

# C P A R

*Chinese Public Administration Review*

中国公共管理评论



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# Chinese Public Administration Review

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# 中国公共管理评论

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# 中国公共管理评论

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## Chinese Public Administration Review

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# Motivation absorbs Magnitude: An analysis of Health Care Services of KUMBH MELA

Dr. Vinay Sharma, Indian Institute of Technology (IIT)

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**Abstract:** This paper highlights the levels of commitment, purposefulness, transparency, efficiency, effective administration and good governance in the delivery of Health Care Services observed and experienced at the largest ever gathering of humans (30 million people on 24th January 2001 on the occasion of Mauni Amavasya) at one single place of a 3000 acre temporary township since the inception of Human race on our planet Earth. This occasion was KUMBH MELA in the year 2001 wherein 70 million people congregated over a period of few weeks. During this Allahabad (the city where Kumbh was organized) turned into the most densely populated city in the world. (For detailed description of KUMBH and the legend behind please refer to supplementary notes at the end of the paper titled KUMBH MELA a story). The paper tries to analyse the factors behind the successful administration and management of the Health Care Services provided during this period. Though the author himself closely observed the situation by staying there at the location and throughout otherwise wherein he could find the methodology, but answers to few questions still remain to be debated and analysed and one of the major question is that what propels people to manage and execute tasks so precisely despite of the magnitude and high constraints associated with such tasks? The felt and understood answer is ‘Motivation absorbs Magnitude’ but the question is How one gets so much motivated? For example, Dr. G.R.Sharma, Additional Director of Medical and Health Care Services of the Allahabad Region who headed the team of Health Care Services at the time of this unheard congregation of Human Beings on this Earth had to retire from his services just after this occasion and serving the State Medical and Health Care Services for 30 odd years as a Medical Doctor and an Administrator, he very well understood the nuances of taking such a task at hand. Taking responsibilities and then accomplishing those has a passage of extreme concentration, commitment and conviction in between.

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This paper puts forward a case based first hand analysis about how this event was conducted especially in context to the health care, hygiene and sanitation services, wherein the allocated resources for this purpose were highly limited especially in terms of doctors i.e. 200 creating a doctor population ratio of 1: 150000 on the day of 24th January, 2001. The analysis in this paper is based on the primary data collected in the form of the interviews conducted with the superior most officials concerned with the Health Care Services especially the Head of the Health Care Division, the then Additional Director of Health, Allahabad and the Officer Incharge of the Health Care Services of KUMBH MELA 2001, Dr. G. R. Sharma. The said analysis is complimented by the observations made by the author himself, while he physically attended the mega event and stayed there for four days.

In the light of unlimited inefficiencies usually discussed about the Government machinery and its working, this paper wonders about the reasons for this

kind of a successful administration complete with all the best of the ingredients and the strategies otherwise only mentioned in the books.

Was it the sensitivity of the event?

Was it the number of people themselves?

Was it because of the attention of whole of the World’s media?

OR

Was it because of the concentration of everyone associated?

Was it because of the motivated workforce?

Was it the Leadership?

OR

Was it an appropriate and sustained amalgamation of all?

And whatever made it successful; can it be replicated in general also?

**Managing the Maha Kumbha Mela:**

<http://www.goodnewsindia.com/Pages/content/economy/kumbha.html>

## **India's management skills deliver the Kumbha Mela**

Any developed country that had anything a fraction of what the Kumbha Mela was, would have hyped it up, marketed it and congratulated itself.

In India, world history's largest ever people-event spread over six weeks, passed off without fuss or incident. Perhaps it's a sign of India's self-confidence that it doesn't chortle about what it has just brought off. The colour and the theatre of the event have been well-covered by the world media. Puzzled audiences the world over have been shown the strange and varied lot called Indians -30 million of them- trudging up to a river, without a prompt or any publicity, to take a dip and assert a uniqueness all their own.

**No alibis!** But not enough has been said about what it took to organise so mammoth a festival, which cannot be canceled by anyone's diktat nor can restrictions be placed on anyone who wanted to be there. The Kumbha Mela arrives with a force all its own and is a ticket less, open festival that is everyone's right to participate in.

**The administration faced a logistical nightmare:** Planning began several months before in Allahabad in UP, a state much reviled for its disorder and lawlessness. Supply of water, food, electricity, telecom, grocery, fuel, shelter was planned. Special camp-site space had to be reserved for hundreds of religious and quasi-religious organisations. For over three months, construction went on at the Kumbha site.

**Specifications:** 70 million attendees over 6 weeks, 30 million visited on Jan 24th alone, A 3000 acre temporary township, featuring 140 km of specially laid roads, 500,000 tents, 16000 street lights, 150 watch towers, 28 police stations, 17000 toilets, 5000 phones, a hospital and 20 clinics, That is the hardware.

The software required to run so vast a project called for an equally staggering set of numbers: 40 companies of para-military forces, 18000 policemen, 200 doctors, 100s of shops, 6000 conservancy workers clearing up to 200 tons of garbage per day.

The political situation in the country being what it is, security issues had to be addressed: 12 anti-sabotage squads, 8 mine detection teams, 2 commando groups, Tens of 'trouble-spotters' mingling with the crowd, 6 infra red scanners for night vigil, Closed circuit surveillance TV network.

This Kumbh was one of the most organized ever. Authorities spent millions on planning, infrastructure, logistics and security. In preparation for the gathering, orders for 13,000 tons of flour, 7,800 tons of rice and 5,000 tons of sugar were placed. 20,000 latrines were constructed. Fifteen temporary pontoon bridges were placed

to span the river, complete with repair crews who constantly rebuilt sections of the bridges damaged by the staggering foot traffic. Five computer centers, a plethora of outdoor movie theaters, six petrol stations, countless tea shops, ashrams and dining facilities rounded out the 18 square mile temporary tent city that had sprung up on the dusty riverbed. Some 20,000 police were deployed along with navy divers, mine sweepers and bomb sniffing dogs. On January 24th, Mela officials reported 30,000 people lost or separated from their families. Using the worlds largest public address system, the Mela's lost and found centers set up at strategic locations all over the fairgrounds attempted to reunite disconnected families. Despite a history of deadly stampedes at the Kumbh which killed 500-1000 people in 1954 and another 60 people in 1989, along with disturbing reports of possible terrorist attacks-VIP's including the Dalai Lama and Sonia Gandhi were in attendance.

**Now, some reviews:** Whew...but how did it all play? Sandipan Deb a columnist for 'Outlook' was there and notes of the pilgrims: "...two unbelievable crore [20,000,000!] of them on one single day, the holy Mauni Amavasya, and if all of them stood in single file the line would have stretched from Allahabad to Miami." Not a single untoward incident took place. No epidemic, no riots. Many were 'lost' but helped to be 'found' again. A few tempers ran high but becalmed in time. Religious groups declared 'hostilities', but it was all more theatre than violent. Hundreds of voyeuristic foreign photographers pried on the lives of Indians; they were shooed off and not attacked:

Here is Sandipan Deb reporting again: "The Maha Kumbha is history's biggest logistical exercise of its type and it is organised amazingly well. Kumbhnagar is spotlessly clean from roads to public latrines the garbage is invisible, the officials are polite and efficient, and it's a miracle that the policemen on duty are not cracking up..."

'India Today' called it the "Kleenex Kumbha" and said: "the Kumbha has been a revelation of India's hitherto hidden skills in civic management."

The Maha Kumbha such as the one just passed occurs but once in 144 years. Long before the next one arrives, India will have learnt to replicate the Kumbhnagar success all across the country.

**Health Care Services System and the KUMBH Magnitude, Resources and Limitations:** The De-

partment of Health during this period arranged for 20 Sulabh Toilet Complexes (reference: <http://www.sulabhinternational.org/>), a composite arrangement of toilet and cleaning activities run by an organization called Sulabh International doing so in whole of the country. 21000 Lavatories and toilets were established, 50000 trench based lavatories, 2000 general purpose urinals were arranged, one 100 beds hospital, 14 circle medical care units of 20 beds each and 14 primary health care centers were established. There was a special 30 beds Police Hospital for the Police Personnel. Ambulatory Services having a fleet of 23 ambulances were available round the clock. 200 doctors, 6000 conservancy workers clearing up to 200 tonnes of garbage, digging 5000 trench based lavatories per day were present for 24 hours there at this township. Around 2,25,000 people got treated, wherein 1741 were admitted as inpatients. This was the first time that the tele-medicine system was used on such an occasion with the network of Sanjay Gandhi Post Graduate Institute of Medical Sciences, Lucknow, wherein 300 patients got treated through this mode as well.

Cleanliness was the buzzword and insecticides to eliminate mosquitoes and flies the major carriers of the communicable diseases were used.

**Planning and Foresightedness:** The planning for this coming occasion was initiated around one year in advance.

The objectives decided were:

- a) To maintain clean and healthy environment in the Mela/Event area.
- b) To deliver medical and the health care facilities to the Yatries/Visitors or the Mela visitors as per the requirement and as and when needed on the immediate basis. (Because it is imperative to suggest here that if any disease would have broken out and got communicated it would have been a disaster).
- c) Control of the inception and flow of communicable diseases.
- d) Assurance of clean and disinfected water.
- e) Preparedness for the control on the adulteration of food and food products.
- f) To keep the complete area without mosquitoes and flies.

For this the organizational structure constituted comprised of Dr. G. R. Sharma, the then Additional Director, Health, Medical Care and Family Planning, Allahabad Division as the Mela Officer – Health and Medical Care along with his team of Officer Incharge for Main Health Logistics Unit, Head of the Main Hospital, Officer Incharge for the Anti Flies Unit (a strategic unit for a self explanatory purpose) and then

12 Officer Incharges for 12 different zones as whole of the area of Kumbh Mela was divided into zones.

There was a Control Room Unit for internal communication amongst the team members. The team members were given unique identification for the convenience of the people around. Although it is imperative but still to be mentioned that this workforce specifically deputed for cleaning and operating at the front had to work 24 hours so were made comfortable with all the basic and genuine requirements for stay and especially to keep healthy by themselves.

### **Effective Administration, Management and Good Governance**

**Methodology:** The main subject of concentration was avoiding the breaking of any communicable disease and if couldn't then preventing its spread.

But the million Dollar question is How to identify and stop the people already infected and carrying the diseases especially the communicable diseases to enter in the Mela/Event area? And if this couldn't be done then the only aspects which remain at hand are:

a) To be vigilant 24-7.

b) To treat the patient of any sort immediately as and when identified.

c) And above all to keep whole of the area clean and hygienic so much so that any sort of spread of disease becomes impossible, because if it would have happened, it might have created a disaster of high magnitude.

Therefore the major concentration apart from the immediate treatment of patients was keeping the place clean and managing any or everything responsible for development of unhygienic conditions. As mentioned earlier also the number of patients treated were 2,25,000 in number wherein 1741 inpatients were treated including Surgeries, Obstetrics and Gynecological patients (even child births were handled there), Dental, Orthopaedics and almost every kind of ailment was handled.

The methodology for keeping the hygienic conditions and maintenance of cleanliness was specifically focused on:

a) Removal of tones of garbage and human excreta, which was done by digging of the new trenches and closing the old ones on the daily basis because as mentioned earlier this township is always temporary in nature and there is no provision or system of sewage here.

b) Further judicious usage of insecticides was done to not to let the mosquitoes and flies multiply, because these are the major carriers of diseases and also the large and extreme usage of insecticides could

have effected the general usage of the population looking at the density of the area.

c) There is always a sizable population in Kumbh Mela of the people who stay there for few weeks, so a provision of regular attention to their health and hygiene has to be done and a significant factor emerges in the form of these people relieving themselves near the river especially along the areas where the river water has entered in to large pits due to high tides and then has stagnated. This is dangerous because once this stagnated water re-enters the main stream it pollutes the same and extensive usage of disinfectants can also pollute the river on the one hand and on the other hand is against the religious ethics followed. So this paradoxical situation has also to be strategically catered by excavating the polluted water not through the river but through other passages which is taxing.

d) No such drive having so many people can become successful without the involvement of the people themselves and therefore an all round awareness campaign went on throughout these days, wherein the department of Health kept on making the population aware of not only about the facilities but also about how to remain clean and hygienic so as generate their involvement in this magnimionious task. The methodology used was the arrangement of street plays, local musical plays in all the possible local and regional languages along with display of large hoardings, distribution of pamphlets and an extensive usage of other devices, methods and materials.

e) Another aspect is not only to provide cleaning support in the river also but also to provide health care there inside the rivers, because round the clock for around 45 days there were a sizable number of people who were there inside the river who were taking a dip/bath. For this boat hospitals and clinics along with the cleaning staff on the boats were deputed.

f) One of the most important factors was related to checking on the adulteration of food and contamination of drinking water and for this continuous sampling of water and food driven by intense vigilance was the only method, because it seems redundant but is important to mention that the resources especially the man power were extremely limited and the number of shops, the sources of drinking water were in thousands along with the unlicensed vendors who were eliminated from the area time and again.

**Transparency and Efficiency:** Conducting such a huge task requires a life time experience and set of skills which Dr. G. R. Sharma a very senior officer and his team had. But it also requires a wonderful communication with the team and an extreme

element of transparency and efficiency in almost all the spheres namely selection of team, delegation of tasks, work regulations (it was a 24 hours job) and especially budgeting, procurement and disbursement of supplies. For this:

a) A defined Human Resource Management and Administration system led by the efficient leadership skills of the senior team members was used.

b) Budgeting one of the most important aspects highly depended on the foresight of the planners had to include every specific details on the one hand and on the other hand it had to be seen that how much would actually be available or approved? And the figure which was approved for the overall expenditure by the department of Health and Medical Care for this purpose was around Indian Rupees 7,40,00,000 i.e. 17,20,930 US\$ making practically around Indian Rupee ONE i.e. .023 US\$ per person visiting the KUMBH MELA.

c) Procurement was done through the Government norms and the most crucial aspect of the disbursement of supplies and the judicious usage of the resources was planned and effectively implemented.

**A Lauded Example of Dedication, Commitment, Purposefulness, Motivation and the Driving Force:** Whole of the World's media followed this event and almost everyone who knew about it was awestruck by the magnitude and little worried about anything untoward. But everything went well and the reasons analysed by the people who attended and the people who watched can be summarized in the words like Self Motivation and Commitment of the team. But the question still remains that can it be replicated? And if yes how? Although the system otherwise is not extremely inefficient and things are moving but the same system doesn't shows the similar kind of efficiency in day to day working and life. The point is we have an example and the more important point is how to replicate this example/model/methodology?

#### **Some Laurels and Words of Praise**

India Today A Leading Magazine of India said:  
Kleenex Kumbha

Replicate The Civic Model of

The World's Largest Mela

<http://www.india-today.com/>

[itoday/20010205/edit.shtml](http://www.india-today.com/itoday/20010205/edit.shtml)

In many ways the 1,200-hectare township called Kumbhanagar is a mini-India, a temporary home to people from all over the country and, indeed, the world. In many ways, the cloth-and-bamboo city that has sprung up on the banks of the Ganga in Allahabad is everything that India is not. It is not dirty; it does not have garbage

piling up at every corner; two flies and three mosquitoes don't keep every visitor company. In a notoriously filthy land it is a hygienic miracle, a man-made one at that. The clean Kumbha is a creation of 6,000 sweepers working virtually round the clock. It has been gratifying to see workers remove trash from bathing ghats almost as soon as it is spotted. A monumental 200 tonnes of solid waste is trucked away from Kumbhanagar every day. Regular fogging ensures buzzing insects are kept in exile-and epidemic denied a visa.

Despite the traffic bottlenecks and odd brushes between policemen and journalists, the Kumbha has been a revelation of India's hitherto hidden skills in civic management. The 30 million pilgrims who took a holy dip on January 24 numbered more than the residents of Delhi and Mumbai put together; to use another reference point, they equalled the Canadian population. Failure was simply not an option for the civil servants running Kumbhanagar. The outbreak of disease, for instance, could have proved catastrophic; and ruined their careers. Still, it would be churlish not to acknowledge their achievement. The question is: why can't these standards be maintained elsewhere? As the world's largest mela proves, keeping the environment healthy and being a good Indian are not quite mutually exclusive. For a start, Uttar Pradesh could consider replicating the Kumbhanagar model in its once proud but now shabby towns.

Time Magazine of USA covered it, all the channels and several other people extended their wishes and greetings/congratulations, including the then Prime Minister of India Shri Atal Behari Vajpai, the then Chief Minister of the State of Uttar Pradesh, Shri Raj Nath Singh, several religious and social leaders, the top bureaucracy and soon. Felicitations were organized and letters were sent.

### **Conclusion**

This paper has tried to put forth the relevance of 'Human Will', Commitment and Dedication, leading towards Transparency and Efficiency in Governance and Administration especially quoting the example as a case of The Department of Health and Family Welfare's conduction and delivery of services with extremely limited resources during the MAHA KUMBH MELA at Prayag, Allahabad, in the State of Uttar Pradesh, in India. The occasion which is regarded as the largest congregation Human Beings since the inception of Human Race on this planet Earth. The paper proposes that this efficiency if could be replicated in the daily routine execution of works and processes could do wonders especially in the provision of vital services like Health Care.

### **Supplementary Notes**

KUMBH MELA a story

The Mahakumbh 2001 – the story

<http://www.the-south-asian.com/Jan2001/Mahakumbh%20-%20the%20story.htm>

by Nalini Bakshi

Seldom do 70 million people congregate over a period of few weeks to seek salvation – irrespective of their individual belief and creed or ethos. The Mahakumbh at Allahabad, which began on 9 January 2001, is perhaps the only spiritual event that gathers such mega numbers of humanity in one place in the true spirit of 'Jagat Kutumbkam' – or one global family. It is a secular tradition shared by people of all faiths and cultures. It is considered by many to symbolise the soul of Indian culture and thought. For the period until 21 February 2001 Allahabad will turn into the most densely populated city in the world. The international media coverage of the Mahakumbh 2001 is unprecedented – so is the zeal and faith of the millions who arrive from all over the world.

Modern day Allahabad is the erstwhile city of Prayag, also referred to as Teerthraj Prayag – the holiest of the holy pilgrimages. Akbar, the Mughal Emperor named it Allahabad – 'the city of Allah' – the divine reference remained unchanged. Allahabad is also where three holy rivers meet – the Ganges, the Yamuna and the elusive and mythical Saraswati – supposedly a subterranean channel, invisible to the human eye. These sandy fluvial shores have hosted many Kumbh melas over the past centuries or even millenniums. The origins of the Kumbh and the status of sanctity granted to Prayag/Allahabad lie in Hindu mythology and date back to the creation of the universe and the victory of good over evil.

According to Puranic legends, the sage Durvasa [also known for his fierce temper] once visited Lord Indra in Heaven and gave him a garland of 'eternal flowers'. Lord Indra casually passed on the garland to Airawat – the divine elephant – who had no clue about the significance of these flowers and promptly crushed the petals. Durvasa Rishi (sage) was angered by Lord Indra's insensitive gesture and pronounced that he would lose all his riches and power. Seeing this as a good opportunity to take advantage of the curse, a demon king attacked Lord Indra and took away his riches. The Gods in Heaven felt weakened. Lord Vishnu [the preserver of the cosmos] then advised Lord Indra that in order to restrengthen himself, Lord Indra required Amrit or the divine nectar, which lay under the depths of the mighty ocean in a kumbh or a pitcher.

The kumbh [pitcher] of Amrit could be recov-

ered only through the churning of the ocean – a supernatural effort was required to do that. The Gods motivated and lured the demons to help them churn the ocean. When the Amrit kumbh emerged from the ocean, the Gods and the demons rushed to claim it. But Lord Vishnu successfully handed over the kumbh [pitcher] to his mount Garuda who was instructed to take it to Heaven. On its way to Heaven, Garuda was stopped at four places by the demons and some of the divine nectar spilled at these four places – which are present day Allahabad, Haridwar, Ujjain and Nasik – all in India. The spilled nectar sanctified all four places and Kumbh is held in turn in all four places. On its flight towards Heaven, Garuda was guided by Lord Brihaspati [Jupiter], who was at the time transiting through the sky. The Sun, Saturn and the Moon also guarded the flight path of Garuda – a flight that took 12 days [12 human years]. Hence Kumbh is celebrated at the time of the same astronomical and planetary combination every twelve years. These planetary positions are said to sanctify and medicate the waters of the Ganges and turn it into nectar. It is believed that the planets and the heavenly bodies at the time of Kumbh, charge the waters of the rivers Ganges and Yamuna with positive healing effects. Hence the significance of holy dips, which are also believed to cleanse the pilgrim of all sins, granting him salvation from the recycle of births.

At Allahabad, the Kumbh Mela is celebrated in the Hindu month of Magha {January/February}, when Jupiter is in the zodiac house of Aquarius and sun enters Aries. Aquarius is also known as Kumbh in Sanskrit. The Amavasya or the new moon of Magha is an especially auspicious day when millions bathe in the confluence of Ganges and Yamuna. This year Amavasya falls on 24 January, which will be the main bathing day.

The Kumbh Mela or festival has been celebrated forever. It has been mentioned in Vedic literature. Its earliest history is dated to ca 3500 BC. In more recent times, the Chinese traveller Huan Tsang recorded his visit to Prayag in the seventh century, at the time of Harsha Vardhana's rule. In the eighth century, the philosopher Jagat Guru Shankaracharya grouped the ascetics into ten sects at Prayag and this informal assembly of yogis and ascetics "served as a kind of parliament of Hinduism for the discussion of religious doctrine and possible reform and has remained a major attraction for the pilgrim. Sadhus who stay naked the year round, ascetics who practice the most severe physical disciplines, hermits who leave their isolation for these pilgrimages, and true saints – gather in camps along the riverbank and are visited by pilgrims."

The pilgrims who arrive in Allahabad for the

Kumbh festivities are there for the holy dips on specified days and they also spend time listening to different spiritual discourses and exchange of philosophies. In recent years, Allahabad has seen pilgrims from Europe, and the United States – who come with similar fervour and faith. Hollywood will be represented by Sharon Stone, Pierce Bosnan, Demi Moore and Richard Geere. Music world's Madonna will be there to seek inspiration. British tour operator Cox & Kings confirmed the visit of many stars to the Mahakumbh but refused to reveal names on security grounds. "We are bringing in more than 600 premium guests to the Kumbh from around the world,"

Spirituality is not the only quest – there is fun too. Magicians, sadhus performing superhuman feats, processions of different sects of sadhus on horses, elephants, and chariots – give the festival a surreal ambience – it beats the sets of any multi-starrer.

#### **Acknowledgement**

The author wishes to extend special thanks to Dr. G. R. Sharma, Additional Director (retired), Department of Health and Family Welfare, Uttar Pradesh, India, for detailing him on all the major as well as the finer aspects related to this paper.

#### **Author**

Vinay Sharma, Ph.D from U.P. Technical University, Uttar Pradesh. MBA from Philippine Christian University. Has around 16 years of Experience, in the areas of Business Opportunity, Development, Market Development, Brand Development, IT enabled Services and Teaching for past seven years.

Presently working as Assistant Professor, with the Department of Management Studies at Indian Institute of Technology, Roorkee, Uttarakhand, he has a considerable experience of working with various organizations in the fields of Social Development, Media and Information Technology along with having worked with the largest read newspaper of India. His areas of interests include Poverty Alleviation through Business Development, Market Development and Technology wherein he has designed and proposed a specialized model recognized by the name "Affordability for the Poor and Profitability for the Provider" for the provision of health to the rural and the poor population in India through an extensive research which, has been acknowledged at various platforms. The model and his research concentrates on development of health leading to business opportunity development which leads to co-creation of value and that subsequently leads to

the capability development of the people at the bottom of the pyramid.

He is an associate and a member of the founding group of the Network of Asia Pacific Schools and Institutes of Public Administration and Governance constituted by Asian Development Bank in December 2004 and the Member of Editorial Board of the E-Journal of NAPSIPAG called Journal of Administration and Governance. Vinay Sharma teaches Marketing and the allied subjects and has been a founding HOD of Department of Management Studies of an Institution at Lucknow and also has been an Associate Dean of College of Management and Economic Studies, of a University at Dehradun where he was also the member of the prestigious Academic Council of the University. He has published and presented papers, Chaired sessions at national and international platforms especially in his areas of interest. He has edited an internationally circulated journal and is a member of Editorial Board of Gurukul Business Review, African Journal of Political Science and International Relations and Chinese Public Administration Review published by Rutgers University USA and is also the member of academic and advisory councils of prestigious institutions.

He can be reached at: Dr. Vinay Sharma, Assistant Professor, Department of Management Studies, Indian Institute of Technology (IIT), Roorkee, Roorkee, Uttarakhand, India, vinnu71@hotmail.com, vinnu871@yahoo.com, Contact: 09839022610.

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# Citizen-Participation Performance Evaluation for Local Governments in Mainland China The State of Practice, Analytical Framework and Research Agenda

**WU Jiannan**, China Financial Policy Research Center, Renmin University of China,  
School of Public Policy and Administration, Xi'an Jiaotong University, China

**GAO Xiaoping**, Chinese Public Administration Society, Beijing, China

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**Abstract:** Nowadays, a great volume of citizen-participation (C-P for short) activities serving the purpose of performance evaluation have been initiated. Among these innovative activities, both the positive and negative comments on the significances have come out. While the criticisms were elicited from distinct points of view, the current study tried to provide a synthesizing description in order to further understand C-P evaluation. Through a case representing how in practice a typical C-P evaluation was implemented, traits were spotted to form an analytical framework that was considered helpful in identifying the key issues. Finally, based on the findings in the framework, an agenda against the further research on C-P evaluation was discussed.

**Key Words:** Citizen-Participation Performance Evaluation; Local Governments; Mainland China; Research Agenda

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As the step of reform quickened with continuous achievements and growing anticipations, Government performance evaluations in Mainland China have evolved to the extent that several parallels could be scanned, if not clear-cut. The earliest method local governments employed as today is named the Objective-Responsibility System, similar to MBO in classic managerial theories. Such approach initiated from 1980s posits evaluation that is 'from top to down'.

The other means is 'bottom-up', i.e. the Citizen-Participation evaluation (C-P evaluation for short). This undertaking starting in 1990s has been prevalent in the Mainland China. It aimed to evaluate the service level and the images of government agencies in certain social and political context. For the nature that in such an evaluation the main evaluators are the ordinary people living and working in the area, the title 'Citizen-Participation' is credited.

With more and more practices, recognitions on the C-P evaluation have deepened from theoretical and political confirmations into critical and detailed reviews. The optimistic commentators have stated that

the C-P evaluation has created new channels for citizens to engage and supervise the public affairs; impacted the perception of how citizens perceive and react with the government and enforced the government to be more responsible and accountable for its behaviors.

In contrast, on tangible operations of C-P evaluations, practitioners and bystanders have realized that more problems need to be solved at different aspects, causing the evaluation not merely a government behavior but a complex social process. Specifically, these problems involve the citizens expressing unwillingness to evaluate, public servants in the evaluated agencies noting the indicators yet to be improved, officials concerning about the standardization of the evaluations and other concerns raised on information insufficiency and impartiality. The controversial views imply that the C-P evaluation questions are interrelated and only by explaining systematically with a holistic approach, might these puzzles be better clarified.

With this rationale the current research reviewed the literatures done by Chinese and scholars abroad. There has been an increasing body of re-

searches in Mainland China dealing with the domestic C-P evaluation, with more and more results published. Now 400 papers with C-P evolution as key words could be found on CNKI (Chinese National Knowledge Infrastructure), and a representative progress is the book analyzing the evaluation in Nanjing city, Jiangsu Prov. contributed by WU Jiang in 2006. Concerning their contents, the majority are reports from various places to state who was evaluated (XIA Geng, 2001), what was evaluated (XU, 2002; WANG and HAN, 2003; ZHANG, 2005) and how to address equity (FENG yan, 2001).

Practical issue were spotted and analyzed, e.g. some practitioners arguing that the C-P evaluation functions more like formalizations instead of achieving tangible goals, and needs institutionalized (LI Chengrong, 2005), reporters finding that the newspapers publishing questionnaires were bought out by the staff required by the agencies leaders so that faked information were submitted to have better results (FU Haihou, 2006). Some authors with more critical opinions even doubt whether the evaluators at disadvantage are capable of providing a authentic perceptions due to pressures (YING Xian, 2004). Other issues such as transparency and equity (SONG Kuiyu, 2002), mechanism design flaws (XU Lifu, 2002) were discussed too but generally with separate views and approaches.

The academic attentions are also growing in terms of exploring the topics such as loss and gains of C-P evaluations (WU Jiannan, ZHUANG Qiushuang, 2004), the 'best' evaluators based on stakeholder theory (WU Jiannan and YAN Bo, 2005), the introduction of customer satisfaction theory and applications (ZHU, HUANG, WANG, 2004; WU, ZHUANG, 2005, ZHAO, 2005; YOU, SHAO, YANG, 2004, WU, KONG, 2005), and comprehensive research directions (WU Jiannan, GAO Xiaoping, 2006).

Concerning the studies on citizen-participation evolutions, a longer history and larger volume was discovered. In their tradition, C-P evaluation has been considered as performance-oriented, a tool to measure, manage and enhance the government performance. In detail, subjective and objective description on service and attitude measurement have been given emphasis (Brown et al, 1983), and indicator application and refining were often put into practice to further the understanding of the real world while testing the validity (Kelly, 2002; Kelly, 2005). Based on the progress gained through government implementations, the latest term to modify the citizens' function is the 'citizen-driven' (Yang Kaifeng, 2004) instead of mere participations.

Regardless of more empirical researches abroad being done, a similar trait with studies in Mainland China is the noticeable 'gap' between the practice diversity and researches progress, implying further work to be intensified. During this process there needs a synthesizing approach to integrate diverse standpoints in order to reflect the existing problems and therein to guide the actions. To meet this end, the current research would represent the explicit practices with a holistic point of view, and try to draw a framework to present the general process of C-P evaluation identifying relevant problems, based on which future researches agenda would be finally outlined.

### The State of Practice

Nowadays there are several types of citizen-participation performance evaluations among local government. One of them is named "Hang Feng Ping Yi". We could not find a standard English name but let us temporarily present it as 'Professional Climate Evaluation and Discussion', which is the evaluation focusing on certain public sectors of which the service is of the major interests of citizens such as education, power, transportation, tax, communication, etc.

It is originated in 1995 and organized by the supervisory department in the government, and currently tends to be installed as a widespread routine. Another one called "Gong Ming Ping Yi Ji Guan" (Agencies Evaluated by the Public). Starting from late 1980s, the CCP system exerts an independent role, thus the agencies referred here include not only administrative branches but also other branches, e.g. CCP's so the scale of objects usually amounts to 100 or more agencies. It could be found that a great variety of practices have been undertaken in Mainland China, with different backgrounds and titles. Especially since the year of 1998, there have been more and more governmental units being assessed under the name of 'Citizen-Participation Evaluation of Performance'. The typical are as followed.

- **1998:** 'Citizens' Evaluation of Government Performance', Shenyang, Liaoning Prov.
- **1999:** 'Government Performance Evaluated by Over 10,000 Citizens', Zhuhai, Guangdong Prov.
- **2000:** 'Citizen Survey on Government and Agencies', Handan, Hebei Prov.
- **2001:** 'Agencies Performance Evaluated by Over 10,000 Citizens', Nanjing, Jiangsu Prov.
- **2002:** 'Citizen Satisfaction Survey on Performance of 48 Agencies', Wenzhou, Zhejiang Prov.
- **2003:** 'Citizens' Evaluation of Government Performance', Beijing

After we compared and contrasted natures of various activities, a normal procedure in which citizens participate in the local government performance evaluation was found, which could be expressed in the following steps.

- **Intention:** The evaluation has a set of well-defined goals to introduce citizens, often determined by the CCP leaders and government chief officials in the area.

- **Setting up Offices:** Responsible agencies for designing indicators, organizing evaluations and other daily affairs.

- **Targets Selected:** They might be the key service providers, and might be the state-run enterprises in monopoly industries. Other public organizations such as Youth's Union, Women's Federation, even the People's Court and People's Procuratorate might be listed.

- **Citizens Invited:** Included the one willing to be involved anonymously and with real name; the one being asked to be evaluated because of expertise such as knowledge, experience and service relevance; even the direct leaders sometimes.

- **Citizens Action:** Having right and concrete channels to obtain info by meetings, public hearings, and reading files, then offering their perceptions on the performance through some fixed measurements such as questionnaires.

- **Report and Stimulations:** Citizens' opinions sorted into rankings and reported to the leaders, who take positive and negative measures to stimulate the agencies with extreme scores.

- **Publicity:** Through the media, citizens regardless of whether participating the activities might know the results.

While such a procedure is applied to represent how certain C-P evaluation activity was carried out, traits could be found. The following case might help the comprehension on the state of practice.

The evaluation in the case takes place in the capital of a southeast province, which continuously gained rapid economic growth since the Mainland China Opening and Reform. Since the year of 2001, a special campaign involving more than 10,000 citizens to evaluate the performance of public agencies was initiated. The purpose of the evaluation lay in the announcement that the city should do a better job lifting people's living standard and strengthening the economic dynamics by improving the economic circumstances.

The citizen participation was considered essential since the internal evaluation was not as effective as imagined in assessing the environment. The agency approving the evaluation design was the CCP standing committee as well as the government of the

city. Before the support was obtained, a guiding team was set up comprised by a number of the committee, the presidents of both the provincially and municipal official academy for social science, professors from the universities nearby, officials in the organizational department of the CCP committee and municipal personnel department. This team was regarded authority for generating the scheme but did not implement it. The Work Commission for Offices Directly Under the CPC Municipal Committee was responsible for organizing the evaluation at the top level. It was capable of monitoring the working status of both administrative branch and other type of public agencies. It establishes a special office for the daily activities and entrust some external and independent agents to operationalize it.

From 2001, there were approximately 90 agencies evaluated. These agencies have been classified into three groups. The first one provided direct service to the citizens including some institutions and enterprises, or had contact with them in law-executing process. The second was the ones without direct services and law-executing functions in the administrative functions. The third one was the CCP system, Workers' Union, Women's Federation, Youth's League, Committee of People's Representatives, People's Political Consultative Conference, People's Court and People's Procuratorate and other agencies directly under the central government.

The 'citizen' here is a wide concept consisting of different professions and communities, including the staff from the agencies evaluated and others, the direct leaders, and the ordinary people. Ten types of stakeholders were involved including 40 municipal leaders, 460 CCP committee members in the central, provincial and municipal levels. 450 officers serving in the municipal agencies, 1350 officers at county and district level, 150 representatives from the county/district and development zone, 3000 managers from enterprises, 500 representatives from provincial agencies, the arm force with its affiliated schools, and foreign agencies, 1440 technicians, 660 from street/town level, 4500 from local community, and finally, 200 monitors comprising retired officers and members of democratic members. Except 40 municipal leaders, all the evaluator members were sampled from a database. This great volume of evaluator set enterprise and community as dominant evaluator to highlight the citizens' participation.

The citizens asked to evaluate the performance have several methods to know what had happened and voice their opinions. Information was accessible by meeting and interviews. Questionnaires were given to

citizens in collecting their perceptions. The result in form of ranking will be applied first on awarding the agencies evaluated better, while the ones with lowest score would be re-evaluated by the organizational department of the municipal CCP committee. For the one evaluated lowest for two consecutive years, a leading-group adjustment was necessary. However, results in detail were not known by the public, which has been criticized (Xi Bin, [http://www.tynews.com.cn/tywbmap/2005-02/23/content\\_741756.htm](http://www.tynews.com.cn/tywbmap/2005-02/23/content_741756.htm)).

By reviewing the case, it is easy to find several traits in a certain activity. This traits coming to make the activity more complex than one might imagine. First, such an activity usually takes a long period, annually with certain sections divided by a series of goals. During this period, there might have lags to provide timely perceptions concerning performance. However, it is difficult to regulate on which point the performance was perceived and evaluated. Moreover, if issues in former section were not addressed well, the next section would carry the impact, causing the system being undermined. Finally, no matter what the original goal and expected status was, the authority has to apply the final result as a criterion in treating the agencies.

Second, because of stakeholders from different backgrounds, with different interests are involved, it is impossible to avoid conflicts and compromises due to various pursuits. One common method is to negotiate and cooperate. In such behaviors, the interactions of two parties might change the initial attention in the evaluation. For instance, the definitions of the 'office' here was vague indeed because it was directly responsible to the municipal CCP committee and the government. There is very limited jurisdiction such an office has to alter the mechanism. In summary, due to complex inputs such as process schedules and stakeholders relationships, the evaluation activity indeed is a long-term social process. Therefore, a framework might be helpful to sorting out stakeholders and their relationships represent the process highlighting probable issues, formulating the research agenda in the future.

### **An Analytical Framework**

Knowing that C-P evaluation is a complicated process, the current study set up a framework, the components of which included: first, who are involved in C-P evaluation, and what are their individual factors affecting their behaviors; second, what are the interrelations in the evaluation process, and third, how the interrelations have determined the evaluation process.

As it is shown in Fig. 1, the process does become complicated introducing citizens and a long

cycle. As far as the stakeholders are involved, the four rectangles with capitalized words in the core represent the stakeholders, namely, the authority, the organizing agency, the evaluator and the object. The annotations in round shapes at the corners are the individual factors affecting their behaviors. The lines connecting the stakeholders are their relationships and moreover, four pairs each correspond to a key determinant, which combine to form the evaluation process.

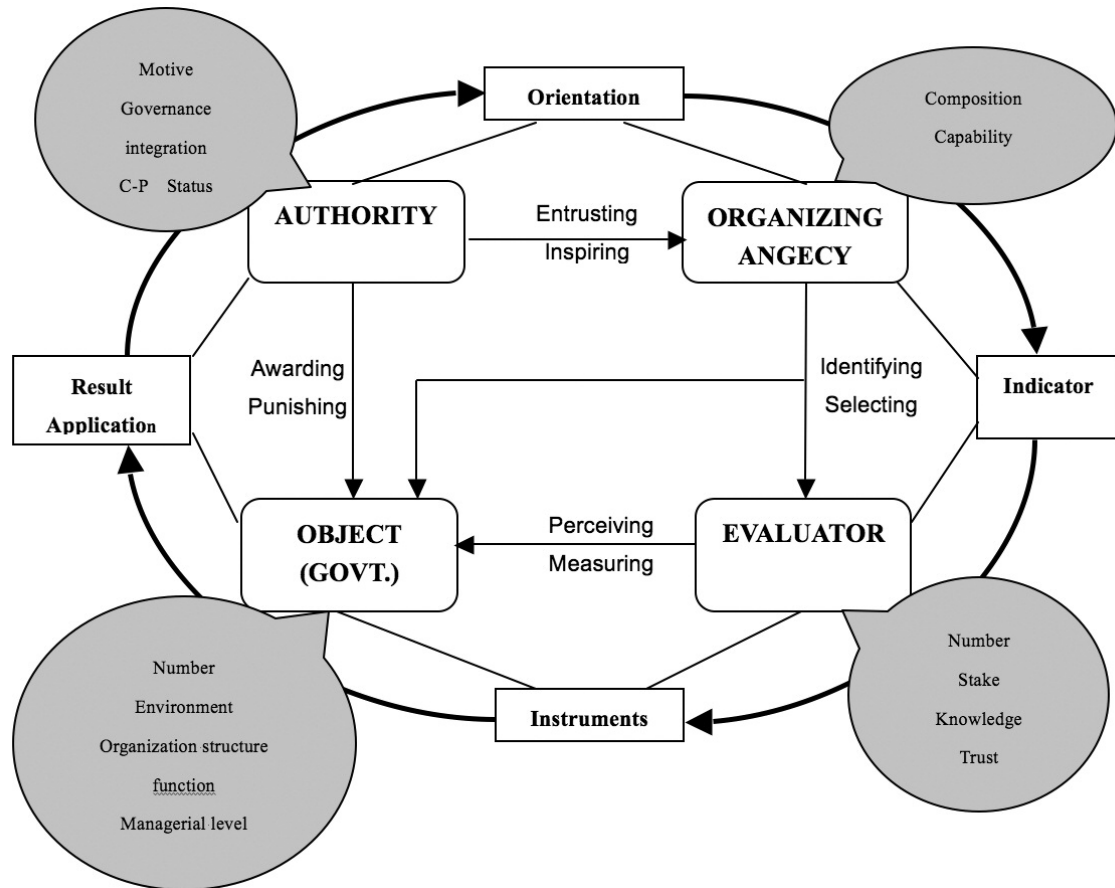
For the authority, its decision and behavior in the evaluation was impacted by several factors. For example the extent to which the citizen participation is integrated with the regional governance, how desirable are the leaders longing for innovating the former performance evaluation system, and how are their basic attitude towards the past C-P status in the area. Concerning the organizing agency, as having representatives from different leading sources, the composition of staff would affect how the indicators and the mechanism are to design. Capability is another factor because there are enormous coordinating and mediating work to be done, and how flexible the agency is in dealing with these issues is also critical to the smooth operation to the expected goal.

At present, in most of the evolutions the agency does not have any saying on changing the schedule to avoid unnecessary such as ineffective support and rent-seeking actions. So the capability is yet to be enhanced. Besides, the organizing agency might directly introduce the third party such as the academic institutions and consulting firms. The cooperation with these institutions demonstrates how the agencies would try to gain a better transparency.

For the evaluators in the activities, the larger their scale is, the more noises there might be in generating authentic useful information for the evaluated public agencies. However, when the scale is reduces and composition of evaluators become simpler, the problems poses might lose strength. Therefore the composition issue here is really a double sword. The different knowledge status functions when a certain indicators and the relevant explanations were presented to them.

Besides all the other factors, we put the stakes as dominant, because how willing and how capable the evaluators were in providing the assessment are limited by the relevance with the agency. The trust could be regarded a derivation factor from the daily contacts and hearsays about the local government. Among the four parties, the object is confined by most factors, such as the scale that will make different costs and concentrations, the jurisdiction of the administrations or

Figure 1: An Analytical Framework for the C-P Evaluation



its agencies responsible for service, the resources possession that is fundamental in planning the development goal, the prescribed functions which is to be measured with detailed indicators, the managerial level in meeting the needs of evaluations, and the aspirations to gain a satisfactory evaluation results. These individual factors are supposed to influence how the stakeholders act in reacting one another in the evolution such as predominant in the quality of evaluation.

The stakeholders join in pairs and four types of relationships are constructed. The authority entrusts and inspires the organizing agency to carry out the evaluation. Comprehending the principles, the organizing agency would select the object and evaluator body. Evaluator with certain standards would perceive and measure the performance. Their opinions, through calculations would make the final results. These results could be reported to the authority and applied to award and punish the object. With a more delicate view, we found that the complexity is caused due to the fact that every pairs of stakeholders have contributions to the evaluation process. The one-direction relationship only explains part of this contribution be-

cause of not taking the interactions into account. With various roles of them, the process could be expressed by focusing on the following determinants.

**The Orientation:** the initial stage of the evaluation, defined by the authority and the organizing agency. The two parties should have a clear series of goals in order to guide the assessment on how the evaluation is implemented. Orientation could involve both tactics and strategic, short term and long term alike. The authority is likely to combine the long term and short term but the organizing only has the power to implement the current issues. Thus an integration was significant in that the authority know how to achieve the ultimate goal through the activity, and the organizing agency bear in mind that the activity does not merely point to solving certain problems but should be related with other actions.

**The Indicator:** With objects targeted, the organizing agency compiles a set of indicators considering what could and should be assessed by the evaluators. There are contents that are important for the organizing agency but could not be perceived by the citizens, e.g. the internal affairs concerning se-

crets. On the other hand, there are some perceptions the organizing agency does not value such as the citizens' dissatisfaction over the lower interest rates. Besides, the citizens are entitled to consult with the organizing agencies in what are the indicators referring to during asking the questionnaires or other forms voicing views. Generally, the indicators could be seen as the visible expression of the orientation that has been already established.

**The Instruments:** Since the final purpose of the indicators is to generate the results, here lies the next stage that the indicators to be applied so that the information could be collected. The interaction of evaluator and object in this stage is so crucial. First, the evaluator is offered with certain channels to perceive, either formal or informal; and second, the evaluator is asked to give the perception through several fixed methods. Thus the instrument consists of two ends, one opening for the citizens to how what had happen, and another for the leaders to know the result. In this stage the objects is usually equipped with accommodations for the evaluators, and are prepared for the results.

**The Result Application:** In practice, this final stage is usually done at the end of the work year. The authority mastering the details of the evaluation result would decide first whether or not the result is open to the public externally, and how they allocate the relevant resources in order to stimulate the agencies with various results internally. But even these re-allocations could be done as a management method, public still have approaches to know. In this sense, the result application is by no means unpublished. Criticizers might argue that the results should be more transparent, but what they are demanding is just based on what they have known.

The four determinants are not only influential on the post one, but also form an evaluation process. To conclude, we could validate that the process is such complicity, by the fact that there are various stakeholders with factors affecting their behaviors. Besides, stakeholders play an interactive role in forming the determinants of the process. Moreover, these determinants have cumulative impact on one another. Multiple parities and distinct stages in the process are the two reasons that the process is often difficult to explore.

### **A Research Agenda**

Until now, with the framework we have tried how the process could be understood from a holistic perspective and found some hints for the next actions. First on single factors, knowing that the stakeholders composition and having some basis on some individual factors, such as stake and knowledge (WU Jiannan and

YAN Bo, 2005), issues on how the rest of individual factors might affect their behaviors and how the stakeholders behaviors might affect the evaluation performance need further attentions.

We have found a more definite direction, which is indeed the performance of the C-P evaluation. First, researches concerning each stakeholder and their individual factors are to be strengthened. For the authority, we determine that the motives in carrying out the citizen-participation evaluation are fundamental; such a group of hypotheses would be tested.

Generally, there is logic that their awareness on careers plays an important rule in deciding and implementing the C-P evaluation. For example, the chances of being promoted and their own ages are supposed to vary with different motives. The pressure the authority feel might either expedite or slowdown the pace of such evaluation. The chief leaders perceiving the citizen-participation risky and unnecessary would be unlikely to try, while the ambitious leaders would consider an attempt not only to expand their management approaches but also attract the attention of the higher authority as well as the public. In this sense, the citizen participation is authentically an innovation driven by implicit factors.

As far as the organizing agency is concerned, their capability of addressing contingent issues, understanding the authority's orientation and transferring them into qualified indicators would be explored. Different from Principal-agent Theory, the organizing agency would lack initiative of taking advantage of the authority. Because in fact the organizing agency first does not have flexibility in acting on its own behalf, and second the agency has the identical interest as the authority. Therefore, the gaming status would be less ferocious, and the agency is supposed to exert full potential in function as directed.

As a bridge connecting, the organizing agency is considered to have a key position, but staff might feel the opposite because the daily work has exhausted them. In the future, the research will investigate how the agency works and how the authority evaluates it. Especially, for the agency that has been responsible for evaluations over years, how could they adjust themselves in accordance with the requirement of the authority? Besides, if there are different representatives in the agency, how could they coordinate with one another to avoid conflict, and does such coordination result in alienation of the orientation by means of compromised indicators?

As for the evaluator, their composition and knowledge mastering are also expected to make difference against the effect of C-P evaluation. Acknowled-

edging that evaluators have various perceptions to cause the result a complexity, we would focus on the validity and reliability. For example, if the evaluator does not have sufficient information on the service quality of the evaluated public sectors, the biased opinions would be submitted. Or, if the evaluator has no sources on the improvement of their dissatisfied service, the feelings might deviate from the latest status. The purpose of researching these topics is to establish a better mechanism in order to identify who are qualified in participating the evaluation and besides, to help the citizens to be more prepared for the evaluation.

Second, research on the interrelationship among stakeholders needs expansion too. The former studies proposed have underpinned knowing the activities. The causality between one variable of one stakeholder and another are going to exhibit through this stage. For instance, if the authority integrates the citizen participation with the area governance, how does it cooperate with the organizing agency to carry out this orientation? Will the newer orientation affect entrusting and inspiring activities? With the information of previous C-P evaluation would the organizing agency influence the birth of new orientation?

Moreover, in the relationship between the organizing agency and the evaluator, how the agency would be more capable of identifying and selecting the eligible evaluator? On the other hand, how the evaluator would trust the agency to provide more valid instead of faked information due to unwillingness? Does there exist disparity in understanding the indicators by the two parties and if yes, how such a disparity could be eliminated?

Besides those relationships, the author finds that the relationship between the evaluator and the object demands intensive studies. A basic rationale is that the object could become more sophisticated in coping with the evaluation. For example, it could change the managerial procedure to make respondents more accessible. By setting up a database of who have received the services, they could find customer's needs more easily, finally provide them with how the relevant complaints were solved.

Other issues the object might neglect in communicating with the evaluator include how the evaluator defines its function, and what the environment is for the object to provide services. On this topic we would raise questions involving how the object would be better at making citizens know their performance, and to suggest a group of more valid evaluators. Besides, the number of the evaluator versus the number of object would be very significant in deciding the object's attitude. That is, if the object knows it is the only one to be

evaluated, it would be more serious in cooperating with them, and accepting the results. Otherwise, discovering it is one of the many objects, with doubt against the comparability of such evaluation, a casual posture would overwhelm the process causing a result to be an unpleasant one both objective and subjective.

As for the evaluator, evaluating a large scale of object would cause tiredness and low reliability, especially within a short period of time. A series of mistakes would occur subject to the evaluator's sense of keeping the result diverse, or balanced. The final concern is how the authority gaining the results would judge the stimulus, and to what extent the result would be opened to the public in order to enhance the transparency.

Based on the progress, improving the evaluation by enhancing the process determinants would be contemplated, including the introduction of Customers Satisfaction measurement techniques to better the instrument quality, and to gain a better relationship between the object and evaluator. Besides, the result application would be reinforced by sorting out these relationships and optimize the functions of other determinants. The integration of C-P evaluation and area governance might become a possible innovative resolution.

## Conclusions

The researches on C-P evaluation in local government have just started. The current study posed the question based on reviewing the citizen participation evaluation implemented in Mainland China. We find there are a great volume of activities serving of performance evaluation, and practical issues being pointed out with contrast to the research progress, including the citizens expressing unwillingness to evaluate, public servants in the evaluated agencies noting the indicators yet to be improved, officials concerning about the standardization of the evaluations and other concerns raised on information insufficiency and impartiality.

These views imply that the C-P evaluation questions are interrelated and only by explaining systematically with a holistic approach, these puzzles might be better clarified. Then a review on the state of practice is done, confirming that the problems were caused by complex reasons, finding that in practices the evaluation was comprised by the steps including intention, setting up offices, targets selected, citizens invited, citizens' action, report and stimulations, publicity.

The author asserted due to the fact that such an activity usually takes a long period, annually with certain sections divided by a series of goals and because stakeholders are from different backgrounds with different interests are involved, it is impossible to avoid conflicts and compromises due to various pursuits.

Realizing the practice, an analytical framework discerning stakeholders, relationships and process determinants was proposed, in which the cause and origins of a series of problems are identified.

Finally the current study proposed that the relevant studies carried out on exploring the individual factors and the process determinants such as the orientation, the indicator, the instruments and the result application. With these findings the current study suggests that the future work would concentrate on exploring the individual factors and the process determinant. Their topics are outlined as a result.

### Notes

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### Authors

Jiannan Wu is Tengfei Professor of Xi’an Jiaotong University. His research interests include government performance, innovations, and organization theory. Recently he focuses upon determinants of government performance as well as its evaluation. Now he serves as the associate dean of School of Public Policy and Administration, the Director of Performance Management Research Center of Xi’an Jiaotong University, and the vice President of Chinese Government Performance Research Association. He can be reached at [jnw@mail.xjtu.edu.cn](mailto:jnw@mail.xjtu.edu.cn).

Xiaoping Gao is Vice President and General Secretary of Chinese Public Administration Society. His research interests include organizational theory and administrative reform, emergency management, and performance evaluation. He has published extensively in Chinese in the discipline of public administration. He also serves as the President of Chinese Government Performance Research Association. He can be reached at [gaoxiaoping@mail.gov.cn](mailto:gaoxiaoping@mail.gov.cn)

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# Discussion of a Utilization-Driven Approach for Performance-Informed Budgeting in China

Yi Lu, State University of New York-Binghamton

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**Abstract:** The diffusion of performance budgeting into China asks the question: how may China approach this task? This research examines the experience of performance budgeting in the United States, and explores the desirability of a utilization-driven approach to implement performance budgeting in China. This article argues that, given what we have known from experiences in other countries, a utilization driven approach, an approach that means to design a performance measurement system that clearly identifies the users of information and the intended uses, holds the promise in China's unique historical, political and cultural environment.

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Performance budgeting is about bringing performance information to the same table where resource allocation decisions are made (Lauth, 2004). Since the idea originated in the first decade of the 20th century in the United States (Williams, 2003), it has always been in the spotlight from time to time. For the past century, many budget reforms in developed countries have ebbed and flowed around this important theme of the contemporary public budgeting (Schick, 1990). At the same time, the developing countries for the past 50 years have witnessed the diffusion of performance budgeting into their countries (Dean, 1986; United Nations Capital Development Fund (UNCDF), 2006). Not surprisingly, in the wake of burgeoning economy and the call for better financial management in the public sector, China has begun the experiment of performance management and budgeting slowly and carefully (Hou, Ma, & Wu, 2005; Niu, Ho, & Ma, 2007; Wang, Zhu, & Pan, 2005)

The purpose of this paper is to examine the use of performance information using the experience in the United States, and to explore the desirability of a utilization-driven approach to implement performance budgeting in China. The understanding of the use of performance information is an important issue because the effort to generate performance information is not the end but means to various decision makings including budgeting (Behn, 2003). How to use performance information is the focal point where *performance measures* are embodied into *performance informed action plans*.

To achieve this purpose, this paper begins with a review of important research on the use of performance information in budgeting. Then, drawing from

the experience of the State of Georgia in the United States, this study analyzes the extent to which performance information is used by Georgia officials as a case in point, followed by discussion of a utilization-driven approach to embark performance management and budgeting in China.

## Research on the Use of Performance Information

There is a difference between having performance information and using it in decision-making (Heinrich, 2002; Lauth, 1985; Lee & Staffeldt, 1977). There are numerous research on how performance information is used. A careful review of the literature uncovers several general themes in the findings. First, *the concept and practice of performance budgeting and management is prevalent, and still expanding*. In the United States, after Planning-Programming-Budgeting (PPB) in 1960s, Management by Objectives (MBO) in early 1970s and Zero-based Budgeting (ZBB) in late 1970s, the passage of Government Performance and Results Act (GPRA) launched the recent wave of the diffusion of performance management and budgeting in the 1990s. The research field documented this rapid diffusion. For instance, Robert D. Lee and his co-authors in a series of studies (Burns & Lee, 2004; Lee, 1991, 1997; Lee & Burns, 2000; Lee & Staffeldt, 1977) surveyed state budget offices every five years from 1975 to 2000, and reported that the general trend at the state level, with a temporary backslide from 1990 to 1995, has been the growing provision of program information in budget requests, increasingly extensive inclusion of program information in budgets, frequent conduct of program analysis and intensive use of program analysis in both executive and legislative deci-

sions. By 2004, Melkers and Willoughby reported that 33 states (66 percent) had maintained, amended, or added legislation that prescribes a performance-based application, while 17 states (34 percent) had an administrative requirement or executive mandate for such application. In addition, all levels of governments are more or less involved with performance management and budgeting. At the federal level, Joyce (1993) illustrated three separate efforts that proceeded in the performance budgeting direction: the application of federal financial management reforms (such as the Chief Financial Officers Act), the passage of legislation covering performance measurement (S. 20, signed into law by President Clinton on August 3, 1993), and the executive effort (embodied primarily in the reports issued by the National Performance Review). At the county level, Wang (2000) reported performance measurement used to various extent in all stages of the budget cycle. Epstein (1984) using case examples contributed by 23 local government officials from across the country demonstrated how performance measurement is used to improve decision making, performance and accountability.

The second theme in the literature is that, *among the four phases of the budget cycle (executive preparation, legislative review, budget execution and budget evaluation), performance information is more used in executive preparation, much less in legislative review, and on ad hoc basis in budget execution and evaluation.* For example, states reporting that executive decisions were based to some degree or substantial degree on program effectiveness increased from 38 percent in 1970 to 81 percent in 2000 (Burns & Lee, 2004), while legislators' budgetary behavior is an area on which, as the literature described, performance information has almost muted impact.

The third theme is that *in general there are three types of use of performance information. In a descending order of the extent to which performance information is used for each type, they are communication, management and budgeting* (Melkers & Willoughby, 2004). Specifically, the literature tends to show that performance budgeting enables public organizations to: identify organizational goals; improve government capacity in organizational efficiency, effectiveness and accountability (Wang, 2000); identify costs; encourage long-term perspectives; influence the allocation of resources to some degree (Kluvers, 2001); promote the shift in the focus of governmental functions from input control to outcome-oriented planning and management (McNab & Melese, 2003); enhance communication; inform budget decisions; and improve agency management and operation (Melkers

& Willoughby, 2004). On the other hand, research also shows that the impacts of performance integration on some areas (such as budgeting) are limited. Many governments use performance measurement for budgetary communication purposes, rather than to make resource allocation decisions (Wang, 2000) or choose among alternative new programs (Kluvers, 2001). It seems as if the traditional way to budget lasts for all seasons (White, 1994; Wildavsky, 1978). In short, various extents of the use of performance information exist depending on purposes.

In conclusion, the literature shows that after a century of implementing performance management and budgeting, the use of performance information remains important and constantly evolves. Interesting questions arising from this literature review are that: why do we observe the patterns described above? And what do we learn from these experiences that will be helpful for beginners on a mission to build a performance budgeting system? As performance budgeting gains widespread attention in China, the need to understand it is on the horizon.

#### **Challenges vs. a Utilization-Driven Approach?**

The understanding of the use of performance information and its barriers begs the question: can a utilization-driven approach be a solution? In the context of performance budgeting, *this approach means to design a performance measurement system that clearly identifies the users of information and the intended uses.* This paper argues that it could be part of the solution. The main benefit of taking a utilization driven approach is to move performance measurement beyond, as some interviewees called, "an exercise."

To improve the use of performance information, the utilization-driven approach needs to address three main challenges. In general, both the literature in this field and the case of State of Georgia indicates that they take on the political, culture and technical forms.

First, political challenge is a reflection of conflicts of interests. For instance, many interviewees pointed out the legislature's lack of interest in performance budgeting, because whether or not individual legislators are (re)elected has minimal relationship with government performance. In some cases, cutting funding from the standpoint of efficiency (one dimension of performance) is not politically popular. As one fiscal officer described, "I have sat through three budget cycles. The decision in this agency as to what should be funded versus what should not is pretty much founded on the measures. Are we getting what we should get from this program? And then make decisions accordingly. Once it gets away from here. The

question becomes: is this something that the governor wants to support and how much heat it is going to bring to the governor. Some politics gets into it there, because each legislator is responsible to the people in their area, and every cut affects individuals in small areas where the hurt is felt more than the overall view.” What happens at the legislative side is more political. Many interviewees indicated that they do not use performance information as much as they could because of the lack of use of performance information by others.

The culture challenge is about anxiety and resistance to changes. The concept and implementation of performance management and budgeting bring changes into the politically charged, incremental budgeting world, including but not limited to: the need for the design of performance measures, the work efforts of tracking program performance, and the uncertainty in the interpretation of performance information in relation to funding and personnel management. At the same time, the incrementalism in budgeting seems still to last for all seasons, and has good reasons to do so. The challenge, as Naomi Caiden (1981) concisely pointed out, lies in that budget reforms “punctured” the “great expectations raised by across-the-board changes in budgeting methods,” yet at the same time, they left “behind a skeptical moon in the face of an intractable budget situation seemingly beyond control.” In short, the anxiety brought by changes is amplified when what traditional budget practices are changed to is far from clearly defined, and the implications of performance informed budgeting is unknown or in some cases politically irrational.

The manifestation of technical barriers is ample. For instance, it has never been an easy task to identify “good” measures. Defining performance is an inherently political process. The decision about what to measure reflects two key factors – the intended uses and the value priorities of those stakeholders who choose what to measure (Newcomer, 1997). Validity, clarity and reliability of performance measurement (such as, collection of performance data, and development of performance measures that accurately reflect program activities) is still the top three concerns (Grizzle, 2001; Melkers & Willoughby, 2004). Specifically, the measurement obstacles facing state and local public agencies include: too highly aggregated data to be meaningful for low-level personnel, too infrequent data reporting, and the limited availability of outcome measures (Hatry, 1997). In the state of Georgia, the doubt surrounding the validity and reliability of performance measures is far from resolved, which

was ranked #1 as important for the success of performance measurement.

So, facing these three main challenges, what promises does a utilization-driven approach hold to address them?

With regard to political barriers, a utilization driven approach is about how to design performance information or measures to inform political debate. For instance, legislators constantly face difficult choices in a politically charged environment. Although performance information will not make the choice for them, it could help make a more informed decision than otherwise. The potential for performance information to demonstrate its value to those who hold “the power of purse” is ample. As one fiscal officer in Georgia noted, “to all fairness, for the past several years, we started hearing at (legislative) committee hearings more questions about performance.” With regard to cultural barriers, a utilization approach is about how to incorporate performance information into daily management. This is why tailoring the utility of performance information for agency management is important. And with regard to technical barriers, this approach is about bringing attention to the technical challenges and thereafter collectively solving them. What is interesting is that some solutions to the technical challenges are not technical competence alone. Instead, as one fiscal officer vividly pointed out, you are not likely to get a question regarding the quality of performance measures until you post the performance information in the coffee room. The point is that the attention brought to technical competence by using performance measures helps solve technical challenges. *The key to using a utilization driven approach is to carefully analyze how performance information could be linked with daily management and budgetary decision making before handed.* The approach of designing performance measures with a purpose of utilization in mind seems to be more helpful than looking for utilization after measures are developed.

With all these being said, however, a cautionary note is in order. The use of performance information is not to take out the politics. Resource allocation is inherently political. There remains inevitable skepticism about the extent to which resource allocations are, or can be, influenced by performance information. For some, resource allocations based upon traditional shares of budget allocations, or based upon factors other than actual program performance, may seem preferable. Therefore, the role of performance information in budgeting is to help shape politics that often times underlie resources allocation. This realistic expectation of the use of performance information does

not undermine the importance of a utilization-driven approach to performance budgeting in that for performance information to help shape politics it has to be useful and used in decision making. The evidences from the literature and the experience of Georgia indicate that probably the biggest frustration of performance budgeting arises from the imbalance between the significant efforts put forth to develop the performance system and the rather limited usage of information produced out of the system. A utilization-driven approach helps reduce this imbalance.

### **A Utilization-Driven Approach to Performance Informed Budgeting in China?**

If the literature and the experience of the State of Georgia in the United States suggest the need and potential of a utilization-driven approach to performance budgeting, do we have reasons to believe that this approach might work in China as well? This paper argues that this approach is particularly useful in a system that China has for the following four reasons.

First, the timing is right. Among other government reforms, performance management and budgeting is on the rise in China. Especially, the provincial and local governments are the front runners in this process. Places, such as, Hebei and Guangdong Province, are experimenting pilot programs (Ma, 2006; Niu, Ho, & Ma, 2007). While the achievements are notable, the extent to which performance information informs resource allocation is scarce. As an observer of Hubei budget reform, Ma (2006) summarized the effect of this reform as not penetrating the arbitrary nature of resource allocation and “no real comparison and scientific analysis have been carried out among the programs.” Among other things, the difficulties include but not limited to: inadequate budgeting system, accounting system, and staff, and the lack of own source revenues at provincial and local government levels (Hou, Ma, & Wu, 2005; Shen, 2004). These challenges are not uncommon in developing countries implementing performance budgeting (Dean, 1986; Shen, 2004; United Nations Capital Development Fund (UNCDF), 2006; Wang, Zhu, & Pan, 2005). In short, the timing is such that on one hand China is in the midst of the formation of a modern budgeting system with an interested in performance related budgeting; while on the other hand, it has already been experiencing some degree of distrust and frustration in the process due to the lack of utilization of performance information. This timing might give the designers of the budgeting system incentives to take utilization into the consideration of system design.

Second, a utilization driven approach *enables*

those who are interested in reshaping government budgeting to get the dialogue of government performance going. The interest in government performance in general and performance budgeting in particular is on a fast track in China. However, there is little experience and knowledge about what performance information can do for government performance. This is where the tremendous need for knowledge, skills and related education lies. A utilization approach capitalizes the opportunity of providing for these needs by focusing on the utility of performance information for decision makers, especially legislatures.

China has a unique political barrier, that is, the legislature is detached from the budgeting process, not to mention performance budgeting. Although the China’s Budget Law requires all levels of governments to submit proposed budgets to People’s Congress for review and approval, it is “largely symbolic” (Southern Weekend, 2003). For the delegates to the People’s Congress of Guangdong Province in 2003, a cursory review of the budget is their first time to know how funds are allocated (China Review, Electronic Source Accessed in 2007).

Ironically, this unique barrier offers a rare opportunity for performance informed budgeting in china, that is, establish the budget review process with an eye on program performance rather than add performance review onto the existing budget practice. Legislators are not well versed yet in budgetary review, therefore, a careful analysis of the information needs for their decision making and how performance review fits in the process is a good starting point for a utilization driven approach to performance budgeting in China. As discussed above, legislators tend to lag behind the use of performance information in their decision making. The hope arising from a utilization-driven approach is to increase legislators’ awareness of performance and make this awareness part of their budgetary behavior from the very beginning for China. In addition, china’s budgeting process has never been a participatory process from various stakeholders (Wang, Zhu, & Pan, 2005). The utilization of performance information offers additional opportunities of participation by different stakeholders by broadening the discussion from budgeting, a process often deemed to be only relevant to those in power, to performance, the topic a broader public is interested. The establishment of the Budget Committee as a standing committee in National People’s Congress in 2002 indicates that the opportunity for a modern budgeting system is on the horizon. The politics in budgeting often times results from competing world

views, and a utilization-driven approach to performance budgeting could help lay a performance-conscious common foundation among participants.

Third, for a long time, one aspect of the governmental culture in China that has been criticized is formality – the practice of rules followed merely for the sake of procedure. Performance budgeting cannot afford to be another formality. An analogy to performance budgeting without utilization in mind is having a bow (performance information) without a target (decision making) or the skill of aiming (the relationship between performance information and decision making). Because the Chinese culture tends to value practicality, the infant of the idea of performance budgeting will soon find itself under the pressure to demonstrate that it is not a paper tiger. It is critically important for the participants of performance budgeting, especially government agencies, to see and realize that producing performance information is more than just an exercise. The benefits of stressing the use of performance information are ample. For instance, previous studies show that using performance information promotes culture shift within the organization from focusing on input to output (Niu, Ho, & Ma, 2007). Another benefit of a utilization driven approach is that the discussion of utilization helps lay out at the beginning process of performance management and budgeting the expectations how performance information is to be used in decision making, therefore, reduces unnecessary resistance due to the false impression that performance budgeting is all about taking government employees' jobs. In short, being practical curbs the risk of formality.

Fourth, a utilization-driven approach puts the quality of performance information onto a reality test. The research assessing the technical capacity of performance based systems in china produces mixed findings. For example, when it comes to the quality of performance measures, some research demonstrated the lack of quality performance measures (Niu, Ho, & Ma, 2007) while others found that the technical capacities in the case of China Post are well developed (Wang, Zhu, & Pan, 2005). The real issue in the mixed research results is that the quality of performance measures tends to remain unknown until it is applied and used in decision making process. A utilization-driven approach helps sort out purposes of performance information, and therefore, various specific criteria of high quality measurement for respective purposes. It is widely recognized that having performance information and using it in decision-making are two different things. There are many detailed issues, such as, the frequency of data reporting,

the level of aggregation of information, and the communication channel of information, that would come into light during the process of utilization. Again, the improvement of technical capacity needs efforts and continuous attention, and the utilization brings attention and feedback.

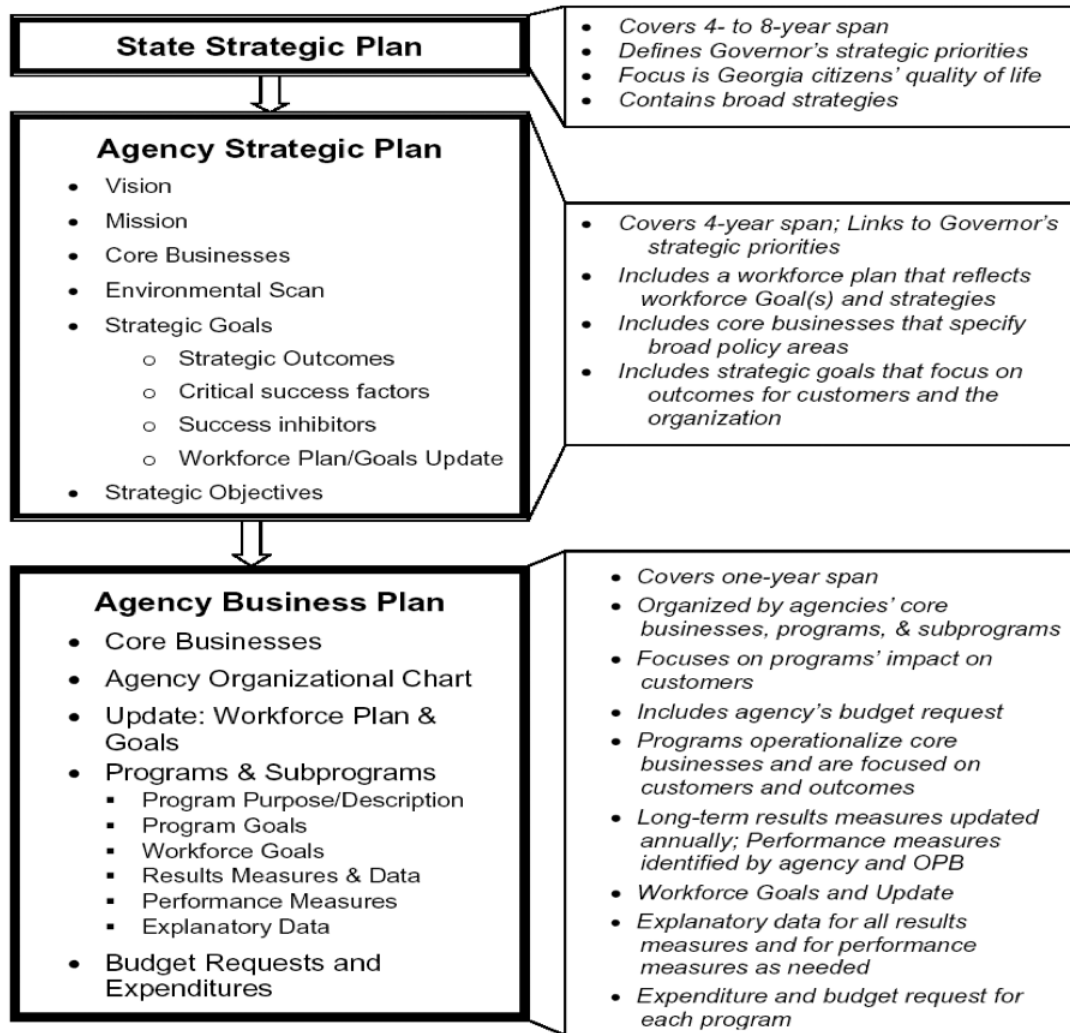
### **The Case of the State of Georgia**

To provide a concrete example to further understand the patterns and issues in performance budgeting, this section reports the experience of the state of Georgia as a case in point. In particular, this section examines one important issue: what purposes do governments use performance information for? The purpose is to provide a concrete example with regards to the specific uses that a utilization-driven approach could be translated into.

The state of Georgia is chosen for this research mainly because of its extensive history of budget reforms. Georgia has come a long way with regard to performance based budgeting. Georgia was the first state to install Zero-Base Budgeting (ZBB) in 1973 (Lauth, 1978). Since fiscal year 1977, executive branch agencies in Georgia have been required to include performance evaluation measures as part of their annual budget submissions (Lauth & Riech, 1979). Georgia then passed the Budget Accountability and Planning Act of 1993 that mandates state agencies to develop strategic plans, introduced Budget Redirection in 1997 designed to achieve both managerial and policy objectives within a constricted fiscal environment (Douglas, 1999), implemented Result Based Budgeting (RBB) in FY 1998 that requires developing a purpose, goal and desired result that can be achieved for each program (Lauth, 2004), and adopted a Prioritized Program Budget (PPB) in FY 2005 that requires the definition and quantification of goals and performance measures that intends to bring state spending in alignment with policy and state culture change (Figure 1: Georgia's Planning and Budget for Results Model). As some have argued, the implementation of performance budgeting takes time, and studying entities with limited experience in performance budgeting may bias the research result (Robinson & Brumby, 2005). Therefore, the extended history of performance-driven budget reforms in Georgia provides a rich background to study the use of performance information.

Data used for this analysis include surveys and interviews that were conducted between July 2004 and May 2006. Both fiscal/budget offices and agency heads of all 97 government agencies were invited to participate in the survey, for a total of 194 surveys sent. The

Figure 1: The State of Georgia's Planning and Budget for Results Model



response rate was 65%. In addition, interviews were conducted with 31 out of 35 fiscal/budget officers (89 percent) associated with the agencies listed in the Executive Branch section of The Governor's Budget Report (Amended FY 2005 & FY 2006). The average interview was one hour. To capture the diversity opinion among different branches of Georgia state government, the interviews and surveys were also conducted with executive budget office directors, executive budget analysts, and House and Senate budget analysts.

#### What purposes do government use performance information for?

Table 1 reports the purposes which performance information is used for by government agencies, the central budget office and the legislative budget offices.

First, the general pattern of the findings is that performance measures are used on average in some-

where between 25 and 50 percent of the decisions by government agencies and in less than 25 percent of the decisions by both executive and legislative budget offices. To put this finding into perspective, this researcher compares it with the research done by Lauth in 1985. From the perspective of state agencies, there has been progress made in Georgia state government during the past twenty years, especially the use of information in agency preparation of the budget and the legislative review of the budget. The finding suggests that the development of using performance information takes time, yet the progress is firm albeit very moderate.

It leads to the second finding, that is, agencies (average=3.40) are reported to use measures more frequently than the central executive budget office (average=2.68) and House and Senate Budget Offices (average = 2.53). This finding suggests that although the performance system is often launched by the cen-

**Table 1:** The Uses of Performance Measures in the State of Georgia

To what extent do you use performance measures for the following purposes? (1=Never, 2=<25% of decisions, 3=25%-50% of decisions, 4=50%-70% of decisions, and 5=>75% of decisions)	Government Agencies	The Executive Budget Office	The Legislative Budget Offices	Average by Purposes
Determine Performance	3.79	3.00	2.89	<b>3.23</b>
Benchmark Data	3.63	3.25	2.78	<b>3.22</b>
Improve Performance	3.70	3.00	2.78	<b>3.16</b>
Communicate Programs to Stakeholders	3.58	3.00	2.67	<b>3.08</b>
Budget Submission	3.45	2.50	2.80	<b>2.92</b>
Motivate Agency Staff	3.26	2.75	2.33	<b>2.78</b>
Improve Strategic Planning	3.47	2.25	2.33	<b>2.68</b>
Allocate Funds	3.07	2.75	2.22	<b>2.68</b>
Control Agency/Program	3.18	2.00	2.25	<b>2.48</b>
Reduce Overlapping Services	2.82	2.25	2.22	<b>2.43</b>
<b>Average by Major Participants</b>	<b>3.40</b>	<b>2.68</b>	<b>2.53</b>	

tral executive budget office, government agencies are a critically important component. This finding also matches the general pattern across the United States. It could be a welcoming trend, because the more government agencies use performance information, the more likely it is that this information could be incorporated into daily management. This demonstrates that performance management and budgeting is a system-wide effort. It has a chain reaction process in which every main stakeholder is involved. The interview notes suggested that the lack of use by one stakeholder has ripple impact leading to the lack of use by other stakeholders. In addition, because of the various degree of usage, it also suggests that designers of performance management and budgeting systems need to hammer out different strategies to meet different patterns of usage across participants.

Third, all three groups reported the use of measures more for managerial purposes than budgetary purposes. For instance, the uses for determining performance, benchmarking data, and improving performance (average =3.23, 3.22 and 3.16, respectively) are high on the list, followed by communication (average =3.08), and budget submission (average = 2.92). This seems to conform to the hierarchical uses of performance information: from performance measurement, performance management to performance budgeting. Just as Allen Schick (2001) cautioned the field:

The great mistake of the performance measurement industry is the notion that an organization can be transformed by measuring its performance... This optimism is not justified, for organizations-public and private alike- can assimilate or deflect data on performance without

making significant changes in their behavior. Performance information can affect behavior only if it is used and it is used only when there are opportunities and incentives to do so.

The evidences and the literature point to the fact that performance management is important in affecting behavior. Performance management needs to run parallel to, and probably often time needs to precede, performance budgeting.

In short, the empirical evidence of the use of performance information in general matches the patterns identified by the literature. The case of Georgia indicates that the use of performance information is a process that takes time to develop, that various participants have different information needs for decision makings and that the hierarchical uses of performance information should be considered in the design of the performance management and budgeting system.

### Conclusion

A utilization-driven approach to performance budgeting is about focusing on what exactly a performance measure provides information for decision making. The key is to make the envisioning of “how to use performance information” part of elements in designing performance budgeting system. In this research, both the literature and the experience of the State of Georgia tell us that the use of performance information in decision making tends to evolve slowly, that it takes systematic uses of performance information by all main stakeholders in the budget process, and that the hierarchical uses of performance information seem to progress from performance measurement, performance management to performance budgeting. During

the evolution process, a utilization-driven approach alleviates the imbalance between the efforts invested in performance system building and the limited use of performance information. The discussion of types of uses by Georgia provides a basis for thinking potential uses when China experiments performance system. This utilization-driven approach to performance budgeting is particularly needed in China given its culture that values practicality and cautions about formality. As many have observed, the early performance experiments in China seem not yet to change budgetary behaviors. Although these observations are understandable given the short period of time performance-based budgeting is instituted for in China, it does raise the urgency to adopt a utilization driven approach to performance budgeting. Performance budgeting in China that is in its infancy necessitates a process of “going slow to go fast,” yet that process needs to incorporate the envisioning of “how to use performance information” in its design.

#### Notes

<sup>1</sup>According to Peter Dean (1986), the Philippines were the first developing country to install performance budgeting that took place in 1954.

<sup>2</sup>Georgia broke the legislative dominance in the budgetary process and established its first executive budget system in 1931 when the Budget Bureau was created (Lauth, 1991). In 1962, the Budget Act strengthened gubernatorial power in the budget process by reconstituting the budget office in the governor’s office, establishing the position of state budget officer and authorizing professional support staff for the new agency. Since 1972, the central budget office was known as the Office of Planning and Budget.

<sup>3</sup>A series of Chi-Square test of independence and t-tests were performed between respondents and non-respondents on four dimensions (attached agencies/authorities vs. agencies listed in The Governor’s Budget Report; fiscal officers vs. agency heads; total appropriation and state appropriation). The respondents are not statistically different from the non-respondents.

<sup>4</sup>There are total 35 agencies (excluding State of Georgia General Obligation Debt Sinking Fund) listed in Executive Branch section of The Governor’s Budget Report, Amended FY 2005 & FY 2006. Among the 31 agencies interviewed, two agencies have the same fiscal officer.

#### Author

Yi Lu, Assistant Professor, Department of Public Administration, College of Community and Public Af-

fairs, Binghamton University, Binghamton, New York 13902. Her research interests are performance budgeting and management. She can be reached at ylu@binghamton.edu.

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# Gender-Responsive Budgeting: Moving Women in China Further Along the Road to Full Equality

Marilyn Marks Rubin, John Jay College, City University of New York

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**Abstract:** Over the past 25 years, the progress toward gender equity has gained momentum in most parts of the world, and has been galvanized by significant actions taken by the international community of nations. There has also been a growing worldwide awareness that governments' budget decisions relating to both revenues and expenditures can be critical in promoting gender equity. For example, on the expenditure side of the budget, a government's reduction of agricultural subsidies could impact heavily on women who generally comprise the bulk of farm workers, especially in developing countries. Restoring, or even increasing, the subsidies could increase household incomes, raise agricultural production and improve the quality of life for all villagers. On the revenue side, an income tax rate reduction would primarily benefit men whose incomes are generally greater than those of women. Changing the structure of the tax reduction to, perhaps, a tax credit could result in a more equitable gender distribution of the benefits of lower taxes.

Several terms including "women's budgets," "gender budgets," "gender-sensitive budgets," and "gender-responsive budgets" have been used to describe government budgets that incorporate a gender perspective. In my paper, I use the term "gender-responsive budget" (GRB) to define a government budget that explicitly integrates gender into any or all parts of the decision-making process regarding expenditures and/or revenues. I use the term "GRB initiative" to include: (1) the actual integration of a gender perspective into any or all aspects of budget decisions; and (2) an organized movement to influence government to incorporate a gender perspective into its budget decisions.

Thus defined, GRB initiatives have been undertaken in more than 60 countries at the national and/or subnational levels of government. The purpose of my paper is to show how the lessons learned in these GRB initiatives can be applied in the People's Republic of China (PRC) where the equal treatment of women is a goal that has yet to be fully realized along most dimensions, including education, health, economic prosperity and political involvement.

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Over the past 25 years, the progress toward gender equity has gained momentum in countries throughout the world, and has been galvanized by significant actions taken by the international community of nations. The near unanimous adoption by the UN in 1979 of the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) – sometimes referred to as the "international bill of rights for women" – defined what constitutes gender discrimination. It also set an agenda for international and national action to end it (UNDAW 2004, 1). The United Nations 4th World Conference on Women, held in Beijing in 1995, reaffirmed CEDAW's commitment to end discrimination against women. This conference was, at the time, the largest ever held by the United Nations as well as the first large-scale international conference ever hosted by the People's Republic of China. There were 15,000

delegates from 189 countries and regions in attendance at the conference as well as 31,000 representatives of non-governmental organizations (NGOs) from all over the world (ACWF 2005a).

Both CEDAW signatories and Beijing conference participants identified the equal treatment of men and women in budgetary processes as central to the achievement of gender parity. In fact, the *Platform for Action* adopted at the Beijing conference specifically called on governments to "incorporate a gender perspective into the design, development, adoption and execution of all budgetary processes as appropriate in order to promote equitable, effective and appropriate resource allocation and establish adequate budgetary allocations to support gender equality..." (United Nations 1995).

Several terms including "women's budgets," "gender budgets," "gender-sensitive budgets," and

“gender-responsive budgets” have been used to describe government budgets that incorporate a gender perspective. Gender budgets are not separate budgets for women, or for men. They are, instead, an attempt to break down or disaggregate a government’s main-stream budget according to its impacts on women and men. Gender budgets are designed to incorporate gender-specific analysis in budget decision-making processes regarding the allocation of resource and/or the generation of revenues.

For example, a gender budget analysis on the expenditure side of the budget might find that proposed cuts in spending on agriculture would fall most heavily on poor women farmers. Restoring the agriculture budget could increase household incomes, raise agricultural production and improve the quality of life for all villagers. On the revenue side, a gender budget analysis could find that a proposed income tax rate reduction would primarily benefit men.

In my paper, I use the term “gender-responsive budget” (GRB) to define a government budget that explicitly integrates gender into any or all parts of the decision-making process regarding expenditures and/or revenues. I use the term “GRB initiative” to include: (1) the actual integration of a gender perspective into any or all aspects of budget decisions; and (2) an organized movement to influence government to incorporate a gender perspective into its budget decisions. Thus defined, GRB initiatives have been undertaken in more than 60 countries at the national and/or subnational levels of government (Budlender and Hewitt, 2003).

The purpose of my paper is to demonstrate how the lessons learned in these GRB initiatives can be applied to the People’s Republic of China (PRC) where the equal treatment of men and women – a fundamental and oft-cited government goal – has yet to be fully realized. I begin the paper with a brief discussion of the current status of women in the PRC. I then summarize lessons learned from GRB initiatives that have been undertaken worldwide and discuss how these lessons might be applied in China. I conclude the paper with observations on China’s readiness for a gender-responsive budgeting initiative.

It should be noted that, except where specifically discussed, the statistics cited for China are for the country as a whole and thus do not reflect the substantial differences among its individual provinces and ethnic groups and between its urban and rural areas. The urban-rural divide in China along most economic and social dimensions is one of the highest in the world (UNDP 2005a) and may affect the overall conclusions reached in this paper.

## **Gender Equality in China**

From its earliest days, official documents of the PRC have stated that men and women should have equal rights and obligations in society – a stark contrast to what had been the historic image of women in China, with the “binding of feet” perhaps the most renowned symbol of their subservient status. For example, on the eve of its founding in 1949, the PRC adopted the Common Program of the Chinese People’s Political Consultative Conference which specifically stated that “...women shall enjoy the same rights and obligations as men in political, economic, cultural, educational and social activities...” (Xu 2005).

Moreover, the first constitution of the PRC, adopted in 1954, reiterated that the rights of women were to be equal with those of men (Xu 2005). More recent laws and regulations show the continued efforts of the PRC to promote gender equity. For instance, The Law on the Protection of Rights and Interests of Women adopted at the Fifth Session of the Seventh National People’s Congress on April 3, 1992, states that “The State shall guarantee that women enjoy equal rights with men relating to their persons” (UNESCAP 2005).

The steady progress of women in China has led to its increasingly higher ranking in the United Nations’ Gender-Related Development Index (GRDI) in which higher rankings are associated with a more positive environment for women.<sup>1</sup> In the year 2003, China was ranked 64th out of 140 countries (UNDP 2005b), compared with its 1993 ranking of 79th out of 137 countries (UNDP 1996). In another comparative “gender-gap” ranking, published by the World Economic Forum in 2005 (WEF 2005), China was ranked 33rd out of the 58 OECD and selected emerging market countries included in the study, the highest ranking of any of the Asian countries included in the index.<sup>2</sup> The WEF index incorporates five dimensions: educational attainment, economic opportunity, economic participation, health and well-being and political empowerment. The progress of women in China along each of these dimensions is briefly summarized below.

### **Educational Attainment**

Equal access to education for males and females is the official policy of the PRC as defined in China’s Education Law, its Compulsory Education Law and its Vocational Education Law (PRC 2005). However, among the 58 countries in the World Economic Forum report, China ranked 46th in educational attainment, considerably below its number 33 ranking in the overall index (WEF 2005). Even though the educational attainment of China’s girls and women has increased substantially over the years, according to ActionAid,

an international non-profit organization fighting against poverty on a world-wide basis:

... at the primary level, girls are much more likely to drop out of school, or not be enrolled at all. ...at higher levels of schooling girls constitute 47% of students at the secondary level, 40% at the college level and only 32% at the doctoral programme level (ActionAid 2005).

Within the adult population, the illiteracy rate of females in China is 2.6 times that of males (UNDP 2005a). And while disparities among China's many regions have narrowed over the past ten years, in its less developed areas the gender disparity is even greater than the overall illiteracy rate would indicate (UNDP 2005a). For instance, the male-female differential is close to 19 percentage points in Qinghai Province in Western China, the fourth largest province in China with about five million residents including Han (the majority ethnic group in China), Tu, Hui, Salar and Mongolian minority ethnic groups. In the Tibetan Autonomous Region adjacent to Qinghai, the male-female differential is close to 18 percentage points (UNDP 2005a).

### **Economic Opportunity and Participation**

As mentioned earlier, from its inception, the PRC has held that "...women shall enjoy the same rights and obligations as men in ...economic... activities..." (Xu 2005). China's institutional framework is generally in place to accomplish this goal. However, while Chinese women, particularly those living in urban areas, have made substantial progress in achieving economic equality, there is still a gender gap, especially in the wake of China's economic reforms. Gender differences "...tend to be much lower in the state sector than in the non-state sector..." (UNDP 2005a) and, as Jing Lin, a scholar writing in the Harvard Asia Pacific Review states:

In the economic restructuring, millions of urban and township workers have been laid off. Women have been especially disadvantaged in several ways: 1) more women are laid off than men; 2) women are forced to retire at younger age than men; 3) women receive less social support after being laid off; and 4) the chances of re-employment are lower due to the lack of social connections (Lin 2003).

It should be noted that with regards to earlier retirement for women, this is a continuation of the pol-

icy instituted under Mao Zedong as a benefit for women. While earlier retirement may not be looked upon favorably by all women, for some it may be still be viewed as a benefit, especially if their income and benefits after retirement are not much lower than they were when employed.<sup>3</sup>

### **Health and Well-being**

In China, the differential in the "well-being" of males and females begins at birth and even before. In 1979, the PRC adopted a "one-child" policy to slow its rapidly increasing population growth. In August 2005, there were close to 120 male births for every 100 female births in China, compared with the worldwide average of 106 male births for every 100 female births (UNDP 2005a). In some of China's rural provinces, the male-to-female birth ratio is even more skewed. In Guangxi Province, for instance, there are 140 boys born for every 100 girls and in Hainan Province, 135 boys for every 100 girls (ActionAid 2005). While China's "one child" policy has been somewhat relaxed so that rural families are now permitted to have two children, families that conform to official policy will often go to great lengths to make sure that they have male children.

Even though ultrasound scans to determine the sex of the foetus [sp] and sex-based abortions are illegal, in rural China many women still find a way to determine the sex of the foetus [sp] and, if it is female, they abort it... China's family planning policy... does not carry effective measures to counteract the preference for sons among the rural population...caused by both cultural factors and the lack of a social protection net for farmers (ActionAid 2005).

The Chinese government is trying to improve the protection of female infants by punishing those who abandon or kill them. However, there is no evidence that China will discontinue its one-child policy even though it is becoming increasingly concerned that there will be 40 million more men of marriageable age than women by 2020 ( AsiaNews.it 2007).

The Chinese government is also trying to slow the growth in prostitution. Denounced many decades ago by Mao Zedong as a social evil, prostitution is on the rise and becoming an increasing threat to the health and well-being of women.

Chinese public security sources estimate that there were... four to six million sex

workers in China in 2000. The major reasons for prostitution in China are economic: women from rural areas seek better incomes and migrate to big cities where many end up as sex workers... A study amongst sex workers in China found that... Very few (2-3%) perceived themselves at risk of contracting HIV (Avert 2006).

Looking at the health and well-being of all women in China, there is some evidence of gender-based differences in the availability of health care services and medical insurance.<sup>4</sup> However, the urban-rural differential in health care services overwhelms the gender differential. In China's rural areas, which are home to between 70 and 80 percent of China's population, most health care services are now provided on a fee-for-service basis and are not affordable by the vast majority of residents either female or male. This is in contrast to earlier years when most medical services were provided by the state.

### **Political Empowerment**

Women have been officially represented at all levels of government since the founding of the PRC, and their role is slowly increasing. According to the All-China Women's Federation, the proportion of women officials at all levels grew from 34.4% in 1997 to 36.7% in 2001 (ACWF 2005b). However, women's political empowerment is still far below that of men. China's ranking by the World Economic Forum in the category of women's political empowerment was number 40 of 58 countries, somewhat below its overall ranking of 33, suggesting that the country is not doing as well in the political empowerment of women as it is in the other dimensions in the index taken together. For women in China to gain political equality with men they must become more involved in the political structure and administration of the country at all levels.

Among the 198 women deputies to China's NPC, only five are in the decision making position in the legislature and central government. By the end of 2003, the women's representation in village committees was less than 20 percent while only one percent of the village heads were women throughout China (Rong 2005).

### **Why a Gender Budget**

The actions of government can have an impact on women along all of the dimensions discussed above:

education, health, economic prosperity and political empowerment. Yet, few countries consider differential gender impacts at the time that most laws are debated and enacted. This is certainly true for budget-related legislation in which revenues and expenditures are generally determined and presented in financial aggregates with no specific references made to men or to women. As such, the laws appear to be gender neutral. However, if there are unintended differential gender impacts of revenue and expenditure decisions, the laws are not gender neutral, and to ignore the differences constitutes what has been termed "gender blindness" (Elson, 1999).

Implementing a gender responsive budget can help to correct gender blindness on both the revenue and expenditure sides of the budget and can "... raise awareness among stakeholders of gender issues and impacts embedded in budgets and policies..." (Sharp 2003, 9). The increasing awareness of this impact explains the growth of gender budget initiatives over the past 20 years in most regions of the world.

### **Gender Responsive Budget Initiatives**

The first gender budget initiative was undertaken in Australia by its federal government in 1984 and fully executed in 1985. In time, all of Australia's states and territories would follow the central government's lead and implement their own gender budget initiatives. The Australian experience brought international attention to GRB as a way to address gender inequities, although it took a decade before the next initiatives were undertaken in South Africa and in the Philippines.

The South African initiative undertaken in 1995 was spearheaded by the Women's Budget Initiative (WBI), a partnership of two policy-based research NGOs and newly elected members of Parliament (primarily female) along with the Gender and Economic Policy Group of the parliamentary Committee on Finance (Budlender 2003, Budlender & Hewitt 2002, Budlender 1998). The GRB initiative in the Philippines also began in 1995 as part of a gender and development (GAD) movement. In the wake of the Australian, South African and Philippine experiences, close to 60 countries throughout the world have undertaken GRB initiatives (See Table 1). Some initiatives have originated in government, but most have been undertaken by civil society groups, generally NGOs, working to promote gender equity.

In some countries, GRB has actually been integrated into one or more phases of the budget cycle at the national or subnational levels of government. In other countries the initiatives are still in their formative stages in which gender analysis of one or sev-

**Table 1: Countries in Which a Gender Budget Initiative has been Undertaken at the National or Subnational Levels of Government as of 2003\***

Africa	Americas	Asia	Europe	Middle East	Pacific
Botswana	Barbados	Afghanistan	Austria	Israel	Australia
Egypt	Belize	Bangladesh	Croatia	Lebanon	Fiji
Kenya	Bolivia	India	France		Marshall Islands
Malawi	Brazil	Indonesia	Germany		Samoa
Mauritius	Canada	Malaysia	Ireland		
Morocco	Chile	Nepal	Italy		
Mozambique	Ecuador	Pakistan	The former Yugoslavia		
Namibia	El Salvador	Philippines	Norway		
Nigeria	Mexico	Sri Lanka	Republic of Macedonia		
Rwanda	Peru	Thailand	Russian Federation		
Senegal	St Kitts/ Nevis	Vietnam	Scotland		
South Africa	USA		Serbia & Montenegro		
Swaziland			Spain		
Tanzania			Switzerland		
Uganda			United Kingdom		
Zambia					
Zimbabwe					

\* The information presented in this table is based upon what was known in 2003. Whether there are other countries that have undertaken a gender-responsive budget initiative is difficult to determine for several reasons including my reliance on publicly available data and the timing of the research.

**Source:** *A Practitioners Guide to Understanding & Implementing Gender-Responsive Budget Initiatives* (Budlender & Hewitt (2003, 7).

eral government programs has been conducted and/or workshops have been held for various groups including government workers, NGOs and other representatives of civil society. International and bilateral donors have funded a number of these workshops as part of their overall capacity-building efforts in developing countries and countries in transition.

Although GRB initiatives have differed across countries, their implementation has yielded several commonalities, which I call “preliminary lessons learned,” that can inform future gender budgeting initiative. They relate to:

- the buy-in and commitment from both government and civil society stakeholders;
- the level of government at which GRB is undertaken;
- the stage of the budget cycle into which GRB is integrated; and
- the availability of disaggregated data by gender, and of technical expertise from outside the country in which the initiative is undertaken.

### Preliminary Lessons Learned

**Lesson 1: A GRB initiative must have the buy-in of government and of civil society stakeholders.** The integration of a gender perspective into public budgets requires that decision-makers in government acknowledge gender inequities in society and see budget

policy as a way to promote equal treatment of men and women. GRB initiatives undertaken in Australia, the Philippines, Rwanda and several countries in the Andean region in South America illustrate this point.

In Australia, elections in the early 1970s brought a new government into office that was committed to making government more responsive to women’s needs (Sawer 2002). Feminists, referred to as “femocrats,” were recruited to work for the new government so that they could implement commitments to promoting gender equity made during the election campaign. The new government acknowledged that budget actions were critical to achieving gender equity. The Philippines GRB initiative was also part of an overall national and subnational government campaign to address acknowledged gender inequities in society and as part of overall efforts to democratize government (Flor and Lizares-Si 2002).

The commitment of government to use the budget to achieve gender equity has also been a critical element in the Andean region where several GRB initiatives are underway (GRBI, Ecuador, 2). And in Rwanda, the President and other leaders struggling to put their country back together after years of civil war and genocide are using gender budgeting as one way to bring about government reform and to address gender inequities and poverty (Diop-Tine, 2002).

However, if government’s commitment to gen-

der equity is crucial for GRB's success, so too is the need for stakeholders outside of government to take ownership of the initiative and to advocate for its acceptance. A prime example is Australia where GRB was initiated by the government, but was never really able to coalesce Australia's feminist NGOs and women in civil society (Sawer 2002). This lack of support was one of the main reasons cited for the eventual watering down of GRB, at least at the federal level (Sawer 2002).

**Lesson 2: GRB can be introduced at all levels of government.** Most gender-responsive budgeting initiatives have been introduced at the national level of government. However, GRB initiatives have also been undertaken at subnational levels of government, beginning with the earliest efforts in Australia, South Africa and the Philippines. Several gender-responsive budgeting initiatives in local governments are underway in the Andean Region of South America (Ecuador, Peru and Bolivia) as part of overall government reform and decentralization (UNIFEM 2003). And in Berlin, Germany, the City Parliament introduced gender budgeting in 2001 for selected city districts and for selected expenditures (GTZ 2004).

**Lesson 3: GRB can be implemented at all stages of the budget cycle.** Each of the four phases of the budget cycle – budget formulation, approval, implementation and audit/evaluation – provides the potential for integrating gender budgeting into its decision-making process. Budget formulation, the first phase of the budget process, is generally the responsibility of the executive branch of government. GRB can enter this phase in a number of ways: in budget preparation guidelines to departments, in agency deliberations and in final decision-making by the chief executive. To date, several governments, including those in India, Nepal, Mexico, Tanzania, Uganda, and Egypt, have included gender-specific language in their general budget guidelines (UNIFEM 2003).

Once the budget is prepared, it enters the second stage of the cycle, which is the approval or legislative phase, in which GRB again has the potential to be integrated in several ways. Specific gender guidelines can be promulgated for expenditure and revenue legislation in the overall framework for legislative action or in language establishing new programs or agencies. During this phase of the budget cycle, decisions can entail extensive debate over the executive plan or be largely pro forma. The latter is more likely to be the case in parliamentary governments where the same political party controls the executive and legislative functions.

While members of legislatures, especially

women, have played important advocacy roles in several GRB initiatives including those in South Africa, Uganda, and Scotland (Budlender and Hewitt 2002), there is little evidence that GRB has yet taken hold in legislative decision-making (UNIFEM 2003). Several efforts are underway to bring GRB into the legislative budget process. For example, UNIFEM is working with India's national parliament to formulate gender-responsive guidelines to be used in the disbursement of discretionary resources allocated to members of Parliament (UNIFEM 2003). UNIFEM also worked with the Inter-Parliamentary Union (IPU) and the World Bank Institute in the publication of a handbook for parliaments interested in bringing gender into their decision-making process (IPU 2004).

After the budget has been approved, it enters into the third or budget implementation phase when budget plans are put into operation. To the extent that individual departments are given discretion to allocate resources among their agencies/programs, GRB can inform allocation and other decisions during the execution phase. Also administrative directives within departments can influence the allocation of funds. GRB initiatives have yet to achieve a major success in this phase of the budget cycle although efforts are underway in several countries such as Mexico and India to bring gender explicitly into decisions regarding budget execution (UNIFEM 2003).

Most gender-responsive initiatives have focused on audit and evaluation, the fourth and final phase of the budget cycle. A gender dimension can be incorporated into financial audits that focus on expenditures and compliance and into performance audits that focus on results. Katherine Rake of the UK Women's Budget Group, writes "...a gender audit of policy and expenditures offers a unique opportunity to evaluate the impact and effectiveness of the Government's social and economic programme" (2000, 117). In Victoria, Australia, for example, "community-based gender audits have achieved some success..." (Sawer 2002, 63). And in South Africa, a 1997 evaluation of the Community Based Public Work Program (CBPWP) that included a gender focus "... formed the basis of the Department's current plans to fine-tune the program and further improve targeting" (Elson 2002b).

**Lesson 4: Both gender-disaggregated data and knowledgeable technical expertise are needed to implement a GRB initiative.** Countries do not generally collect revenue or expenditure data disaggregated by gender, a basic requirement if GRB is to be incorporated into the budget process. For example, if women have a greater dependency on public trans-

portation than do men, decreased spending on government supported buses or trains will have an unintended differential gender impact. In developing countries, the lack of relevant data, particularly gender-disaggregated data, has been identified as a serious impediment to implementing GRB (Balmori 2003).

Not only is the lack of disaggregated data a challenge, but so too is the lack of budget expertise by government workers and members of civil society. In many cases, experts have been brought in from the outside to lead a GRB initiative. However, these experts may not be familiar with the internal culture and politics of a country or region. For example, in Sri Lanka, participants in an externally funded gender budgeting workshop (some of whom were already familiar with gender-responsive budgeting) felt that the information presented by the outside consultants was not specifically tailored to their needs (Budlender 2003).

### **GRB Lessons Learned: Applications to China**

Over the past decade the PRC has made great strides in increasing the role of the budget in its resource allocation decisions. Previously, all such decisions in the planned economy were made in the plan with the budget serving essentially as a secondary accounting device (OECD 2005). And while China still has several budget issues that must be resolved, Lou Jiwei, the PRC First Vice Minister of the Ministry of Finance writes: "...relative to the traditional Chinese budget management system, the current...reform amounts to "revolution" (Lou 2002, 51). Because the budget is evolving in these "revolutionary terms," and given that gender equity is one of the fundamental tenets of the PRC, it would seem that the stage is set in China for a GRB initiative. Such an initiative can be informed by the lessons learned from the GRB experiences in countries throughout the world.

**Lesson 1: Buy-in of Government and Civil Society Stakeholders.** In 2005, the PRC amended its ground-breaking 1992 Law on the Protection of Women's Rights and Interests. The amendment strengthened several government policies related to women's political, social and economic equity, and committed China's government to taking "...proper measures to iron out all forms of discrimination against women... in accordance with the Convention on the Elimination of All Forms of Discrimination against Women made by the United Nations in 1979, which China ratified in 1980" (Rong 2005).

PRC's willingness to amend the 1992 law is evidence that the government continues to work toward eliminating gender inequities in society. However, what is also necessary if a GRB initiative is to be

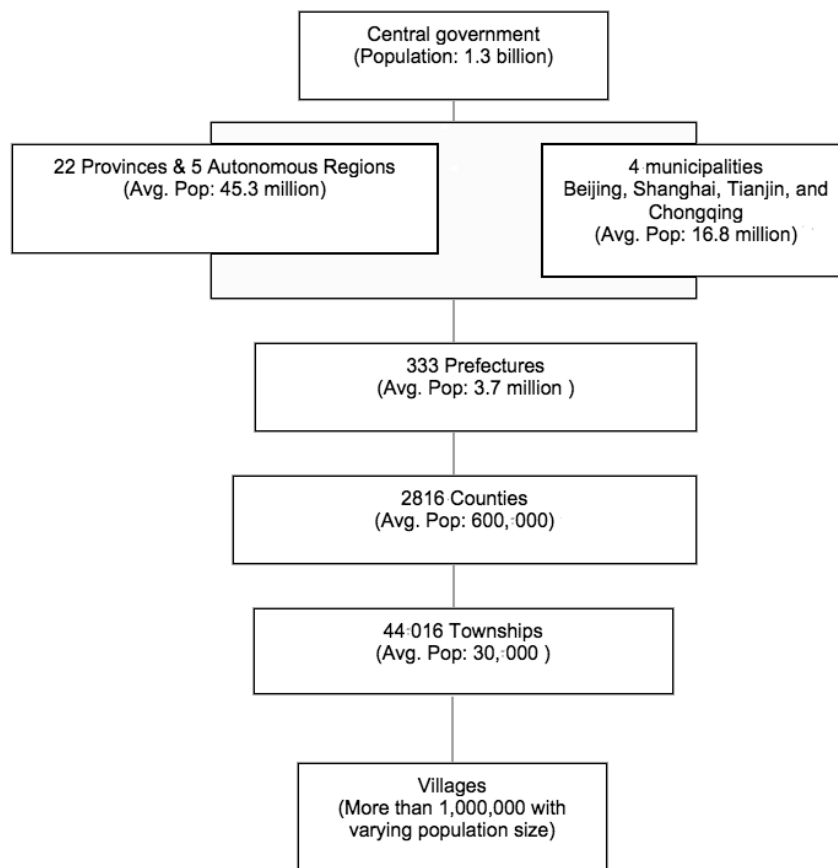
successfully implemented in China is to have the government understand and acknowledge that its budget decisions have an impact on gender equity. Furthermore the government must be willing to use revenue and expenditure policies to reduce gender disparities.

The implementation of a GRB initiative in China also needs the active support of civil society, especially its women's groups. In China, this would mean not only the cooperation but also the leadership of the All-China Women's Federation (ACWF), the largest NGO in the country working on behalf of the empowerment of women. Established in 1949, at the very beginning of the People's Republic of China, the ACWF was a member of China's Organizing Committee for the previously mentioned 4th United Nations World Conference on Women held in Beijing in 1995. The ACWF was represented on the PRC delegation to the Conference and was involved in drafting and negotiating the Beijing Declaration and the Platform for Action adopted by the Conference. It was in this document that governments were called upon to include a gender perspective in their budget processes.

**Lesson 2: Level of government.** With its large population and land area, China has historically been divided into several political subdivisions. Today, the PRC has five levels of government below the national government level: provinces, prefectures, counties, townships and villages (See Figure 1).<sup>5</sup> At the first sub-national level, there are 31 governmental divisions, including 22 provinces, five autonomous regions, four centrally administrative municipalities with the same political economic and jurisdictional rights as a province, and two special administrative regions (SARs): Hong Kong and Macao. At the second sub-national level, there are 333 prefectures that generally comprise an urban core (a city in the strict sense) and its surrounding less-urbanized areas usually many times the size of the central, built-up core. At the third sub-national level, there are close to 3,000 counties, at the fourth, more than 44,000 townships and, at the fifth, more than a million villages (Luard 2005).

China is one of the world's most fiscally decentralized countries. Its sub-national levels of government account for 70% of total government expenditures (See Table 2). It is "... virtually unique among countries in the world in assigning responsibilities for providing vital social services such as social security, basic education, health care and public safety to local governments..." (OECD 2005, 14). Since it is at the local level of government where the largest proportion of China's expenditures are made, if a gender responsive budget initiative is to be introduced, its greatest potential could be at this level of

*Figure 1: Structure of Government in China (2003)*



Source: Modified from figure presented in Wong 2005

government.. Although China's central government makes major policy decisions impacting all levels of government – and the introduction of GRB would certainly fall into this category – local government officials will still have to understand that their decisions on the expenditure and revenue sides of their budget can have differential gender impacts.

However, China's local governments, that are having to do "more with less," need to enhance their capacity to manage limited resources, especially if they are going to consider gender equity in their allocation decisions. China's national government is working to improve the administrative capacity of local government leaders through training projects offered in many parts of the country. Building local capacity is also an important objective of international donor agencies and bilateral donor institutions. Several of them, such as Canada's Development Research Centre (IDRC), the United Kingdom's Department for International Development (DFID) and the Ford Foundation, are supporting budget reform activities in China. These and other institutions, which also fund

projects to improve local government capacity and to encourage gender equity, could provide resources to support GRB initiatives at the local government level in China.

**Lesson 3: Stages of the budget cycle.** As stated earlier in this paper, during the past decade China's central government has made significant advances in reforming its budget infrastructure. A centerpiece of this reform has been the introduction of departmental budgets in the budget preparation process (Phase 1 of the budget cycle). According to China's Vice Minister Lou:

...in the past the organizational structure in the Ministry of Finance was designed to match the management of a planned economy. Each operating department of the ministry was in charge of several categories of expenditures by function, making it necessary for the various central government departments to establish contacts with virtually all of them. ...since a department's revenues and expenditures are all reflected in one

**Table 2: Proportion of Country Expenditures by Sub-national Governments**

China 2002	70%
Developing countries 1990s	14
Transition countries 1990s	26
OECD member countries 1990s	32
Other large countries 1990s	
Germany	40
India	46
Japan	61
Pakistán	29
Rusia	38
United States	46

Source: Based on table in Wong 2005, Annex A.

budget book, central government departments for the first time have a complete budget book (Lou 2002 51-52).

The new departmental budgets provide a context within which a gender perspective could be introduced, perhaps in a pilot format similar to what was done with the introduction of departmental budgets themselves. In the 2000 budget cycle, departmental budgets were introduced into four central ministries: education, science and technology, labor and social security. In 2001, there were 29 more ministries added (Wong 2005). A gender perspective could also be introduced into the other phases of China's evolving budget process starting with the budget approval/legislative phase (Phase II of the budget process).

In China, the National People's Congress (NPC) is the country's parliament, with its close to 3,000 delegates meeting in plenary session every March. According to the Congressional-Executive Commission created by the U.S. Congress in 2000,<sup>6</sup>

... the NPC traditionally has been subservient to the leadership's wishes, and in most respects has operated as a "rubber stamp" legislature. Beginning in the early 1990s, this role has gradually been changing, and the NPC has begun to exercise more control over the legislative and policy agenda in accordance with its constitutional mandate" (CECC 2005).

Because of its infrequent meetings, the NPC functions through a permanent body, the Standing Committee. Constitutionally, the NPC is the supreme source of law in China. One of the areas in which

NPC's role is expanding is the budget. An indication of this change is the creation by the NPC of a Budget Commission of the Standing Committee.<sup>7</sup> The Commission, that became operational in 1999, has three primary functions: (1) to assist in the review and approval of the government's budget proposal; (2) to monitor the implementation of the budget and to undertake any related special studies; and (3) to draft laws relating to the formulation and implementation of the budget.

The government presents its budget proposal to the NPC at the beginning of the plenary session. The parliamentary budget process, however, starts about six to eight weeks prior to the introduction of the budget proposal to the NPC. During this "preliminary stage," the Ministry of Finance and the Budget Commission of the NPC hold formal discussions on the content of the budget proposal to be introduced. Since any power that NPC has to influence the direction of budget policy occurs only during this preliminary stage, here is where a gender perspective would have to be brought into Phase II of the budget cycle. Once the budget is introduced, the NPC can only approve or reject the entire document; it cannot amend it.

In the budget implementation phase (Phase III of the budget cycle), to the extent that departments are given discretion to allocate resources among programs, gender-responsive budgeting could inform allocation and other decisions as department budgets are established. As mentioned earlier, this has been very slow to happen worldwide.

In the audit and evaluation phase (Phase IV of the budget cycle), as the role of audits in improving public sector management increases, they could be

used to assess the differential impact of expenditures on males and females. And, if the government begins to recognize and accept the fact that the budget can be used to address gender inequities, the information from the audits could re-enter the budget cycle in Phase I to inform budget formulation.

**Lesson 4: Data Availability and Technical Expertise.** China, like most countries, collects and publishes its budget related information in financial aggregates with no specific references to gender except where it is obvious in the intent of the program, e.g., expenditures for maternal and child welfare and re-employment projects specially for 40-50 year old females who have been laid-off from their jobs.. If gender-responsive budgeting is to happen in China, data collection and compilation related to both revenues and expenditures by gender would have to be initiated. This could be one way in which China could begin its road to gender budgeting.

Most countries that have undertaken a GRB initiative have used outside experts to provide technical support. Several international organizations, such as the International Budget Project (IBP), working with the Ford Foundation, have already begun to "...assess the potential for strengthening applied budget work in China (IBP 2005)." IBP has done some introductory training, which included a briefing on gender budgeting, to a network meeting of women's organizations. IBP will be working with ActionAid International China in efforts to increase citizen participation in the budget process. A gender budget initiative is one idea under consideration (Polska 2005).

### Conclusions

The road to gender budgeting in China may not be an easy one. In general, budget reform has lagged behind economic reforms in China, and budget reforms that have occurred, such as the formulation of department budgets, are just emerging at the country's central level and in some of its wealthier provinces (OECD 2005). It will take time before other local governments develop the capacity to implement their own reforms. A key challenge is to get all levels of government to consider gender impacts of budgets when making these reforms. China has several essential conditions in place that provide an environment in which this challenge can be met.

First, from its inception, the PRC has stressed the equality of women and men as one of its basic goals and has included language in its constitution and in many other official documents that explicitly address gender equity. Second, the government recognizes that although significant progress has been made toward

achieving gender equity, there is still more that must be done. The 2005 amendments to China's 1992 Law on the Protection of Women's Rights and Interests moved women further along the road to full equality.

Third, there are women in China's civil society with the capability to provide the leadership necessary to move a GRB initiative forward. The All-China Women's Federation (ACWF) already has a well-established record in which it has identified challenges related to women's rights and interests and has made suggestions for changes in government policies that have differential gender impacts. The ACWF has also participated in the drafting and revisions of laws, regulations and policies which have helped strengthen the protection of women's rights.

And, finally, the PRC is undertaking extensive reforms of its budget process. As the budget infrastructure and process are evolving at the central level and at local levels, there can be a place for gender-responsive budget initiatives, especially in emerging departmental budgets. The incorporation of gender equity into the central budget as well as local government budgets could help to move China closer to meeting its goal of full equality for men and women.

### Endnotes

<sup>1</sup> The GRDI is a composite index developed by the United Nations Development Program (UNDP) to measure average achievement in the three basic dimensions included in the UNDP human development index (HDI) – a long and healthy life, knowledge, and a decent standard of living – adjusted to account for inequalities between men and women.

<sup>2</sup> The World Economic Forum is an independent international organization committed to improving the state of the world by engaging leaders in partnerships to shape global, regional and industry agendas.

<sup>3</sup> Information obtained in a telephone interview in August 2006 with Dr. Jinbo Wang, an Associate Professor at Sanda University in Shanghai.

<sup>4</sup> Information obtained in spring 2006 in a confidential telephone interview with a woman who worked for several years for a foundation that has funded a number of health care and other projects in China.

<sup>5</sup> Other characterizations of the levels of government differ somewhat from the five levels presented here. For example, Chen, Chen and Zhang write that there is a "...four-layer structure in the system of local government in China: province, large city, county and town" (Chen et. al. 2002).

<sup>6</sup> The Congressional-Executive Commission on China was created by the U.S. Congress in October 2000 with the legislative mandate to monitor human rights

and the development of the rule of law in China, and to submit an annual report to the President of the U.S. and to the U.S. Congress.

<sup>7</sup> Information on the role of the NPC in the budget process was obtained by the author in several telephone interviews with OECD staff in April 2006.

#### Author

Marilyn Marks Rubin, Professor of Public Administration and Economics, John Jay College, City University of New York, 445 West 59th Street, New York NY 10019, [mmr2@optonline.com](mailto:mmr2@optonline.com), Voice: (212) 237-8091, Fax: (973) 839-4232.

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# Improving Public Service Delivery in Qingdao Municipality of Shandong Province

Cui Jing, Central University of Finance and Economics, China

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**Abstract:** This paper will assess the effectiveness of the reform of improving public service delivery and identify the factors responsible for the improvements in public service delivery in Qingdao municipality of Shandong province in the People's Republic of China. This paper begins with a description of the policy context and discusses how the policy context affects the improvement of public service delivery in Qingdao municipality. It then discusses the efforts of improving the delivery of public service through enhancing human service delivery, reforming the administrative approval system and increasing government transparency and public participation in Qingdao municipality. Finally, this paper will identify the factors affecting the improvement of public service delivery in Qingdao municipality in terms of the decentralization of economic management, tax profit sharing with the local government, political control, the delegation of law-making and the local leadership.

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The transition from a centrally planned economy to a market economy in China has brought about the emphasis on government functions in the public service sector. In a centrally planned economy, the State-owned Enterprises (SOEs) provided their employees with all kinds of benefits such as child care, medical care, pensions, housing and security. After the transition to a market economic system, the SOEs would unavoidably reduce some of these benefits such as medical and child care due to the urgent need to cut budgets to enhance their competitiveness in the market. On the other hand, in a market economy, the SOEs might also be bankrupt, which is “a phenomenon inconceivable in a centrally planned economy, but quite possible in a market economy” (Asian Development Bank [ADB], 2003, p. 56). Therefore, employees may face more risks than ever such as being retrenched and the loss of pension or other welfare benefits. This situation had produced much pressure for the municipal governments to carry out the administrative reform for strengthening the service delivery functions. Therefore, local government reform in the Qingdao municipality since 1999 sought to improve government functions in human service delivery (Shandong Provincial Government, 2000, p. 2).

Moreover, the transition from a planned economy to a market economy in China also required the local government to improve its regulatory services. The market economic reform allowed the local government to be freed from the functions of micro-man-

agement as well as enterprise management and to concentrate on indirect macroeconomic regulation. However, the increasing influence of the private sector in the market required the local government to rely more heavily on implementing the regulations given the severity of the problems in the market place in China, such as unfair competition, lack of protection of intellectual properties and fraud which had disrupted the market order and dampened consumers' interests. In this case, the regulatory activities of local government became rapidly expansive (ADB, 2003, pp. 57-58). This expansion of regulation created a situation where enterprises and citizens must go through many different government departments to obtain approvals for their private business. These cumbersome administrative procedures were blamed for wasting too much time for foreign investors and clients; at the same time, these procedures weakened the efficiency of local government.

The local government often utilized its regulatory power to “protect or expand departmental or local interests rather than to further develop the market. As a result rent-seeking opportunities abound” (ADB, 2003, p. 62). At the same time, the phenomenon of “*sanluan* (Three Unrulies)”: unruly levies (*luan-shoufei*), forced donations (*luan-tanpai*), and fines (*luan-fakuan*) had also breached the trust of the public for the local government. Some government agencies did not standardize the administrative and institutional costs (*xingzheng shiyexing shoufei*) on drugs, water, power supplies and medical care, which were essen-

tial to people's everyday lives.<sup>1</sup> Therefore, administrative approval reform was carried out in the municipal governments to minimise the items of administrative examination and approval, to rationalize the administrative procedure for the purpose of improving regulatory services of government and to enhance government efficiency (Qingdao Municipal Government, 2001, p. 2).

In addition, another way of improving public services was to disclose government information to the public and to encourage citizens' participation in monitoring local government affairs. However, before the economic reform in 1978, much government information was listed as confidential according to the document of "Provisional Regulation on Guarding State Secrets" circulated in 1951. In 1988 "The Law of the People's Republic of China on Guarding State Secrets" was enforced, which narrowed the scope of national secrets down to seven aspects including national defence, diplomatic activities, national economic and social development.<sup>2</sup> However, the scope of confidential government information was broad and the released government information was relatively limited.

In this case, citizens could only get limited government information such as government news from newspapers or on television. Consequently, the public could not monitor the decision-making process effectively due to a lack of information and transparency which had hindered "attempts to hold government accountable for the delivery of public services" (ADB, 2003, p. 62). Therefore, the administrative reform in Qingdao city was designed to improve the accessibility of public information by improving its government website (Qingdao Local Chronicles Compilation Office, 2002, p. 345).

Moreover, the lack of external scrutiny and observation by the public participation in the local government had also impeded the possible improvement of public service delivery. For a long time, contacting citizens was only an institutionalized form of public participation in China to solicit and deal with public complaints (Luehrmann, 2003, p. 847). This kind of political participation, to some extent, provided the governments with the "chance to systematically gather information about popular preferences and officials' behaviour" (Luehrmann, 2003, p. 848). However, even contacting citizens could not fully perform the functions of scrutiny and supervision because the government has manipulated this channel. Therefore, local government reform in the Qingdao municipality was aimed to strengthen the level of public participation through inventing more channels of public

participation in order to improve services (Xia, 2003, pp. 15-16).

Qingdao municipality is the economic centre of Shandong province. It is a centrally-planned city (*jihua danlie shi*) approved by the State Council. With rapid economic development, administrative reform initiated by the Qingdao government has gone through many interesting experiences worthy of study among other municipalities in Shandong province.

According to the ADB (2003), public services in China may be classified into three major categories: "infrastructure construction and operation, including public utilities; human services; and services of a regulatory nature, such as registration and licensing" (p. 55). Rather than discussing reform in the delivery of infrastructure construction, this paper will focus on the improvement of the delivery of human services and services of a regulatory nature since these two aspects constitute the core of local government reform in Qingdao city.

This paper will assess the effectiveness of the reform of improving public service delivery and identify the factors responsible for the improvements in public service delivery in Qingdao municipality. It begins with a description of the policy context and discusses how the policy context affects the improvement of public service delivery in Qingdao municipality. It then discusses the efforts of improving the delivery of public service through enhancing human service delivery, reforming the administrative approval system and increasing government transparency and public participation in Qingdao municipality. Finally, this paper will identify the factors affecting the improvement of public service delivery in Qingdao municipality in terms of the decentralization of economic management, tax profit sharing with the local government, political control, the delegation of law-making and the local leadership.

### Policy Context

Qingdao city is located in Shandong province, which is situated in the eastern part of China on the lower reaches of the Yellow River. Shandong province borders the Bohai sea and Yellow sea on the eastern side, and overlooks South Korea and Japan across a vast stretch of sea. Because of this geographical advantage, Shandong province is an important coastal and economic province in China. It has a land area of 156,000 square kilometres and a population of 90 million (Shandong Yearbook Editorial Department, 2005). Shandong province is divided into 17 municipalities, 49 districts, 31 county-level cities and 60 counties. The 17 municipalities include Jinan (capital), Qing-

dao, Yantai, Weihai, Zibo, Weifang, Tai'an, Dongying, Jining, Rizhao, Liaocheng, Linyi, Laiwu, Heze, Zaozhuang, Dezhou and Binzhou (Shandong Statistical Bureau, 2004, p. 3).

Qingdao city is located at the southern tip of the Shandong Peninsula facing the Yellow Sea. It covers an area of 10,654 square km and has a population of 7.31 million in 2006 (Qingdao Statistical Bureau, 2005). It is currently divided into seven urban districts, namely, Shinan, Shibei, Sifang, Licang, Laoshan, Chengyang, Huangdao, and five county-level cities, namely, Jimo, Jiaozhou, Jiaonian, Pingdu, and Laixi (Qingdao Local Chronicles Compilation Office, 2003).

Compared to other municipalities in Shandong province, Qingdao city is a relatively young city with a history of 114 years. It became a German colony in 1897 after the Opium War and was occupied by Japan in 1914 during the First World War. Its short but complicated history of being colonized by foreign countries had prepared the Qingdao people in terms of interacting with other cultures. This interactive relationship with other cultures was accelerated after Deng Xiaoping's 1978 reform which exposed China to the outside world. Thus, Qingdao's characteristic of being open-minded has made its government officials more open to accepting new ideas of economic management and government administration than other municipalities.

Qingdao city is also the business centre of Shandong province. Its coastal location enables Qingdao city to undertake foreign trade more conveniently. Consequently, it is one of the five major ports for foreign trade in China. According to the survey of economic competitiveness of 17 cities in Shandong province, Qingdao city was ranked first in terms of the economic development level in 2001.<sup>3</sup> In 2005, Qingdao's economic performance was still ranked number one in Shandong province. Its GDP was RMB 269.54 billion and overseas investment was USD 3.66 billion (Qingdao Local Chronicles Compilation Office, 2006, pp. 25-26).

Qingdao's strong economic power has facilitated the implementation of economic and administrative reforms. Obviously, a city with strong economic power will have more revenue to improve city infrastructure and social security.<sup>4</sup> With regard to city infrastructure, Qingdao government invested RMB 1985.02 million in 2002 for capital construction (Qingdao Statistical Bureau, 2003, p. 93). As for social relief, the minimal living security standard for urban residents in Qingdao city was RMB 230 per month in 2005, which ranked first among 17 cities in Shandong province.<sup>5</sup>

## *Improving Public Service Delivery*

### **Improving Public Service Delivery**

According to the ADB, improving human service delivery resulted from the fact that with the transition from a planned economy to a market economy, work units<sup>6</sup> would no longer provide human services for the citizens in terms of education, health and social security (ADB, 2003, p. 56). Moreover, the local government could hardly provide sufficient human services due to the lack of funding (Li, 2004, p. 258). Drawing from international experience, the local governments in China mainly implemented privatization, which was primarily aimed to attract more resources from society to supplement the public school and the university system, and to share the responsibility of improving the quality of human service and relieving their own financial stress.

With regard to privatization in education, the Qingdao government was dedicated to attracting more resources from the society to supplement the public school and the university system, an approach called "*shehui liliang banxue*." In primary and secondary education, the government encouraged investors to set up private schools by providing them with preferential policies. These policies have made it possible for the investors to gain profits by investing in private schools while having the status of an authorized educational institution approved by the government (Qingdao Local Chronicles Compilation Office, 2003, p. 231). By the end of 2002, the total number of students in private schools of Qingdao city reached 126,600, contributing to 0.17 per cent in the total number of students in public primary and secondary schools (Qingdao Local Chronicles Compilation Office, 2003, p. 231).

In the field of higher education, private colleges and universities had emerged in Qingdao city increasingly. This measure allowed more students, who could not meet the admission criteria of more well-established public universities, to enroll in private colleges or universities to receive higher education. In 1999, the number of enrolment in universities per 10,000 persons in Qingdao city was 48 students and in 2003 it had increased to 234 students (Qingdao Statistical Bureau, 2000, 2003) (See Table 1).

The privatization of education has forced citizens to bear more financial responsibilities on their own in receiving education, which relieved the government from financial stress to a certain extent. Since 1998, the Ministry of Education has allowed that

**Table 1:** Student Enrolment in Tertiary Education in Qingdao Municipality, 1999-2003

Year	Student Enrolment in Tertiary Education per 10,000 persons
1999	48
2000	65
2001	85
2002	115
2003	234

Source: Qingdao Statistical Bureau (2000-2004), *Qingdao tongji nianjian* 2000-2004 [Qingdao Statistical Yearbook 2000-2004], Beijing: Zhongguo tongji chubanshe, 2000-2003, p. 17 (2000), p. 15 (2001), p. 15 (2002), p. 35 (2003), p. 16 (2004).

Qingdao Ocean University to charge higher tuition fees. From then on, all public universities in Qingdao city started to charge or raise tuition fees which were free previously.

Similarly, in regard to social security and health care, the Qingdao government introduced a responsibility sharing system, where the government, employers, and employees all made their contribution to the employees' welfare package. Pension insurance, medical insurance and unemployment insurance are the three basic types of insurance that are covered by this system (Qingdao Local Chronicles Compilation Office, 2003, pp. 268-269). However, the distribution model has yet to be established to determine to what extent employers, employees and the government should pay for the insurance premium until the present time. The current situation is that the municipal governments in Shandong province have different policies for distributing the insurance premium among the local government, employers and employees.

The only confirmed matter in this reform was that employees would pay for the major part of the insurance premium, although in rich areas the local government or profitable enterprises would cover a larger proportion of the insurance premium for their employees. This led to different coverage rates of insurance among different cities. Among 17 cities in Shandong province, the coverage rates of pension insurance of urban employees in Qingdao city was the highest, 86.30% in 2004 (Shandong Statistical Bureau, 2005).

For instance, in the villages of Laoshan district in Qingdao city, the village and Laoshan district pay up to 30 per cent of pension and medical insurance premium for farmers who would only need to pay for the remaining 70 per cent. If farmers in these villages are 60 years old for a man or 55 years old for a woman, they could receive RMB 352 per month as their pension and RMB 1,000 as an additional subsidy, which would be paid in full by the district government and the village.<sup>7</sup> In contrast, in some villages

in Linyi city, Heze city and Liaocheng city, the poorer areas in Shandong, farmers would have to pay the total insurance premium since the county and village would not have sufficient funds for paying the insurance premium. Not surprisingly, in these poorer areas, it was very difficult to persuade farmers to pay for the insurance premium since most of them, living in poverty or just above the poverty line, would not want to pay additional money for the insurance premium, which was often considered unnecessary.

Apart from the process of privatization, what has attracted wide attention has been the establishment by the Qingdao government in 2004 of a new urban and rural social security system, called the "Sunshine Aid Project" (*yangguang jiuzhu gongcheng*) to ensure transparency, openness, fairness, and kindness (*wennuan*) in this system (Qingdao Civil Affairs Bureau, 2004). The aim of this project was to provide more assistance of social security for the poor rather than only focusing on delivering the poor from starvation, and to openly and fairly distribute the limited funds of social security in the districts and villages of Qingdao city.<sup>8</sup>

The "Sunshine Aid Project" has devised five mechanisms for improving social security: (1) the "four category administrative mechanism" which consists of city, district (county), street (township/town), and neighbourhood (village) committees; (2) the "household eligibility evaluation mechanism" which investigates pensioners' income and living conditions; (3) the "procedure standardization mechanism" which regulates every step of the social security process from application to approval; (4) the "classification mechanism" which provides different services according to pensioners' individual and family conditions; and (5) the "supervision mechanism" which incorporates citizens, social security inspectors and the media (Qingdao Civil Affairs Bureau, 2004).

The project has also proposed multiple methods for providing social security. Apart from meeting the basic living needs of the poor people, the Qing-

dao Civil Affairs Bureau has explored several methods for enhancing the connections between the urban and the rural social security system in terms of granting temporary aid, housing, health, and education aid, and private mutual aid.

By the end of November 2004, the Qingdao municipal government had spent RMB 60.55 million to provide social security for over 15,870 households and 37,110 persons in urban areas of Qingdao city, which accounted for 1.5 percent of its total population (Qingdao Civil Affairs Bureau, 2004). In this sense, the establishment of the “Sunshine Aid Project” safeguarded basic living conditions for the poor people in urban and rural areas and guaranteed family and social stability to some extent. More important, it is a good example to show how the Qingdao government is trying to take care of its citizens’ interests and the vulnerable communities in the society.

### **Reforming Administrative Examination and Approval System**

Administrative approval reform was carried out for the purpose of solving the problem of the expansion of regulation, which had not only wasted too much time for foreign investors and clients but also had weakened the efficiency of local government. Moreover, it was an imperative task for the local government to change the administrative examination and approval system. This was because numerous approval and licensing requirements had empowered the government agencies to make decisions for private firms and for the market, which had generated many rent-seeking opportunities for the agencies accordingly (Yang, 2004, p. 152).

Therefore, in 1999, the Qingdao government requested the government agencies to reduce the items of administrative examination and approval and to simplify and standardize the procedures of examination and approval (Qingdao Municipal Government, 2001, p. 2). This reform focused on two aspects: reducing government intervention and rationalizing administrative procedure.

Reducing government intervention has taken the form of narrowing down the scope of examination and approval and limiting the agencies’ power. The Qingdao, government eliminated the administrative approval items which were in conflict with the rules of WTO such as the approval of financial registration for foreign invested enterprises, the check on the accounting of revenue and expenditure for foreign invested enterprises<sup>9</sup> and the examination on direct import and export for the industrial enterprises. The Qingdao government also eliminated the items which

could not be adapted to the separation of local government from the enterprises, such as the approval of the merger and bankruptcy of enterprises under the jurisdiction of the municipal government and the examination of a changing equity structure of share-holding enterprises approved by the municipal government (Qingdao Municipal Government, 2001, p. 2). As a result, through the reform, the administrative approval items in the Qingdao government were reduced by 70.63%, which indicated that the Qingdao government had reduced the most administrative approval items among the 17 municipalities in Shandong province (Qingdao Local Chronicles Compilation Office, 2002, p. 243).

This is not surprising as the Qingdao government had faced more pressure than other municipal governments in Shandong province in terms of reducing government intervention so as to attract more foreign investment. After China’s entry into WTO, more and more foreign investors came to Shandong province to establish factories and Qingdao city was always the most favoured city with its status as the economic centre of Shandong.

The Qingdao government had also set up several effective service models such as the one-stop shops (*yizhanshi fuwu*) and the government affairs hall (*zhengwu dating*), “physically concentrating related units so that customers can go through all formalities in a single designated place” (ADB, 2003, p. 58). One-stop shops were established for the purpose of reducing costs and enhancing efficiency as well as customer service. Citizens and enterprises, especially foreign invested enterprises in Qingdao city could get the examination and approval from government agencies more easily and quickly than before. These agencies including the Local Taxation Bureau, the Administration for Industry and Commerce, the Environmental Protection Bureau and the Health Bureau, opened representative offices in the government affairs hall (Qingdao Local Chronicles Compilation Office, 2003, p. 86). Such one-stop shops (*yizhanshi fuwu*) and the government affairs hall (*zhengwu dating*) provided a model for other cities in Shandong province, such as Linyi, Laiwu and Zibo.

### **Government Transparency and Public Participation**

A lack of transparency would hinder citizens from monitoring the decision-making process carried out by the government (ADB, 2003, p. 62). Therefore, the Qingdao municipal government aims to improve the level of local government transparency and public participation. Zhang Huilai, the Secretary of the Qing-

dao municipal Committee of the CCP, had required governments at all levels to double their efforts towards the goal of making government affairs transparent to the public in order to ensure that this system could be institutionalized and become a regular practice (Qingdao Local Chronicles Compilation Office, 2002, p. 345). The establishment of the government information website is an important step forward for improving public information in Qingdao city.

According to the "Results of the Effectiveness of Municipal Government Websites" issued by the State Council Informatization Office of China in 2005, the Qingdao government's website is ranked first in China (State Council Informatization Office of China, 2005). This is because its government website provides the most comprehensive, detailed and prompt government information to the public, which has established its reputation for being transparent, efficient and close to its people (State Council Informatization Office of China, 2005). This government website not only provides general information such as government documents, regulations, statistical data, department information and government news, but also such important information as personnel appointment and removal, government procurement, and financial revenue and expenditure. Furthermore, the Qingdao government website updates the content of government information frequently so that the public can receive government information on a regular basis (State Council Informatization Office of China, 2005). More specifically, the level of openness of government information on the Qingdao government website is the highest among 333 Chinese municipal governments. For example, regarding government bidding, the Qingdao government's website provides very detailed information including bid proposals, the name of enterprise which has won a bid and the date when the bid was won.

A transparent government also means transparency in the civil service system. With the promulgation of the "Provisional Regulations on National Civil Servants" (*guojia gongwuyuan zanxing tiaoli*) in 1993, the Qingdao government has implemented the open recruitment examination system by requiring all newly recruited civil servants to pass an examination and announcing their names on the local government websites. The Qingdao government has also carried out the cadre selection process with an open and fair competition (*gongkai xuanba lingdao ganbu*) since 1999. The system of pre-appointment announcement (*renqian gongshi zhidu*) is also popular in cadre appointment in recent years. However, *guanxi* (personal connections) and *houmen* (back door

practices) practices have hindered the implementation of these systems and the sale and purchase of official positions has further eroded the principle of cadre selection through an open and fair competition in Qingdao city.<sup>10</sup> Therefore, achieving government transparency is a long-term goal of local government reform in China.

In addition to improving government transparency, the lack of public scrutiny in local government affairs also impeded the improvement of public service delivery. In this case, the Qingdao government opened numerous channels for broader public participation in order to improve government services in 1999.

One channel was to solicit and deal with public complaints through letters and telephone calls, which was a continuation of the "correspondence and visit system" (*xinfa zhidu*) established in the 1950s. The contents of public complaints often varied from community relations, public service, economic livelihood, to political affairs and appeals (Luehrmann, 2003, pp. 861-865). Since the mid-1990s, in addition to writing complaint letters to the relevant bureau and making personal visits to the bureau, people could use more channels to express complaints, such as sending letters to the media or call various "hotlines" (Luehrmann, 2003, p. 846). After 1999, the Qingdao municipality established the Mayor public telephone and Mayor email box to handle complaints, protests and consultation. By the end of 2001, the Mayor public telephone and e-mail box of Qingdao city had received 119,398 letters and calls from various institutions and citizens, and 90% of these letters and calls were answered by the mayor and the leaders of related government departments (Qingdao Local Chronicles Compilation Office, 2003, p. 57).

However, the communication of a complaint between the government official and citizens does not necessarily lead to the resolution of the problem. Sometimes, the complaints made by people "are often mishandled by leaders, being ignored at best and manipulated at worst" (Luehrmann, 2003, p. 866). Luehrmann (2003) argued that "leaders attempt to limit input from the masses, by specifying formal restrictions on group complaints and by making it politically difficult to pursue sensitive grievances" (p. 846). Nonetheless, the voices of citizens had indeed provided important information to "help local leaders understand the sources of popular discontent, and possibly even discern avenues for heading off problems or even full-blown crises" (Luehrmann, 2003, p. 865).

In this case, local government in China must not only widen the methods of receiving public com-

plaints but also take the problems raised by citizens seriously. Fortunately, since the 1999 reform, the Qingdao municipality started to resolve the problems raised by citizens. For instance, the Qingdao government and the broadcasting stations in Qingdao city had jointly set up hot lines for public complaints. Since this kind of communication was in the form of a live one-on-one conversation, the local leaders who were responsible for answering particular questions needed to respond to the audience's enquiries immediately. This kind of communication has proven to be more effective than other communication channels (letters, visits and email) in settling public complaints.<sup>11</sup>

Secondly, Qingdao city is the first city in China to conduct public hearings on the pricing system (Qingdao Local Chronicles Compilation Office, 2003, pp. 101-102, 197-200, 212-213 & 227). The public hearing on the pricing system established a new mechanism which involved the local government, managers of monopoly trade and customers. It had also provided a way for citizens to participate in the decision-making process. In 2000, the citizens invited to the public hearing meetings on collecting fees in primary and secondary schools in Qingdao city had successfully persuaded the schools to reduce some of the unauthorized fees (Zhang, 2005, pp. 3-12). This case showed that this kind of public hearing meeting had contributed to the enhancement of citizens' participation. Yet, it was still a preliminary step because these public hearings only focused on the issues of public utilities such as adjusting water prices and taxi surcharges. More important subjects such as government decisions, administrative law enforcement and procuratorate affairs were yet to be discussed.

Moreover, in other cities, those citizens who were invited to attend public hearing meetings did not represent a consensus among all citizens. For instance, in 2002, the public hearing meeting on increasing bus fare was held by the Jinan<sup>12</sup> Price Control Bureau. Twenty eight representatives were selected to participate in this meeting. Among these representatives, nine representatives were senior government officials from different bureaus. Among the other 19 customer representatives, there was only one grass-root customer and the other 18 were company managers, scholars, senior engineers, representatives of the People's Congress, and members of the Municipal Committee of the Chinese People's Political Consultative Conference, who enjoyed higher social status and had rarely used any public transportation (Song, 2002). In this case, it was understandable that the result of the public hearing was an increase in the bus fare. There-

fore, many public hearing meetings that intended to evaluate the price had ironically become the means for "increasing price" after these public hearings.

Finally, Qingdao municipality is the only city in Shandong province to encourage more citizens to be involved in the process of policy-making. This form of public participation was first carried out in the Qingdao Civil Affairs Bureau. To prevent opaque administration (*anxiang caozuo*), the "Sunshine Aid Project" in the civil affairs bureau established a social security evaluation committee to discuss whether the applicants for social security met the standards for pensioners. This committee included applicants for social security, accredited deputies of the National People's Congress in the community, members of the Political Consultation Congress in the community, the supervisor of social security from the civil affairs bureau of district government, officials of social security from the neighbourhood residents' committee and the street affairs agency, as well as representatives of residents including the neighbours of the applicants and the administrator of the applicants' residence (Qingdao Civil Affairs Bureau, 2004, pp. 2-4). This prompted a self-governing function of the neighbourhood committee and reduced problems caused by opaque administration.

### *Factors Affecting the Improvement of Public Service Delivery*

#### **Decentralization of Economic Management**

The central government gradually extended its economic management authority over the municipal government for the purpose of establishing the management system of a national economy centred on the city. In 1983, the State Council approved 14 cities<sup>13</sup> as centrally-planned cities (*jihua danlie shi*) because of their important economic status. A prefecture of China must meet the following four criteria to become a centrally-planned city: (1) an urban centre with a non-rural population over 1,000,000; (2) an Annual Gross Domestic Product (GDP) of over 15 billion RMB; (3) a well-established foundation for industry and business reinforced by strong technology power; and (4) playing a significant role in economic development and reform in China ("Definition of Centrally-planned City," 2006). The 14 cities had both economic management and fiscal management autonomy at the provincial level (Xie et al., 1998, p. 71; Fu, Yuan & Rui, 2004, p. 223). Qingdao city is the only city approved as a centrally-planned city in Shandong province. In this case, Qingdao city enjoys both

the economic and fiscal management autonomy at the provincial level.

The Qingdao government has economic management authority at the provincial level in areas such as granting approval in investment and collecting taxes. According to the Income Tax Law of the People's Republic of China for Enterprises with Foreign Investment and Foreign Enterprises (1991),

The income tax on enterprises with foreign investment and the income tax which shall be paid by foreign enterprises on the income of their establishments or places set up in China to engage in production or business operations shall be computed on the taxable income at the rate of thirty percent, and local income tax shall be computed on the taxable income at the rate of three percent (article 5).

However, for the income tax on enterprises with foreign investment of a production nature established in the coastal economic open zones, where the Special Economic Zones (SEZs) or the Economic and Technological Development Zones (ETDZs) are located, shall be levied at a reduced rate of 24%.<sup>15</sup> Thus, foreign enterprises in the SEZs or ETDZs of Qingdao city is eligible for privileged tax policies. Since other cities in Shandong province do not have the same level of authority over economic management, foreign enterprises cannot enjoy these preferential policies. Consequently, most of these enterprises have congregated in the coastal and open cities, such as Qingdao city, instead of inland cities, such as Dezhou and Linyi cities in Shandong province. In addition, the limit in examining and granting approval to foreign investment has been increased to US\$100 million in Qingdao city after they are promoted as sub-provincial cities whereas the other municipal governments except the Jinan government in Shandong province still have to struggle within these limitations (Shandong Provincial Government, 2005). Thus, Qingdao city has experienced faster development than other regular cities in Shandong province. Its strong economic foundation has contributed to the improvement of public service delivery in the education, health, and social security sectors.

### Taxation Sharing with the Local Government

The central government has carried out *chuzhi guanli* (hierarchical control through vertical administration) in the taxation system from the central to county level after 1998. Before implementing this measure, the tax-

ation law has stated that the local governments at various levels should strengthen their leadership in the administration of tax collection within their jurisdictions and support the tax authorities in carrying out their duties in tax collection.<sup>16</sup> *Chuzhi guanli* means that the Taxation Bureau at every level should be under the jurisdiction of a higher level Taxation Bureau in all the aspects of the organizational structuring, staff recruitment, appointment of leaders, and budgeting.

According to the *chuzhi guanli* system, the Qingdao State Taxation Bureau is directly under the jurisdiction of the State Administration of Taxation rather than the Provincial State Taxation Bureau since Qingdao city as a centrally-planned city has fiscal management authority at the provincial level. The Qingdao Local Taxation Bureau is directly under the jurisdiction of the municipal government instead of the provincial government. Therefore, the Qingdao government enjoys much more autonomy in the management of fiscal revenue and expenditure than other municipal governments in Shandong province. Consequently, more financial revenue has been transferred to the municipal coffers in Qingdao city whereas in other cities of Shandong province, most of the local financial revenue is transferred to the provincial and central coffers.

### Political Control

Apart from economic decentralization, the central government has also strengthened its political control over the local government through the *nomenklatura* system. The term *nomenklatura* comes from the former USSR, a notion that consists of "lists of leading positions over which party units exercise the power of appointment and dismissal, lists of reserve candidates for those positions, and rules governing the actual processes of appointments and dismissals" (Lieberthal, 2004, p. 234).

The 1990 *nomenklatura* had given the central authority control over sub-provincial level chiefs, "adding the positions of prefectural bureau chief and deputy chief to the central Organization Department's scope of management" (Burns, 1994, pp. 468-469). The Organization Department has strengthened its supervision of appointment and removal of heads and deputy heads of prefectures and prefecture-level cities (Burns, 1994, p. 469). More specifically, the *nomenklatura* has extended the CCP's personnel authority to China's five centrally planned cities including Qingdao and 15 sub-provincial level cities. According to Burns:

This move can be seen as a further limited re-centralization of *nomenklatura*

authority. The change may have been prompted by appeals from city officials who sought to reduce the influence of provincial leaders in municipal affairs. As a result of the change, city officials had direct access to Beijing (Burns, 1994, p. 469).

The mayor of a centrally-planned city or a sub-provincial city such as Qingdao city is equal in political status to a vice-governor of a province, who is appointed by the central authority directly. In contrast, the mayor of a prefecture-level city such as Zibo city in Shandong province is equal in status to a bureau chief in a province or a vice-mayor in a sub-provincial level city, who is appointed by the provincial authority. In this case, leaders in the Qingdao government are more acquainted with the central government than the ones in the prefecture-level government since they are directly appointed by the central government.

Burns (1994) has observed that in the relationship between the provincial and central governments, “top Party leaders select provincial (and military) officials, [and] they in turn, through their membership of the CCP Central Committee, select the top Party leaders. Central and provincial leaders are therefore caught in a relationship of interdependence” (p. 470). Burns (1994) has also pointed out that “Deng Xiaoping’s early 1980s strategy of ‘playing to the provinces’ to build a coalition of support for reform and create a political counterweight to the central bureaucracy strengthened the hand of [the] provincial leaders vis-à-vis the Centre” (p. 470). The relationship between a sub-provincial city and the central government is quite similar to the relationship between a provincial government and the central government. Through the political control over the sub-provincial cities and with increased trust between the central and sub-provincial governments, the central government has given more support to the Qingdao government for their administrative reforms. With the central government’s support, the Qingdao government has been encouraged to implement innovative reform measures like the “Sunshine Aid Project.”

### **Delegation of Law-making**

According to the Organic Law of the Local People’s Congresses and Local People’s Governments of the People’s Republic of China, local governments at the levels of province, autonomous region and centrally administered municipalities (*zhixiashi*) can establish regulations based on various laws such as the administrative laws and the local laws. The municipalities,

which are the bases of the provincial and autonomous region governments, and larger municipalities (*jiaoda de shi*) approved by the State Council such as the sub-provincial level city, can establish regulations according to the administrative laws and local laws.<sup>17</sup> Local governments at the township level, however, do not have the authority to establish these regulations.

The legislative system in China has four tiers. The first tier is the National People’s Congress (NPC) and the second tier is the State Council and its subordinate units. The third tier is the People’s Congress and government at the provincial level and the fourth tier is the People’s Congress and government of the sub-provincial city (Xie et al., 1998, p.88).

According to these four categories of the legislative system, the People’s Congress and government at the Qingdao municipality have the authority to establish local laws and regulations based on their local contexts. In contrast, the People’s Congress and government at the prefecture-level city have little authority to formulate local laws and regulations. Indeed, the absence of specific local laws to meet the needs of local economic and administrative management in prefecture-level cities has caused much confusion on some issues in local government reform and has delayed the process of solving problems, which has in return hindered the development of their local economy.

For instance, social insurance is a relatively new matter for farmers in the process of local government reform. Until now, there are only general rules rather than specific laws on this matter in China. This lack of detailed regulations has caused many problems, such as the evaluation on the amount of insurance premium to be collected by the local government in the process of providing social insurance for farmers. In this case, it is urgent for local governments to issue relevant laws by themselves. The Qingdao government has issued the “Provisional Regulations on Basic Pension for Farmers” in 2005 and many farmers have benefited from this regulation. For instance, in the villages of the Laoshan district in Qingdao city, almost 90% of the farmers have bought pension insurance by paying 70% of the premium themselves with the remaining 30% being paid by the villages and Laoshan district. When these farmers reach 60 years of age for men or 55 for women, they will receive RMB 352 each per month as pension and RMB 1,000 as an additional subsidy.

Therefore, the authority in formulating local laws in Qingdao city has facilitated its administrative reform since its government can formulate new local laws to satisfy the need for local economic and administrative management.

## Local Leadership

With regard to the local leadership in the 17 cities of Shandong province, the leaders in Qingdao city are the most famous for their creative and dynamic reform measures. One of the famous leaders is Yu Zhengsheng. Even now, Qingdao people have praised the work of Yu, the former mayor and former secretary of the Qingdao municipal committee of the CCP<sup>18</sup> and attributed the achievements in economic and administrative reform to him.<sup>19</sup>

From 1989 to 1994, Yu was the mayor of Qingdao city and from 1992 to 1997, he was the secretary of the Qingdao municipal committee of the CCP. During his term of office, he claimed that Qingdao government officials should liberate their minds and change their attitudes to embrace a market economic system (Yu, 1996, pp. 1-6). In the "1993 Qingdao Government Work Report," Yu (1993) indicated that the Qingdao government at all levels should concentrate on performing overall planning, coordinating, providing services, and supervising functions so as to provide better services for the enterprises and the public.

Because of Yu's work, Qingdao city has developed quickly since 1998. His successor, Zhang Huilai,<sup>20</sup> was appointed as the first party secretary of the Qingdao municipality in 1997. Wang Jiarui,<sup>21</sup> was appointed to be the mayor of Qingdao municipality in 1998. Since then, administrative reform in Qingdao municipality has been further accelerated.

Wang received his Ph.D. in economics from Fudan University and he is called the "doctor mayor." As a researcher himself, Wang understands that the main problem in establishing a modern enterprise system in China is the lack of a clear boundary between the functions of government and enterprises (*zhengqi bufen*). Therefore, he has made efforts in reforming the SOEs in Qingdao city and indicated that the government functions should catch up with the SOE reform (Wang, 2000, pp. 11-12). More specifically, Wang has stressed the importance of education being a scholar himself. During his administrative period, Wang has claimed that a modern and international city should not only include a good city infrastructure and a developed economy, but also the morality of its citizens, which represents the real core of a city. For this purpose, he has requested the Qingdao Education Bureau to initiate the programme of moral education in elementary schools, middle schools and universities (Wang, 2000, p. 12).

Zhang is another effective secretary of Qingdao city after Yu. Like Yu, before taking the position as the mayor of Qingdao city, Zhang was the secretary of the Dezhou municipal committee of the CCP in

Shandong province from December 1992 to August 1995 and he was the secretary of Shandong Provincial Political and Legislative Affairs Committee of the CCP from August 1995 to January 1996. In October 1997, Zhang was appointed as the secretary of the Qingdao municipal committee (Qingdao Local Chronicles Compilation Office, 2000, p. 309).

In 2002, Jiang Zemin stepped down from his position and Hu Jintao was appointed as the General Secretary of the CCP. Hu (2004) suggested the new idea of "Putting People First" (*yi min wei ben*) for the government administration. Following Hu's idea, Zhang is the first municipal leader in Shandong province to introduce the idea of "service-oriented government" for administrative reform (Qingdao Local Chronicles Compilation Office, 2002, p. 345). During Zhang's term of office, the Qingdao government has carried out "five projects" (*wuxiang gongcheng*) in the government management system to change the government officials' attitudes to public service and enhance the overall effectiveness of the government departments. The Qingdao government leaders have responded faster in accepting and applying new administrative concepts than other cities in Shandong province, and this explains why the Qingdao government has excelled in public service delivery sector.

From Wang to Zhang, the Qingdao government has actively promoted the level of government transparency. Wang is the first mayor in China to establish the Mayor email box to handle complaints and consultations, which has helped citizens out of difficulties and strengthened the connection between them. Zhang has also encouraged citizens to be involved in the decision-making process in important public affairs. Therefore, during Wang and Zhang's administrative periods, the number of cases in public hearings is increased as well as the level of transparency within the government.

## Conclusion

Compared with other municipalities in Shandong province, the status of being a business centre and its open-minded characteristic has helped the Qingdao government in implementing administrative reform.

Borrowing from international experiences, the Qingdao government adopted the measure of privatization in improving the education services. Moreover, in the social security and health care sectors, a uniform social security system needed to be established in Shandong province for the purpose of providing pension, medical and unemployment insurances. Yet, due to a regional disparity in development, the Qing-

dao government was able to accomplish more in improving the service delivery sector in the social security system through the “Sunshine Aid Project,” while the other municipal governments in Shandong province lagged behind.

Administrative approval reform improved the administrative examination system in Qingdao municipality. The Qingdao government minimised the administrative approval items by 70 per cent, the highest rate among 17 municipalities in Shandong province. This reform had also simplified the procedures of granting administrative approval through eliminating duplication and setting time limits.

Since 1999, the Qingdao government increased the level of government transparency and public participation. Compared with the websites of other municipal governments in Shandong province, the Qingdao government website played an important role in providing comprehensive and timely information to the public. Nevertheless, the objective of achieving government transparency was not institutionalized.

With regard to public participation, the Qingdao government adopted numerous forms of public participation to improve their services. These forms included soliciting and dealing with public complaints, organizing public hearings and encouraging citizens to be involved in the process of policy-making. The Qingdao government had started to organize more public hearing meetings in government decision-making and administrative law enforcement. However, the local government should have invited more grass-roots citizens to participate in these public hearing meetings and should have valued their opinions more seriously. Among the 17 municipalities in Shandong province, only the Qingdao government enhanced the level of public participation by inviting the public to be involved in the process of policy-making.

Why has the Qingdao government achieved so much in terms of improvement of public service delivery? The decentralization of economic management, tax profit sharing with the local government, political control, the delegation of law-making and the local leadership have played important roles in influencing the improvement of public service delivery in Qingdao municipality. Qingdao city is approved as a centrally-planned city, and enjoys both provincial fiscal and economic management autonomy. The preferential policies and special authority for the centrally-planned city have encouraged Qingdao city to promote administrative reform. In addition, the top leaders in Qingdao city are more open-minded in accepting and applying new administrative concepts and initiating more innovative reform measures than the other municipal gov-

ernments in Shandong province, and enable the Qingdao government to be the most effective municipality in providing service for enterprises and the society.

## Notes

<sup>1</sup> Interview with an official of Government Set-up Department of Qingdao Personnel Bureau, 23 June 2005.

<sup>2</sup> Article 8, The Law of the People’s Republic of China on Guarding State Secrets, adopted at the Third Meeting of the Standing Committee of the Seventh National People’s Congress of the People’s Republic of China on 5 September 1988.

<sup>3</sup> This survey utilized 29 indicators in seven fields to comprehensively evaluate the urbanization level of total 17 Shandong cities and set up the rank of competitiveness of 17 cities. For more details, see Shandong Statistical Bureau (2002, September 4), 17 chengshi jingzhengli diaocha yu paihang [The Report of Survey of Competitiveness of 17 Cities in Shandong Province], Dazhong ribao [Dazhong Daily], p. A1.

<sup>4</sup> Interview with the dean of General Office of Qingdao Urban Administrative Bureau, 22 June 2005.

<sup>5</sup> Interview with the director of Social Relief Department of Qingdao Civil Affairs Bureau, 20 June 2005.

<sup>6</sup> The work units in China include government agencies, state-owned enterprises and public institutions.

<sup>7</sup> Interview with an official of Qingdao Labour and Social Security Bureau, 22 June 2005.

<sup>8</sup> Interview with the Director and Section Chiefs of Social Relief Department of Qingdao Civil Affairs Bureau, 20 June 2005.

<sup>9</sup> The two items of the approval of financial registration for foreign invested enterprises and the check on the accounting of revenue and expenditure for foreign invested enterprises were transferred from the approval and examination item to the item of putting on file by municipal government.

<sup>10</sup> Interview with an official of Government Set-up Department of Qingdao Personnel Bureau, 23 June 2005.

<sup>11</sup> Interview with an official of Government Set-up Department of Qingdao Personnel Bureau, 23 June 2005.

<sup>12</sup> Jinan city is the capital of Shandong province.

<sup>13</sup> These 14 centrally-planned cities are Chongqing, Guangzhou, Shenzhen, Shenyang, Nanjing, Wuhan, Ha’erbin, Xi’an, Dalian, Qingdao, Xiamen, Ningbo, Chengdu, and Changchun.

<sup>14</sup> The management autonomy includes industry and agriculture production, transportation, post and telecommunications, investment in fixed assets, sales, purchases and the distribution of main commodities, the distribution of energy and raw materials, import

and export in foreign trade, labour salary, technological development planning, foreign exchange allocation and financial credit.

<sup>15</sup> Article 7 of “Income Tax Law of the People’s Republic of China for Enterprises with Foreign Investment and Foreign Enterprises,” adopted at the Fourth Session of the Seventh National People’s Congress on 9 April 1991.

<sup>16</sup> Article 5 of “The Law of the People’s Republic of China Concerning the Administration of Tax Collection,” implemented on 1 January 1993.

<sup>17</sup> Article 60 of The Organic Law of the Local People’s Congresses and Local People’s Governments of the People’s Republic of China, amended in 2004 and approved by the 12th Session of the Standing Committee of the 10th National People’s Congress.

<sup>18</sup> In October 1997, Yu Zhengsheng was promoted to become the Vice Minister, Vice Party Secretary of Ministry of Construction of China. In March 1998, he was promoted to be the Minister and Party Secretary of Ministry of Construction of China. In November 2001, Yu Zhengsheng was appointed as the Secretary of Hubei Provincial Committee of the CCP and in November 2002, he was promoted to become a member of the Political Bureau of the CCP Central Committee.

<sup>19</sup> Interview with the Director of Social Relief Department of Qingdao Civil Affairs Bureau, 20 June 2005; the Dean of General Office of Qingdao Urban Public Utility Administrative Bureau, 21 June 2005; An official of Qingdao Labour and Social Security Bureau, 22 June 2005; An official of Government Set-up Department of Qingdao Personnel Bureau, 23 June 2005.

<sup>20</sup> Zhang Huilai was the Secretary of the Qingdao Municipal Committee of the CCP from October 1997 to January 2003.

<sup>21</sup> Wang Jiarui was promoted as the Vice Head of International Department of Central Committee CCP in 2001 and was appointed as the Head of International Department of Central Committee CCP in 2003.

#### Author

Cui Jing, Ph.D., is Lecturer of Public Administration at the School of Government Administration in Central University of Finance and Economics, Beijing, China. She earned her Ph.D. degree in the Department of Political Science at the National University of Singapore in 2007. She obtained her M.A. degree in Public Administration from Renmin University of China in 2003. Her research and teaching interests focus on civil service reform, local government, local innovation, local governance and public policy in education, health and social security in China. She can be reached at [jingcui@cufe.edu.cn](mailto:jingcui@cufe.edu.cn). Mailing address:

School of Government Administration, Central University of Finance and Economics, 39 Xueyuan South Road, Haidian District, Beijing 100081, P.R. China (崔晶, 中央财经大学政府管理学院, 北京市海淀区学院南路39号, 邮编: 100081)

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