved: 1) UN sister organizations; and 2) municipalities, institutions and associations.

Based on the increased demands of the involved countries alongside with the MCSR, China International Centre for Economic and Technical Exchanges (CICETE), Ministry of Commerce, as the national counterpart of this project, plays the critical role in mobilizing the cooperation of the UN agencies, and its contribution of each partner in the common project. This shall be also a sort of in-kind contribution to this project from CICETE.

**UN Partners**

This project is part of concerted efforts made by five UN agencies consisting of UNDP, UN Office for South-South Cooperation (UNOSSC), UNESCO, UNWTO and UNIDO each of which will play their respective roles in accordance with their mandates and programmes. Typically in terms of financial input, from the perspective of promoting South-South and Triangular Cooperation, UNOSSC has already committed USD 1,000,000 as parallel funding for the common project. These funds will be used for:

1. Establishing the Alliance of Maritime and Continental Silk Road Cities and enhancing the international coordination mechanism for the MCSR initiative;
2. Establishing the Business Council for Silk Road Sustainable Development and encouraging Public-Private Partnership (PPP) to facilitate trade and investment;
3. Promoting green economic growth through capacity building, global forums and relevant technology transfer;
4. Launching the Green Silk Road Pilot Industrial Park Standard and Indicators and promoting it worldwide and establishing the MCSR Green Enterprise Alliance to increase the visibility and popularity of Green Silk Road products through PPP;
5. Establishing specialized working committees on logistics, finance, green growth, trade and investment, cultural exchanges and tourism to promote cultural exchange and tourism development and to enhance the understanding of the general public by addressing the people-centered and mutually-beneficial nature of the Silk Road spirit.

UNIDO’s project will work as far as possible directly with the newly established Alliance for MCSR Cities and the Business Council to create synergies. UNIDO’s input to the Alliance and the Business Council will consist of working with stakeholders to prepare a vision and strategy for accelerating ISID as well as to promote investment-related activities. UNIDO’s global network will play a key role in this project. Of particular importance is the UNIDO Investment and Technology Promotion Office (ITPO) network. Each ITPO shall act as a hub of regional coordination in its respective region. Each regional office and programme shall be consulted duly on a regular basis.
Non-UN Partners

- City governments of Quanzhou, Fuzhou, Zhangzhou, Xiamen of Fujian province, China;
- Chamber of Commerce and Industry, Uzbekistan;
- Antalya City government, Turkey;
- Japan Global Infrastructure Fund Research Foundation;
- Green Technology Centre of Korea (GTCK);
- Singapore Logistics Association;
- China International Freight Forwarders Association;
- Shenzhen Federation of Industries, as well as a due expansion.

At the city level, Quanzhou, Fuzhou, Xiamen, Zhangzhou city governments of China, Antalya city government of Turkey and some other MCSR city governments from Japan have already confirmed their eagerness to participate in the project. As key partners, cities have all the needed elements upon which collaboration can be built for the ambitious MCSR development. At the local or non-governmental level, the project will seek to cooperate with business chambers and industrial federations, including women’s entrepreneurial associations whenever possible, centres of excellence, research institutions and others to organize study tours and exchange visits, strengthen institutional capacity and human resources for the promotion of ISID. These institutions include, for example, the Green Technology Centre of Korea (GTCK), Singapore Logistics Association, China International Freight Forwarders Association, Shenzhen Federation of Industries, Uzbekistan Chamber of Commerce and Industry, the Arab International Center for Entrepreneurship & Investment, the Istanbul Chamber of Commerce & Industry, the General Union for Arab Chambers of Commerce, Industry & Agriculture, the World Free Zones Organization and so on. They will serve as important catalysts for promoting Public-Private-Partnership (PPP) during the project implementation.

Joint Efforts Made:

On 9th February 2015, five UN agencies and representatives from several Silk Road city governments, research institutes and the private sector gathered in the Chinese city of Quanzhou, which was historically the starting point of the Maritime Silk Road, and achieved “Quanzhou Consensus” after detailed discussions. General commitments were made and laid out in the “Quanzhou Consensus” which is attached to this project document as addendum.

On 22nd April 2015, the project document of the UN common project entitled: “Maritime and Continental Silk Road City Alliance—unlocking trade and investment at the local level” was formally signed by the UN Office for South-South Cooperation and CICETE respectively. This marks the start of the USD 1,000,000 project under which all participating UN agencies, including UNIDO, will work on their own sub-projects or specially tailored activities based on their own mandates and programmes. On 23rd June 2015, the first project board meeting of the UN common project was held in Beijing with participants from key UN agencies.
including UNIDO, Silk Road cities, research institutes and the private sector. The meeting discussed extensively the set-up and operations of the UN MCSR project Secretariat and elaborated a roadmap for the establishment of the UN MCSR City Alliance. The minutes of this meeting are also attached to this project document. Concrete in-kind contribution by various partners will be explored and committed after the establishment of the MCSR City Alliance.

In addition, this project could liaise with other relevant potential partners such as NGOs, the media and other project counterparts, for example the China (Shanghai) International Technology Fair and Xiamen Investment Forum, in order to provide added value.

C.3 RBM code and thematic area code

RBM code: FC41
Thematic area code: Poverty reduction through productive activities (PRP), Energy & Environment and Trade Capacity Building

C.4 Expected outcomes

Awareness of inclusive and sustainable industrial development will be raised, green industrial growth patterns and eco-industrial parks will be established, institutional capacity building and the networking of MCSR cities and centres of excellence will be strengthened and industrial and economic integration of all countries concerned will be achieved.

This project has two expected outcomes: (i) to facilitate the development of a vision and strategy for cooperation among policy makers of MCSR countries, including the prioritization of industrial sectors and industrial infrastructure development projects; and (ii) to develop investment projects in MCSR countries with investors from Multinational Development Banks, the private sector and financial institutions, jointly or individually.

C.5 Outputs and activities

For the expected outcomes to materialize the following outputs will be achieved:

1.1 Roadmap prepared in consultation, for promotion of ISID along the MCSR countries;
1.2 Economic and political mechanisms to implement the roadmap in the MCSR developed.

2.1 Investment opportunities in industry and infrastructure in MCSR countries identified and promoted;

To achieve these outputs, a series of activities will be carried out. The planned activities include setting up coordination mechanisms, partnerships with relevant Centers of Excellence, Municipalities, Institutions and Associations, organizing ISID sensitization workshops and seminars, investment promotion fairs as well as sharing experience on implementation
measures of ISID. The following table shows the planned activities to be taken for each project output and the partners responsible for their implementation.
C.6  Timeline of the activities

<table>
<thead>
<tr>
<th>Outputs with activities</th>
<th>Responsible</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1.1:</strong> Roadmap prepared in consultation, for promotion of ISID along the MCSR countries;</td>
<td>UNIDO</td>
<td>Q1 Q2 Q3 Q4</td>
<td>Q1 Q2 Q3 Q4</td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td></td>
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<tr>
<td>1.1.1 Invite all MCSR Governments and organize a sensitization and kick-off workshop (Beijing), possibly including a field visit / study tour</td>
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<tr>
<td>- Explain the project and the advantages of participating;</td>
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<tr>
<td>- Present The Central Asia Regional Economic Cooperation (CAREC) and how MCSR countries can benefit from the program;</td>
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<tr>
<td>- Secure participation of MCSR countries in the whole project;</td>
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<tr>
<td>- Identify focal points among participating Governments.</td>
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<tr>
<td>- Agree on a roadmap with the participants</td>
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<tr>
<td><strong>Output 1.2</strong> Economic and political mechanisms to implement the roadmap in the MCSR developed.</td>
<td>UNIDO</td>
<td>Q1 Q2 Q3 Q4</td>
<td>Q1 Q2 Q3 Q4</td>
<td>Q1 Q2 Q3 Q4</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.2.1 Organize (jointly with MCSR City Alliance and / or Business Council if possible) a forward looking regional workshop / conference to present national flagship projects in terms of industrial development</td>
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<tr>
<td>- MCSR countries to share experiences;</td>
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<td></td>
</tr>
<tr>
<td>- MCSR countries to learn about best practices (environmental safeguards, inclusiveness);</td>
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<td></td>
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<tr>
<td>- MCSR countries to reach consensus on a framework for industrial cooperation between them.</td>
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</tbody>
</table>
### Output 2.1
Investment opportunities in industry and infrastructure in MCSR countries identified and promoted;

### Activities

2.1.1 Organize (jointly with MCSR City Alliance and / or Business Council if possible) regional / sectoral investment forums for promoting manufacturing, trade and investment through PPP

- Participants should include MCSR national and municipal Governments, DFIs, institutional investors, private sector representatives;

- MCSR countries / municipalities to present feasible project proposals for trade and investment promotion for concrete collaborations.
C.7 Risks

The project is designed based on the demands of cooperating partners and potential beneficiaries. Risks for the project will, therefore, be due to the changing political environment and policies of certain countries and cities as well as uncertain participation levels and scales.

These risks, however, can be mitigated to a great extent by forging cooperative partnerships and other forms of commitment between stakeholders involved as well as ensuring the necessary adjustments to address problems encountered during project implementation. Organizations to be newly established, such as MCSR Cities’ Alliance, will play an important role in monitoring some of these risks and will be instrumental in ensuring that any issues which could jeopardize the project’s success are addressed by relevant stakeholders in a timely fashion.

D. INPUTS

D.1 Counterpart inputs

CICETE will provide a focal point for this project as an in-kind contribution in order to facilitate a direct and formalized communication channel between this project and CICETE.

D.2 UNIDO inputs

UNIDO will recruit the project staff, organize training programmes, study tours and conference/meetings.

Project staff
Project staff will be recruited to carry out assignments according to Job Descriptions in the annex. UNIDO will aim to have a gender balance in the project office.

Trainings
Training courses and workshops will be organized for capacity building, involving collaborating partners from MCSR countries, on ISID and green growth principles and the use of these for industrial parks. Participants will include both women and men. The training will also include site visits to selected industrial parks/zones in the concerned countries.

Study tours
Study tours will be organized to selected MCSR countries for information exchange, knowledge transfer and sharing experiences with regards to green industrial parks as well as policies and practices to support their development. Female participation in study tours will be tracked using a sex-disaggregated indicator.
Conferences/Meetings
Conferences, forums as well as trade and investment fairs will be organized as part of the efforts/activities to disseminate information on impacts/benefits of ISID in the MCSR countries. The project will ensure participation of women’s entrepreneurship associations in both conferences and meetings.

E. BUDGET

A total of USD 565,000 will be made available to support the project activities from the Technical Cooperation (TC) budget resources under the UCSSIC/China for this project. Budget details are shown as below:

<table>
<thead>
<tr>
<th>Output</th>
<th>Budget (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1.1:</strong> Participation of all interested MCSR countries, based on voluntary contribution, ensured and commitment to ISID shared</td>
<td>50,000</td>
</tr>
<tr>
<td><strong>Output 1.2</strong> MCSR networking and interregional industrial cooperation promoted</td>
<td>100,000</td>
</tr>
<tr>
<td><strong>Output 2.1</strong> Investment opportunities in industry and infrastructure in MCSR countries identified and promoted</td>
<td>200,000</td>
</tr>
<tr>
<td><strong>Project Office</strong> (Staff, travel, monitoring, misc., serving all outputs)</td>
<td>150,000</td>
</tr>
</tbody>
</table>

Budget according to UNIDO Budget Lines:

<table>
<thead>
<tr>
<th>Budget Line</th>
<th>Item</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>local travel</td>
<td>50,000</td>
</tr>
<tr>
<td>16</td>
<td>Staff travel</td>
<td>50,000</td>
</tr>
<tr>
<td>17</td>
<td>National experts / adm. staff</td>
<td>60,000</td>
</tr>
<tr>
<td>30</td>
<td>In service training</td>
<td>100,000</td>
</tr>
<tr>
<td>35</td>
<td>International meetings</td>
<td>220,000</td>
</tr>
<tr>
<td>51</td>
<td>Misc.</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>Sub-Total</td>
<td>500,000</td>
</tr>
<tr>
<td></td>
<td>13%Project support cost</td>
<td>65,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>565,000</strong></td>
</tr>
</tbody>
</table>

Additional financial resources are to be mobilized from potential partners and donors such as the cities along the Maritime and Continental Silk Road during the implementation of the project.

F. MONITORING, REPORTING AND EVALUATION

**Monitoring & Reporting:**
The Director of the UCSSIC will prepare half-yearly project reports on the progress of the project for the Senior SSTIC Coordinator prior to submission to the donor. The progress reports and final report will be made available to concerned HQ offices, at the discretion of project manager and the UNIDO Regional Office in Beijing.
The data (activities, outputs) to be monitored by UCSSIC should be collected to create codified case study for eventual post-implementation replication, scale-up and promotion. Monitoring at the output level will be carried out by UCSSIC and the UNIDO Regional Office in Beijing in close coordination with the Project Manager. Monitoring at the outcome level will be undertaken continuously by UCSSIC and the UNIDO Regional Office in China. A mid-term review will be commissioned after 18 months of implementation and at the end of the project a self-evaluation will be undertaken (see below), involving visits to selected sites, as appropriate. The indicators that will be used in the monitoring are to be found in the attached Logical Framework. Monitoring the impact of project will be carried out jointly by UCSSIC and UNIDO Regional Office.

**Evaluation**

A self-evaluation will be undertaken at the end of the project by the Director of the UCSSIC, under supervision of the Project Manager, following UNIDO’s rules for self-evaluation.

Monitoring & Evaluation overview table:

<table>
<thead>
<tr>
<th>Monitoring &amp; reporting activities</th>
<th>#</th>
<th>Responsible</th>
<th>Associated cost US$ (to be covered by the project office)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Progress reports</td>
<td>6</td>
<td>Director, UCSSIC</td>
<td>None</td>
</tr>
<tr>
<td>Steering committee meetings</td>
<td>3</td>
<td>Director, UCSSIC</td>
<td>5,000</td>
</tr>
<tr>
<td>Mid-term review</td>
<td>1</td>
<td>Senior SSTIC Coordinator</td>
<td>15,000</td>
</tr>
<tr>
<td>Self-evaluation</td>
<td>1</td>
<td>Director, UCSSIC</td>
<td>15,000</td>
</tr>
</tbody>
</table>

**G. PRIOR OBLIGATIONS AND PREREQUISITES**

Government commitments are essential. Designated focal points of respective government institutions must be established as a project-coordinating mechanism and are prerequisites for the successful implementation of the project.

**H. LEGAL CONTEXT**

The legal context of the present project is governed by the provisions of the Standard Basic Assistance Agreement concluded between the Government of the People’s Republic of China and the United Nations Development Programme on 29 June 1979 and entered into force on 24 June 1985. These provisions are applicable to the present project by virtue of the Declaration of the Government appended to the Project Document, accepting the application of the above-mentioned Agreement to the present project.

With respect to TC programmes/projects elaborated under output 3, it is expected that their implementation in the target countries will also be governed by the provisions of the Standard Basic Cooperation Agreements concluded between the Governments of the recipient country
concerned and UNIDO or – in the absence of such an agreement – by one of the following: (i) the Standard Basic Assistance Agreement concluded between the recipient country and UNDP; (ii) the Technical Assistance Agreements concluded between the recipient country and the United Nations and specialized agencies; or (iii) the Basic Terms and Conditions Governing UNIDO Projects.
## ANNEX I: LOGICAL FRAMEWORK

<table>
<thead>
<tr>
<th>Intervention logic</th>
<th>Objectively verifiable indicators</th>
<th>Sources of verification</th>
<th>Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact</strong></td>
<td>Improved ISID among participating MCSR countries</td>
<td>Trade volumes in prioritized sectors; Volume of investments in infrastructure and industry projects;</td>
<td>Individual MCSR countries demonstrate strong political leadership and provide full support to FDI</td>
</tr>
<tr>
<td><strong>Outcome</strong></td>
<td>1. Participating MCSR countries are able to come to a consensus on the vision and a strategy for industrial cooperation including prioritized industrial sectors and prioritized infrastructure development projects</td>
<td>The vision and the strategy itself; # of countries / cities participating</td>
<td>Financing mechanisms identified and made available for investment projects</td>
</tr>
<tr>
<td></td>
<td>2. Participating MCSR countries, multinational development banks, private sector and institutional investors develop investment projects in MCSR countries jointly or individually</td>
<td># of investment projects developed per country / region / sector; # type of financial partners;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Letters of intent</td>
<td></td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>1.1 Roadmap prepared in consultation with key stakeholders, for promotion of ISID along the cities in MCSR countries</td>
<td>The roadmap agreed upon by participating MCSR countries / cities</td>
<td>The majority of the MCSR countries are interested in participating in this project</td>
</tr>
<tr>
<td></td>
<td>1.2 Economic and political mechanisms to implement the roadmap in the MCSR developed</td>
<td>Consensus reached in regional workshop for industrial development and future planning in MCSR countries conducted</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2.1 Investment opportunities in industry and infrastructure in MCSR countries identified and promoted</td>
<td>Regional infrastructure and industry investment forum conducted; # and types of investment proposals;</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Project report</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

19
Appendix:

1. Concept Note of UN Common Project on MCSR City Alliance—unlocking trade, investment and cooperation at the local level;
2. Minutes of Inaugural Meeting of Project Board Meeting
Concept Note

Maritime-Continental Silk Road Cities Alliance:
Unlocking trade, investment and cooperation at the local level

The Maritime-Continental Silk Road (MCSR) Cities Alliance is an institutional mechanism aimed at facilitating the coordination of policies, building of partnerships, formulation of initiatives and access to finance, leading to intensified trade, investment and exchange among participating cities. It was established “in the spirit of peaceful partnership, inclusive development, mutual learning, and mutual benefit ... [to] further promote exchange and cooperation, and build a bright future for the 21st Century Maritime-Continental Silk Road”.

Established against the backdrop of highest-level political support expressed by over 50 countries in their call for a 21st Century revitalized Silk Road, the MCSR Cities Alliance is an operational tool for action. Its design includes linkages to the new Government of China funding instrument under development along the MCSR, to Mayor’s Offices along the Silk Road, and to technical UN Agencies with sectorial competencies.

MCSR broad level initiatives will need to be reviewed, jointly conceived and implemented at the local level, with the full engagement and leadership of local authorities and local stakeholders. As an institutional mechanism that articulates political support, with broad-vision technical knowledge and with actionable local-level projects, the MCSR Cities Alliance will facilitate the formulation, coordination and consolidation of sectorial action plans (e.g. on tourism, culture, trade, etc.), inform debate among Mayors and local decision-makers on priority areas for partnership and action, and strengthen collaboration and exchange among Cities along the Silk Road.

1 Quanzhou Consensus, February 2015.
The Alliance is therefore also embedded in the United Nations Secretary-General’s articulation of world leaders’ vision for the Post-2015 Development Agenda, stressing that “in many instances, local authorities, including Mayors, are already leading the change for sustainable development.”

As a mechanism oriented to produce action, the Alliance will be established with a Secretariat managed by CICETE. The Secretariat will facilitate the coordination of the many stakeholders on advancing the identification of the various trade, investment and exchange opportunities through the development of sectoral action-plans sponsored by UN Agencies. These action-plans will be reviewed and activities prioritized by a Mayors Forum and a Business Council. The Secretariat will also be an important promoter of the institutional development of the Alliance towards building long-term sustainability.

**MCSR Cities Alliance Road Map**

The MCSR Cities Alliance Secretariat will:

- **Establish a MCSR Mayors Forum** – to foster multi-city/country political support, an enabling policy environment and local-level facilitation through joint processes for debate and prioritization of MCSR trade and investment opportunities; and to convene a platform for dialogue and exchange among relevant stakeholders to ensure the sustainability of the Cities Alliance.

- **Establish a MCSR Business Council** – to facilitate business relations among enterprises in the MCSR cities, incubate initiatives and facilitate linkages for financing as well as other business services.

- **Coordinate Information and Sectorial Action Plans** – to facilitate identification and focus on the various trade and investment opportunity areas, and support prioritization by the Mayors Forum and the Business Council. These functions will be facilitated by a secretariat supported by multilateral Partners including:
  
  - UNIDO Industrial development and green industrial development Action Plans;
  - UNWTO Action Plan for increased and enhanced tourism along Silk Road routes;
  - UNESCO Action Plan for the promotion of creative and cultural industries as well as intercultural dialogue for the rapprochement of cultures among Silk Road cities;
  - UNOSSC Action Plan for intensified South-South Cooperation across the MCSR;

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21 May 2015
Institutional Arrangements

- **CICETE** – will be the Implementing Partner of this project with responsibility for the overall initiative and its activities. It will manage the Secretariat which convenes the MCSR Mayors Forums and Business Council, support their institutional development and processes, as well as monitor their progress;

- **UNOSSC** – will serve as Fund Manager, provide quality assurance to the broad global initiative, coordinate the various stakeholders, and support the development of the South-South Cooperation Action plan.

- **UNDP** - will offer expertise, an international network and programme management services to facilitate the implementation of the initiative.

- **UN Specialized Agencies** (UNWTO, UNESCO, UNIDO, others) – will develop action plans in their areas of technical expertise and contribute to the overall initiative’s vision, coherence and programming.
Minutes of the Inaugural Project Board Meeting

23 June 2015, CICETE

Participants:
CICETE:
Chair: Zhao Yongli, Assistant Director General
    • Yao Shenhong, Director General
    • Wang Wei, Deputy Director of South-South Cooperation
UNOSSC:
    • Francisco Simplicio, Assistant Director for Funds and Programmes
UNIDO China:
    • Liang Dan, UNIDO Senior Technical Advisor
    • Guo Li, Director, UNIDO Center for South-South Industrial Cooperation (China)
UNWTO:
    • Patrick Fritz, Silk Road Programme
UNDP China:
    • Patrick Haverman, Deputy Country Director
    • Zoe Zhang, Programme Manager, South-South Policy Team
UNESCO China:
    • Himalchuli Gurung, Programme Specialist for Culture
    • Geng Yan, Secretary to the Director
Representative of city:
    • Li Jiping, Representative of Quanzhou Municipal Government
    • Nian Xueqing, Deputy Director General, Bureau of Commerce, Quanzhou

Funding Facilities:
    • Dr. Norio Yamamoto, President, Global Infrastructure Fund Research Foundation–Japan

Agenda items and decisions:

1. Welcoming and introduction of meeting participants.
   The Chair opened the meeting welcoming participants and introducing all partners.

2. Briefing on the Terms of Reference outlining the functions of the Project Board.
   The representative of UNOSSC briefed participants about the Project Board Terms of Reference that is part of the Project Document and follows UNDP/UN standard processes.
He also outlined the various roles and functions of the Board which follow standard UNDP/UN processes and regulations, namely:

- **Executive**: a role undertaken by CICETE, as project implementing agency, represented by the Programme Coordinator/Chief Technical Adviser: Mr. Zhao Yongli;
- **Beneficiaries**: Represented by the Representative of Quanzhou Municipal Government;
- **Suppliers**: Represented by the private sector partners and UN Agencies;
- **Quality Assurance**: Carried out by UNOSSC, as Fund Manager and quality assurance agent as indicated in the Project Document.

Decision 1: The Inaugural MCSR Cities Alliance Project Board was convened with applicable quorum and representation for all functions. The applicable protocol and formalities for the Board’s functions were clarified. The Chief Technical Adviser was introduced, Board Members assumed their functions, including delegation for quality assurance.

3. Confirmation of the Quanzhou Consensus as the guiding framework of the Project.
   a. The Chair briefed meeting participants on the the consultation process that led to approved Project Document Initiation Plan. He highlighted the extensive consultations and valuable inputs provided by many partners.
   b. The Chair also described the Quanzhou Consensus as the guiding framework of the Project.

Decision 2: The Board confirmed that the Quanzhou Consensus is the guiding framework of the Project.

4. Briefing on the approved Project Initiation Plan and Presentation of the Road Map (Work Plan).

23 June 2015
a. The UNOSSC representative described the structure of the project and its governance bodies. He also described activities under each outputs: The Secretariat, the Cities Forum, the Business Council and the preparation of Sectorial Action Plan.

b. UNOSSC also presented the MCSR Cities Alliance Road Map (Work Plan).

c. Board Members and Meeting participants expressed their support to the project and its elements.

d. UNIDO expressed that it has participated in Quanzhou together with UNDP, UNESCO, and has worked a draft work plan, and from UNIDO side, fully agree to launch the alliance.

Decision 3: The Board approved the proposed Road Map as a logical set of plans, consistent with the Project Initiation Plan Document.

5. Comments by participants on next steps and perspectives on the planned production of Sectorial Action Plans or on key related initiatives for considerations on cross-fertilization and mutual support.

e. Partners were engaged into a rich debate and provided several inputs about current initiatives and next steps. UNIDO proposed that the discussion should be summarized and shared with the participants. UNOSSC welcomed the two suggestions received from UNDP China and suggested a partnership with UNESCO for development of action plan template. Cities and private sector representatives also provided valuable inputs and confirmed their support to the project.

Decision 4: The Secretariat and UNOSSC will summarize the debate in a separate note and will share it with all participants as a living document for comments and future references.

6. The meeting was concluded as the Board agreed to reconvene when necessary.