# A Management Capacity Framework for Local Governments to Strengthen Transparency in Local Governance in Asia

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**Acknowledgements**

# Executive Summary

Transparency is an essential element of good local governance and local government accountability. Because transparency helps to fight corruption and also enhances economic growth, government accountability, and good governance, local government leaders in developing countries need to figure out how to build a comprehensive and systematic management capacity that increases transparency in local governance. Given the ongoing engagement of external actors such as the citizenry, nongovernmental organizations (NGOs), community organizations, and private firms in local government affairs, it is crucial to develop the elements of management capacity required for local governments to deal with external parties in ways that enhance responsiveness, transparency, and accountability in local governance. The purpose of this report is to present a new management capacity framework and a set of indicators that measure enhancements to transparency in local governance in developing countries in the Asian region. This report seeks to link local government management capacity to transparency in local governance by focusing on three dimensions of transparency: openness, participation, and integrity.

In order to develop the management capacity framework and indicators for improving openness, participation, and integrity, this report reviews the literature on local governance and government management capacity, conducts case studies of local governments in the People's Republic of China (e.g., Guangzhou and Xiamen) and the Republic of Korea (e.g., Bucheon and Paju), and reviews the literature on innovative local government practices in Southeast Asia (e.g., Malaysia, Indonesia, Thailand, the Philippines, and Vietnam). The report proposes and analyzes twelve management capacity concepts that can influence efforts to enhance transparency in local governance. These twelve concepts are based on the four dimensions of organizational capabilities for enhancing transparency in local governance: the structural frame (i.e., law, policy, and program; resources and IT adoption; evaluation systems; and citizens' right to information), the human resource frame (i.e., professionalism, competency, and leadership), the political frame (i.e., citizen participation, collaboration, and relations with media), and the symbolic frame (social capital and the culture of inclusiveness and diversity). These multiple frames are useful for helping local government leaders apply various management capacity concepts that facilitate openness, participation, and integrity in local governance. Among the four frames, the structural frame and the human resource frame emphasize management capacity for the rule of law and accountability. The political frame and the symbolic frame promote management capacity for innovation and creativity.

The new framework and indicators can be used as a tool to assess management capacity for transparency in local governments. In summary, this report emphasizes that the new environment of globalization and urban economic development affects the evolution of decentralization and the demands for local community building. Management capacity building for enhancing openness, participation, and integrity is necessary for both national and local level governments to establish good local governance and improve economic development. Public-private sector partnerships, the role of NGOs, and volunteer activities are expanded under the collaboration-based strategy for enhancing openness and participation in local governance. Finally, the report suggests that the core of building management capacity for enhancing transparency is collaboration between central and local government leaders and key stakeholders in local governance.

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# I. Introduction

Local governments in urban cities in developing countries face continuous challenges related to improving the quality of public service and their capacity to formulate and implement adequate policies and practices that respond to the challenges of decentralized governance, economic development, globalization, citizen participation, information technology, and inter-sector collaboration. The demands of economic and social development and decentralization also influence citizens' expectations about local government responsiveness, transparency, and accountability. For example, regarding urban development projects at the local level, citizens and community organizations have expressed their interest in a more participatory approach in decision-making processes, transparency, and accountability on behalf of the local government.[1] Given the ongoing engagement of external actors such as the citizenry, NGOs, community organizations, and private firms in local government affairs, it is crucial to develop the elements of management capacity required for local governments to deal with external parties in ways that enhance responsiveness, transparency, and accountability in local governance. Accordingly, local governments should respond to these challenges with a proactive strategy for building management capacity to institutionalize the best systems for meeting these needs and expectations.

Transparency is an essential element of good local governance and local government accountability. Because transparency helps to fight corruption and also enhances economic growth, government accountability, and good governance, local government leaders in developing countries need to figure out how to build a comprehensive management capacity that increases transparency in local governance. What are the key components of management capacity that should be established in local government to enhance transparency? In response to the demands of transparency, how can local governments build management capacity for improving openness, participation, and integrity? How can local governments establish management capacity for effective citizen participation, corruption control, public-private sector partnerships, and intergovernmental coordination and collaboration? While the literature on public management capacity and local governance helps illuminate the role management capacity plays in a governance setting, limited attention has focused on developing a systematic framework to understand how to link local government management capacity with transparency.

**Purpose.** The purpose of this report is to present a new management capacity framework and a set of indicators that measure enhancements to transparency in local governance in developing countries in the Asian region. In order to develop the management capacity framework for transparency, this project reviews the literature on local governance and government management capacity, conducts case studies of local governments in the People's Republic of China (hereinafter called China) and the Republic of Korea (hereinafter called Korea), and reviews the literature on innovative local government practices in Southeast Asia. The study intends to provide theoretical and practical knowledge for government officials, NGO leaders, and citizens in developing countries on how to establish transparent local governance through the development of local government management capacity. The new framework and indicators can be used as tool to assess management capacity for transparency in local governments.

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1 U.S. Agency for International Development (2000); Transparency International and the United Nations Human Settlements Programme (2004).

**Research methods.** In order to collect data, this project relies upon case studies and literature reviews. Guangzhou Municipal Government (GMG) and Xiamen Municipal Government (XMG) are selected as benchmarking cases in China.[2] For the benchmarking cases in Korea, the research focuses on Bucheon City Government (BCG) and Paju City Government (PCG).[3] These municipalities were selected because the Chinese government and international organizations have recognized them as innovative in the areas of government reform, urban development, and collaboration. In addition to the case studies, this research project collected relevant literature on management capacity and local governance, including government reports, various project reports, and case studies from a variety of sources such as the websites of central and local governments, international organizations, newspapers and academic journals. In particular, the literature review of innovative local government cases in Southeast Asia (e.g., Malaysia, Indonesia, Thailand, the Philippines, and Vietnam) was conducted to analyze how countries have built management capacity to promote transparency in local governance. The new management framework and specific indicators integrate the literature review of transparency in local governance and management capacity with the results of the benchmarking case studies of the local governments in China and Korea and the literature review of Southeast Asia. A brief summary of the report structure and content are as follows:

**Chapter II.** In order to link local government management capacity to transparency in local governance, this report focuses on three dimensions of transparency in local government and governance: *openness, participation,* and *integrity.* This chapter reviews the growing body of literature on public management capacity and evaluates existing models of local government management capacity from the viewpoint of local governance. This report adopts the four dimensions of organizational capacities and leadership developed by Bolman and Deal [4] and applies them to management capacity building for enhancing transparency. The four dimensions include the structural frame, the political frame, the human resource frame, and the symbolic frame.[5] The end of the chapter details a conceptual model that describes how local government management capacity matters in enhancing transparency in local governance. The proposed conceptual model suggests that democratic governance, economic growth, and citizens' trust in government are shaped by both transparency in local governance and local government capacity for enhancing transparency.

**Chapter III.** This chapter analyzes two benchmarking case studies of local governments in China: the Guangzhou Municipal Government in Guangdong Province and the Xiamen Municipal Government in Fujian Province. This chapter provides an overview of the local governance context in China, including economic development, decentralization, government reform, and transparency, and explores specific practices of management capacity building that matter in enhancing transparency in local governance. The primary focus is on specific administration rules for the disclosure of government information and citizen participation in

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2 The Chinese government and the World Bank have recognized the efforts of GMG and XMG to improve government effectiveness, economic development, collaboration, and a harmonious-society building. The United Nations Human Settlements Programme has recognized the Guangzhou Municipal Government for best practices in urban planning and development. Xiamen Municipal Government received the Habitat Scroll of Honour Award for improving human settlements and the quality of urban life. See more details in case report in Chapter V.

3 Both local governments have received several awards from the Korean government for their government reforms toward citizen-centered service and collaboration. See more details in case report in Chapter IV.

4 Bolman and Deal (2003).

5 Ibid.

public policy, adoption of advanced information systems, human resources management, citizen input in strategic planning, collaboration among sectors, and leadership and volunteerism for community building. The chapter summarizes several factors that contribute to building management capacity for enhancing transparency in local governance in Guangzhou and Xiamen.

**Chapter IV.** Two local governments in Korea are analyzed in this section: Bucheon City Government and Paju City Government in Gyunggi Province. This chapter also provides an overview of local governance context in Korea, including economic development, decentralization, government reforms, and transparency, and analyzes specific management practices adopted and implemented in both local governments to enhance openness, participation, and integrity in local governance. The chapter focuses on citizen participation systems, the integrity of public service, performance evaluation systems, collaboration between local governments and local NGOs, electronic-government development, a culture of inclusiveness and diversity, and leadership and volunteerism for community building.

**Chapter V.** Based on the literature review of local governments and local governance in Southeast Asia, including Malaysia, Indonesia, Thailand, the Philippines, and Vietnam, this section discusses best practices for building the management capacity of local governments to strengthen transparency in local governance. This section focuses on transparency in budgetary processes, performance management systems for integrity, citizen participation, collaboration, and leadership.

**Chapter VI.** This chapter presents a new management capacity framework and identifies specific indicators for assessing how local government management capacity contributes to building transparency in local governance in developing countries in Asia. The report analyzes twelve management capacity concepts to which local government leaders should pay attention in order to respond to the dynamics of management capacity building in the context of internal and external environment changes in local governance. The twelve management capacity concepts are categorized under the four dimensions of organizational capabilities: the structural frame, the human resource frame, the political frame, and the symbolic frame. Specific management capacity indicators are developed for each capacity concept in the frame. Finally, tables summarizing management capacity indicators are presented in this chapter.

**Chapter VII.** This final chapter concludes the report. It focuses on key lessons about building management capacity for enhancing transparency in local governance. The chapter emphasizes that the new environment of globalization and urban economic development affect the evolution of decentralization and the demands for local community building. Management capacity building for enhancing openness, participation, and integrity is necessary for both national and local level governments to establish good local governance and improve economic development. Public-private sector partnerships, the role of NGOs, and volunteer activities are expanded under the collaboration-based strategy for enhancing openness and participation in local governance. Finally, the report suggests that the core of building management capacity for enhancing transparency is collaboration between central and local government leaders and key stakeholders in local governance.

## II. Transparency and Management Capacity in Local Government

### a. Local Governance, Transparency, and Accountability

There is a growing body of literature on democratic governance from international organizations, including World Bank, Asian Development Bank/Organisation for Economic-cooperation and Development, and Transparency International. [6]  These organizations developed a set of economic, policy, and governance indicators for monitoring democratic governance in developing countries at the national level. In terms of transparency, the Global Integrity has also created a list of more than 290 integrity indicators for evaluating government accountability, rule-of-law, and openness in diverse countries at the national level.[7] Another democratic governance project was implemented by the Economic Commission for Africa, analyzing state capacity for 28 African countries.[8] However, an unresolved issue here is whether we can apply the national level governance indicators to local governance in different contexts and different countries.

Local governance can be defined as the mechanisms, processes, and institutions, through which citizens and groups articulate their interests, exercise their legal rights and obligations, and mediate their differences at the local level.[9] Focusing on the local governance level, the United States Agency for International Development (USAID) developed criteria for assessing local governance traditions and tools for building local governmental capacity.[10]  Significant work has also been done by Transparency International (TI) and the United Nations Human Settlements Programme to develop tools for promoting good urban governance as well as promoting participatory urban decision-making.[11] These studies present the perspectives of international organizational as external stakeholders rather than domestic groups as internal stakeholders of local governance. In order to clarify the nature of transparency issues in local governance and to enhance the ownership of local governance assessment tools, more research should be done at the local level in relevant countries. Concerning this issue, the Open Society Institute has formed a Local Government and Public Service Reform Initiative and conducted a project on Indicators of Democratic Local Governance targeting Central and Eastern Europe.[12]
In responding to the challenges of globalization, decentralization, and economic development in local governance, local government leaders continuously realize that they will not be able to conduct and effectively implement policies if citizens and business do not understand and support them.[13]

While there are many factors affecting the development of good local governance, this report particularly emphasizes the following: 1) accountability of key stakeholders in local governance, which would be affected by the level of transparency in local governance; 2) the degree of collaboration among the key stakeholders (i.e., central-local government

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6 See Anwar (2006),  Asian Development Bank and Organisation for Economic-cooperation and Development (2006), and Transparency International and the United Nations Human Settlements Programme (2004).

7 Global Integrity (2006).

8 Economic Commission for Africa (2005).

9 United Nations Development Programme (2001).

10 U.S. Agency for International Development (2000).

11 Transparency International and the United Nations Human Settlements Programme (2004).

12 Open Society Institute (1999).

13 U.S. Agency for International Development (2000).

collaboration for decentralization or private-public partnerships for economic development); 3) effective implementation of the rule of law; 4) an empowered citizenship demonstrating its commitment to community development; and 5) collaborative local leadership with shared integrity among the government, civil society, and the private sector. Accountability means holding individuals and organizations responsible for performance measures as objectively as possible.[14] In order to develop good local governance, accountability is demanded from various local stakeholders, including the local government, private corporations, the news media, community organizations, and NGOs.

Local government leaders need to understand that transparency is an essential element of good local governance and local government accountability. As transparency is an important means of not only fighting corruption, but also of enhancing local government accountability and good local governance, local government leaders need to know the major attributes of transparency. Transparency comprises all means of facilitating citizens' access to information, helping citizens understand decision-making mechanisms, applying clear standards for implementing public policy and administrative rules, facilitating everyday participation in political processes by the media and the public, and applying a fair and objective implementation of citizens' access rights.[15] Local government accountability would be improved through the local government's commitment to transparency, rule of law, oversight systems, government performance, and collaborative leadership for public interest (e.g., political officials partnering with civil servants, or government leaders collaborating with community leaders). Local government accountability can be expressed as follows:

**Local Government Accountability**= $f$ (***Transparency*** [Openness, Participation, Integrity], Rule of Law, Oversight Systems, Government Performance, and Collaborative Leadership)

Regarding transparent local governance, the most important question for local government leaders is how to build a comprehensive and systematic management capacity for enhancing transparency at the local governance level. In order to link local government management capacity to transparency in local governance, local government and community leaders should understand three dimensions of transparency in local governance: *openness, participation, and integrity.*

**Openness.** Of value is the degree of openness by public officials and agencies regarding all the decisions and actions that they take, and their clarification of reasons for restricting information when the wider public interest clearly demands it.[16] The dimension of openness provides several organizational implications for building management capacity in local government: 1) the availability of government documents for the implementation of oversight systems for check and balance; 2) a clear guideline for administrative, procedural law and rules regarding the Freedom of Information Act and citizens' right to know; 3) media freedom; 4) information and knowledge sharing between sectors and among agencies; 5) various methods for communicating government work and functions to citizens and the local community; and 6)

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14 Pope (2005). Accountability may include several different types of accountability: political accountability, administrative accountability, judicial and legal accountability, market accountability, professional accountability, constituency relations, and the public-private partnership accountability. See Rondinelli and Cheema (2003), Schedler (1999), and Dwivedi and Jabbra (1989) .

15 Armstrong (2005), and Pope (2005).

16 Committee on Standards in Public Life (2007).

trust-building efforts for creating a culture of community ownership by citizens, inclusive of diverse groups and views in local governance.

**Participation**. Local governments adopt various ways of engaging a wider range of stakeholders throughout their policy-making as a valuable means of improving the quality of public policy while strengthening its legitimacy.[17] Researchers also find an ever-growing list of techniques which have been used to promote citizen engagement. For example, Rower and Frewer define citizen participation as the practice of involving members of the public in the agenda-setting, decision-making, and policy-forming activities of organizations/institutions for policy development.[18] They also categorize three different levels of citizen participation: 1) citizen communication, where information is conveyed from the government body to the public; 2) citizen consultation, where information flows from the public to the government following a process initiated by the latter; and 3) citizen participation, where information is exchanged between the public and the government and some degree of dialogue takes place.[19]

The citizen participation dimension suggests several approaches for establishing management capacity in local government: 1) citizen and stakeholder consultation and participation during policy agenda-setting, formulation, implementation, monitoring, and evaluation; 2) administrative law and rules regarding citizen participation methods and procedures; 3) promotion and communication of the law and rules regarding citizen participation; 4) oversight systems on the performance of citizen participation; 5) citizen and business coalitions for a coordinated voice on corruption; and 6) citizen, business, community organizations, and NGOs' coalitions for volunteerism, civic education, and corporate governance.

**Integrity**: Another important dimension of transparency in local governance is integrity. Integrity is defined as "incorruptibility, and it requires that holders of public office avoid placing themselves under financial or other obligation to outside individuals or organizations that may influence them in the performance of their official duties."[20] Local governments need to demonstrate their commitment to integrity by demonstrating the fairness of their rules, procedures, and resource allocation. The integrity dimension provides several implications for management capacity building in local government: 1) control mechanisms for corruption and for increasing public awareness of integrity and citizenship; 2) professionalism and a code of conduct for the government, community organizations, NGOs, media, and business; 3) motivation for public service; 4) rewarding government officials and community leaders who demonstrate integrity; and 5) shared norms of fair contract and negotiation processes.

The integration of the dimensions of openness, participation, and integrity is necessary for developing comprehensive reform plans for building management capacity for transparency in local governance. Table 2.1 summarizes the three dimensions of transparency in local governance proposed in this study.

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17 Organization for Economic-cooperation and Development (2005).

18 Rowe and Frewer (2005).

19 Ibid.

20 See Cheema (2003, p. 100) and Pope (2005).

Table 2.1. Dimensions of Transparency in Local Governance

| Dimensions of Transparency | Implications for Management Capacity Building in Local Government |
|---|---|
| **Openness** | 1. Availability of government documents for the implementation of oversight systems for check and balance<br>2. A clear guideline for administrative procedural law and rules regarding the Freedom of Information Act and citizens' right to know<br>3. Media freedom<br>4. Information and knowledge sharing between sectors and among agencies for economic and social development<br>5. Various methods for communicating government work and functions to citizens and local community<br>6. Trust-building efforts to create a culture of community ownership by citizens and a culture of inclusiveness and diversity in local governance. |
| **Participation** | 1. Citizen and stakeholder consultation and participation during policy agenda-setting, formulation, implementation, monitoring and evaluation<br>2. Administrative law and rules regarding citizen participation methods and procedures<br>3. Promotion and communication of the law and rules regarding citizen participation<br>4. Citizen participation in oversight systems on local government performance<br>5. Citizen, business, community organizations, and NGOs' coalitions for a coordinated voice on corruption and citizens' right to access<br>6. Citizen, business, community organizations, and NGOs' coalitions for volunteerism, civic education, and corporate governance. |
| **Integrity** | 1. Control mechanism for corruption and public awareness of integrity<br>2. Professionalism and code of conduct in government, community organizations, NGOs, media, and business<br>3. Motivation for public service<br>4. Recognizing government officials and community leaders who show integrity<br>5. Shared norms of fair contract and negotiation processes |

**b. Building Management Capacity in Local Government**

Scholars and practitioners in public administration have stressed the need to understand the ways in which management capacity and processes can contribute to performance and service delivery.[21] A comprehensive and systematic study of management capacity, called the Government Performance Project (GPP), conducted by the Campbell Institute of Public Affairs at the Maxwell School, Syracuse University, has focused on the role of public management capacity in achieving the desired performance and results of public programs.[22] The GPP has been widely applied to evaluate the management capacity of federal, state, and local government entities in the United States.[23] In the GPP, the term "management capacity" refers to a government's intrinsic ability to marshal, develop, direct, and control its human, physical, and information capital to support the discharge of its policy directions.[24] Building management capacity means translating the organizational vision into a reality by creating or reforming administrative rules and structures[25]and building the operational capacity to achieve the vision.[26]

The GPP demonstrates that management capacity can be accomplished through both the integration of core staff functions (e.g., finance, human resources, and information technology) and result-oriented management actions such as performance evaluation systems. The GPP suggests that the integration of core functions requires diverse actions, including the formal codification of management systems, processing or reporting requirements through legislation, administrative regulations or executive orders, formalized training processes to assist employees in embracing and utilizing these systems, and agency-level reinvention laboratories that allow front-line employees to experiment with different ways to achieve the overall vision. In order to enhance the quality of core functions, the GPP model also considers result-oriented management as the dominant mechanism by which governments collect and use the information necessary to identify clear objectives and to assess progress toward objectives.[27] The GPP emphasizes leadership as a crucial aspect of shaping integrated core functions and institutionalizing this integration effort. It emphasizes that government leaders need to deconstruct old systems and establish new ones in order to implement new visions and ideas.

The GPP model provides a systematic framework for assessing management capacity at all levels of government for the purpose of enhancing performance. Meanwhile, several scholars in public administration have emphasized that the management of relationships with external actors (i.e., non-profit organizations and private corporations as public service providers) is a crucial component of management capacity and government performance in local governance.[28] With regard to the intersection of management capacity and external

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21 An emphasis on management capacity is also found in recent strategic management literature, through the so-called "resource-based view" of private firms. It emphasizes that organizational capabilities are built through the combination of various resources that reside across organizational units. See Grant (1991).

22 Ingraham, Joyce and Donauhue (2003).

23 Ibid. See also Donahue, Selden, and Ingraham (2000).

24 Ingraham and Donahue (2000).

25 Ingraham, Sowa, and Moynihan (2004).

26 Moore (1995).

27 Ingraham, Joyce, and Donauhue (2003).

28 Provan and Milward (2001) and Milward and Provan (2000).

stakeholders, scholars also emphasize the proactive role of executive leaders in forming relationships with key actors in the local community. [29]

In addition to the scholarly efforts, several project reports have suggested the significant role of management capacity in building democratic local governance. For example, the report provided by USAID emphasizes that the management capacity of local governments should be measured by the extent to which local governments address social problems and provide essential public services to the community. [30] The report proposes key components of management capacity needed to build democratic local governance, including financial resources, professional civil servants, innovative tools for service delivery (e.g. public-private partnerships), and government efforts to advertise to the public. Also, UN-Habitat and TI have developed a toolkit to build transparency in urban governance. [31] They have highlighted assessment and monitoring tools (e.g., corruption surveys), tools to improve access to information and public participation (e.g., electronic government or "e-government"), tools to promote ethics, professionalism, and integrity (e.g., codes of ethics), and institutional reforms (e.g., independent audit functions) to support transparency in urban governance. [32]

The present study builds on previous frameworks by suggesting that regional contexts (i.e., internal and external environments) of local governments should be considered in developing a management capacity framework for the Asian region. Figure 1 shows the proposed new conceptual model for local government management capacity to enhance transparency in local governance. The key components of this management capacity model are derived from the four dimensions of organizational capability: the structural frame, the political frame, the human resource frame, and the symbolic frame. [33] This new framework also identifies specific indicators of the management capacity components to which local government leaders should pay attention in order to better understand the dynamics of transparency in changing regional contexts.

Working within the four frames of organizational capability can help local government leaders apply various management capacity concepts that facilitate openness, participation, and integrity in local governance. Overall, the proposed conceptual model suggests that democratic governance, economic growth, and citizens' trust in government are shaped by both transparency in local governance and local governments' capacity for enhancing transparent local governance (dotted line in Figure 1). It also argues that the degree of local government management capacity matters in enhancing transparency in local governance. Specifically, this report focuses on knowledge creation for linking management capacity in local government to transparency in local governance (bold line).

Among the four frames, the structural frame and the human resource frame emphasize management capacity for the rule of law and accountability. The political frame and the symbolic frame promote management capacity for innovation and creativity. The structural frame highlights formal law, rules, policy, and programs; the allocation of resources such as

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29 O'Toole (1997) and O'Toole and Meier (2004).

30 U.S. Agency for International Development (2000).

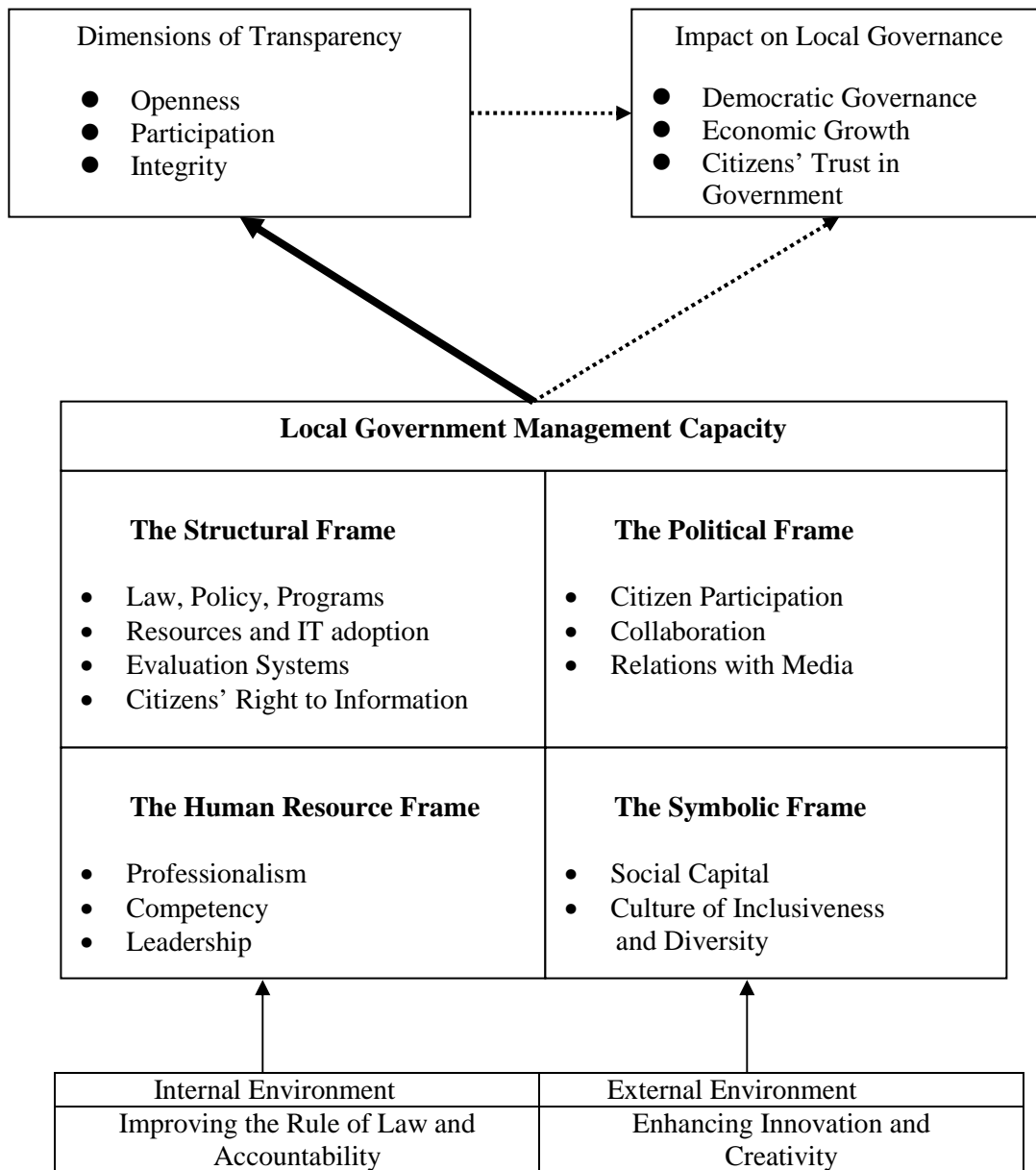31 Transparency International and United Nations Human Settlement Programme (2004).

32 Ibid.

33 Bolman and Deal (2003) introduce the four frames to analyze leadership in organizations. This report adopts the definitions of the frames and reframes them to apply to the issues of transparency (e.g., openness, participation, and integrity).

budget, staff, and IT management; the use of evaluation systems; and citizens' rights to information as key management capacity concepts to be considered for transparency. The political frame emphasizes citizen participation, collaboration with stakeholders, and constructive relations with the news media for enhancing transparency in local governance. The human resource frame pays attention to professionalism, competency, and leadership as key components of management capacity. The symbolic frame addresses the importance of a local community culture with shared norms and values of integrity, honesty, openness, fairness, and community involvement as one of the most important factors for enhancing transparency in local governance. Unlike the structural framework focusing on formal rules, policies, and managerial authorities, the symbolic framework stresses informal networks and interactions for building social capital and creating an inclusive culture in the community.[34] After four case studies in China and Korea, alongside best practices in Southeast Asia, are analyzed in the following chapters, the details of the components of management capacity and specific indicators for each dimension will be discussed in Chapter VI.

Through building management capacity for enhancing transparency, local governments can contribute to reducing inefficiency, waste, and corruption, and enhancing accountability in developing countries. Local governments' management capacity for enhancing transparency can facilitate effective economic and social development in local governance through proactive collaboration among sectors (e.g., the public sector, the private sector, and NGOs). Finally, local governments' management capacity for enhancing transparency would positively affect local government accountability and ultimately facilitate the creation of good local governance and citizen trust in the local governments of developing countries. This report integrates key components of existing literature on management capacity, findings from the benchmarking case studies, and the recommendations of international organizations, and develops a new framework for management capacity building in local governments for the enhancement of transparency in local governance in developing countries in the Asian region.

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34 See Bolman and Deal (2003)

Figure 2.1. Making the Connection: Local Government Management Capacity and
Transparency in Local Governance

| Dimensions of Transparency | Impact on Local Governance |
|---|---|
| ● Openness<br>● Participation<br>● Integrity | ● Democratic Governance<br>● Economic Growth<br>● Citizens' Trust in Government |

**Local Government Management Capacity**

| **The Structural Frame** | **The Political Frame** |
|---|---|
| • Law, Policy, Programs<br>• Resources and IT adoption<br>• Evaluation Systems<br>• Citizens' Right to Information | • Citizen Participation<br>• Collaboration<br>• Relations with Media |
| **The Human Resource Frame** | **The Symbolic Frame** |
| • Professionalism<br>• Competency<br>• Leadership | • Social Capital<br>• Culture of Inclusiveness and Diversity |

| Internal Environment | External Environment |
|---|---|
| Improving the Rule of Law and Accountability | Enhancing Innovation and Creativity |

## III.  People's Republic of China: Case Studies

### a. Governance Context in China

Since the economic reform movement began in 1978, the Chinese government, the Chinese Communist Party, and Chinese society have undergone continuous changes in terms of economic development, regulation policy, social development, privatization, civil service reform, and decentralization.[35] China has been more open to the global community since joining the World Trade Organization (WTO) in 2001 and currently experiences the greatest growth rate in the world today.  Through decentralization reforms, some local governments have been empowered to attract Foreign Direct Investments, and regional development has been promoted along the Southeast coastline.  Reforms targeted at Chinese economic institutions, however, have also brought about numerous instances of corruption in many sectors, including financial industries, building industries, state-owned enterprises, cadre personnel, and law enforcement.[36] A report on the National Integrity System in China notes that there are more than 60,000 cases of corruption placed on file for investigation every year in China. [37]   The Governance Assessment by the World Bank shows low scores in China in areas including voice and accountability, political stability, regulatory quality, rule of law, and control of corruption. [38]

Meanwhile, the Chinese government's official discourse maintains that the Chinese people are building a democratic society through continuous political and administrative reforms. Such reforms seek to increase political participation by the people and to improve the government's ability to provide good governance for the people.[39]   For example, a report on the Work of Government delivered by the Premier of the State Council at the Tenth National People's Congress on March 5, 2007, points out the Chinese government's commitment to continuous government reforms to increase transparency and public participation in government affairs. [40]

In 2005, China signed and ratified the United Nations Convention Against Corruption (UNCAC). [41] The UNCAC is broad in scope, covering public and private as well as domestic and international corruption. It aims to promote, facilitate, and support international cooperation and technical assistance in the prevention of and fight against corruption, including in asset recovery.[42] In September 2007, China announced the establishment of the National Bureau of Corruption Prevention (NBCP) to coordinate the corruption prevention efforts of various departments in government and to collaborate with international organizations and other countries for corruption prevention work. [43]   Currently, the State

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35 Burns (2003) and Wang (2006).

36 Transparency International (2006a).

37 Ibid.

38 World Bank (2007). Another country report on China conducted by Freedom House also finds low scores in the areas of accountability and public voice, civil liberties, rule of law and anti-corruption. See Freedom House (2007).

39 Wang (2005) and World Economic Forum (2006).

40 For more information on the report, see Jiabao (2007), especially chapters one and six.

41 UNICORN (2007).

42 Ibid.

43 The NBCP will also focus on information-sharing systems between private and public sectors to detect any corruption activities in the areas of banking, finance, land use, and medicine and telecommunications. It further provides an anti-corruption guideline and education programs for companies, public organizations, and NGOs. See NEWSGD (2007).

Council, the Ministry of Supervision, the Ministry of Justice, and the National Auditing Administration are all closely associated with anti-corruption work. [44]

In recent years, the Chinese government and Communist Party have endorsed public participation in legislation, rulemaking, and policymaking as a mechanism to help better manage social change by making the government more efficient, transparent, and accountable to China's citizens. [45] The landscape of NGOs consists of government organized NGOs, registered NGOs, and non-registered NGOs. [46] Non-registered NGOs are unable to open bank accounts. Registered NGOs and government organized NGOs have close relationships with the government but enjoy autonomy, especially in non-controversial policy areas. [47]

*Economic Development and Decentralization*. The major functions of local government in China include economic development, education, health, agriculture, and social welfare payments, and the management of state-owned enterprises or, in the rural areas, town and village enterprises (TVEs). [48] Local government policy priorities in China reflect fairly closely the policy priorities of its central government: economic growth, social and political stability, and party construction. [49] The major areas of local government reforms in the post-Mao period can be categorized as market reform of state-owned enterprise and administrative reform, including reform of personnel and budgets, the clarification of roles and responsibilities, and the downsizing and streamlining of local bureaucracy. [50] These reforms are an extension of financial autonomy and the delegation of decision-making powers to foster a more flexible and innovative approach to local economic development. In terms of political reforms, in 1982 the Standing Committee of the National People's Congress recognized the grassroots self-government organizations in rural areas and allowed direct elections for neighborhood committees in towns and villages. [51] Although this is still a highly centralized administration, there has been a significant move away from a uniform approach to local government.

Through continuous economic and political reforms, China transitioned from a centralized economic plan and political structure to a more decentralized economic plan with market-based mechanisms. Additionally, the Chinese government created Special Economic Zones and Industrial Zones that affect the different levels of economic development between regions and localities. However, income inequality between cities and rural areas and among urban households has become an important political and social issue. [52] Local government reform and economic development also increase competition and efficiency in local governance and local economies. [53] Furthermore, the decentralization of economic development has led to more discretion regarding local government management in some cities and created increased concern about the corruption of local public officials. According to a recent report on the

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44 Transparency International (2006a).

45 Chinese government officials that are directly elected include people's congress deputies at the township and county levels, villager committees in villages, and their urban community counterparts in the cities. See Yale Law School (2006).

46 Edele (2005).

47 Ibid.

48 Caulfield (2006).

49 Ibid.

50 Ibid.

51 Tao (1997).

52 Saxton (2007).

53 Some local governments have achieved a high level of local self-financing through these reforms and local economic development. Interviews with local government officials in Guangzhou (July 15, 2007) and Xiamen (May 1, 2007).

Global Competitiveness Index (GCI), numerous weaknesses in China during 2006 evidence a low quality institutional environment for public and private institutions.[54] For example, weaknesses are analyzed in the areas of auditing and accounting standards, government regulation, the protection of property rights, growing income disparities, corruption, and the independence of the judiciary.

*Government Reforms and Transparency.* The Chinese government has strengthened the rule of law and renewed its commitment to transparent governance by promulgating several laws, including the Administrative Supervision Law, the Government Procurement Law, and the Civil Servant Law.[55] Since 2003, the full audit report has been made public immediately upon completion, and the report exposes violations of financial regulations by government agencies and even by leading officials.[56] In order to implement a fair and transparent government procurement system, the Ministry of Supervision initiated government procurement reforms in 1994 and established a government procurement center.[57] Another example of the Chinese government's effort to enhance transparency is the Government Procurement Law that arranged a basic government procurement framework upon its entry into the WTO in 2001. According to the law, government procurement information would be published on the Internet, offering equal opportunity for Chinese and foreign companies to participate in the bidding.[58] According to a report on National Integrity Systems of China, these laws and regulations have helped reduce opportunities for corruption and thwart its spread to a certain extent.[59]

Human resources management reform has been emphasized in the Chinese government to ensure economic development, implement appropriate oversight, and improve government effectiveness. Two milestones of the Chinese civil service reforms are the Provisional Regulations of Civil Servants 1993 and the State Civil Service Law 2006.[60] Civil service reforms in China are aimed at institutionalizing professionalism, competency, openness, and efficiency in public personnel management.[61] In 2004, the State Council announced the end of the life-long tenure system for cadres based on the Provisional Regulation of Party and Government Cadres.[62] The importance of complying with the public servant law and the other regulations regarding sanctions against corruption has been emphasized in every annual report of strategic planning by the Chinese government.[63]

The Chinese government has provided several rules and regulations to enhance government agency transparency.[64] The Disclosure of Government Information (DGI), announced in May

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54 World Economic Forum (2006).

55 Furthermore, in order to enable the Standing Committees of the Chinese Communist Party (CCP) to supervise administrative organizations and staff, the CCP passed the Law on Internal Supervision and Regulations on Disciplinary Sanctions. See Transparency International (2006a).

56 Ibid.

57 Ibid. The report indicates that among 336 cities studied, 325 have set up such procurement centers.

58 ChinaCSR (2006).

59 Ibid.

60 See Chan and Suizhou (2007).

61 In 1994, a national unified examination system was instituted to recruit public servants. See Chan and Suizhou (2007).

62 Transparency International (2006a).

63 See Jiabao (2007), especially chapters one and six.

64 Since 2000, China introduced the practice of opening up administrative affairs, factory affairs, and village affairs in government agencies, state-owned enterprises, and rural grassroots organizations. See China Development Brief (2007).

2007, is the most recent national policy and will take effect of May 1, 2008.[65]  According to the DGI, all levels of government should take the initiative to make public any information that is of immediate interest to citizens and organizations or that requires wide public understanding and participation.[66] The regulations also require the government to make public any information on issues that have been the source of many local conflicts, such as land use, relocation and compensation, fees for public services, family planning, and workplace safety.[67] Another important rule was provided by the State Environment Protection Administration (SEPA) in 2007, called the rule of Environmental Information Disclosure Schedule. This new rule instructs not only the government but also waste-emitting enterprises to make environmental information public.[68]

## b. Case Report: Guangzhou Municipal Government

### Context

Guangzhou is the capital and an economic and cultural center of the Guangdong Province, which contains a total of 9 cities.[69]  It is comprised of 10 districts—Yuexiu, Haizhu, Liwan, Tianhe, Baiyun, Huangpu, Huadu, Panyu, Nansha and Luogang—and two county-level cities—Conghua and Zengcheng.[70] In 2004, 7.38 million people lived in Guangzhou, and the Baiyun District was the largest district in the city.[71] A recent World Bank Report estimates that 26 percent of Guangzhou's workers are university-educated.[72]  Guangzhou was one of the first cities to benefit from the economic liberalization policies of the 1980s. Guangzhou is situated on the Pearl River and has witnessed double-digit economic growth since the mid-1980s.[73] Guangzhou opened seven key industries after China entered the WTO: insurance, banking, tourism, legal services, telecom value-added services, basic telecom services, and retail.[74]

*Political Environment.* The Local People's Government of Guangzhou represents the administrative arm of state power and reports to the Local People's Congress at the same level and to the Local People's Government at the next highest level.[75]  The General Office performs support functions to help the leadership manage city affairs. In addition to the General Office, there are 43 bureaus and departments that perform vital city functions.[76] There are approximately 116,846 employees in Guangzhou Municipal Government, not including employees in state-owned enterprises.[77] The Local People's Congress of Guangzhou elects the

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65 Horsely (2007) and China Daily (2007).

66 Public finances, social and economic planning, environment, health care, social security, and education are specified in the regulations as areas where open information is required. See Horsely (2007) and China Daily (2007).

67 Ibid.

68  China Development Brief (2007).

69 Guangzhou Municipal Government (2005a).

70 "Administrative Districts and Population" (2006).

71 Ibid.

72 World Bank (2006,  p. 65).

73 Guangzhou Municipal Government (2006a).

74 "Departments of GZ Government" (2006).

75 Constitution of the People's Republic of China. Chapter 3, Section 5, Article 110.

76 Life of Guangzhou (2006b).

77 Interview with a professor from local university (July 14, 2007).

mayor, two executive vice mayors and seven vice mayors, and they serve five-year terms.[78] The members of the Local People's Congress of Guangzhou are elected by the Local People's Congresses of the districts of Guangzhou, which are elected by the people.[79] Guangzhou will host the Asian Games in the year 2010. Guangzhou's media outlets include Guangdong Radio, Guangdong TV, and Radio Guangdong—an international radio station.[80] Daily newspapers include the *Guangzhou Daily* and the *Guangzhou Morning Post*.[81] Of the 845 provincial NGOs formally registered in Guangdong in 2002, 54 were environmental NGOs.[82]

*Economic Environment.* In August 1980, the National People's Congress (NPC) passed "Regulations for the Special Economy Zone of Guangdong Province" and officially designated a portion of Shenzhen as the Shenzhen Special Economy Zone.[83] In 1984, the Chinese government opened another 14 coastal cities to overseas investment, and Guangzhou was one of these 14 cities. The three key industries in Guangzhou are the petrochemical, automotive, and electronics industries.[84] A recent World Bank survey named Guangzhou one of its thirteen "Silver Medal Finalists" because of its high rankings in overall investment climate, government effectiveness, and progress toward becoming a "harmonious society."[85] In terms of overall investment climate for domestic investors, the survey ranked Guangzhou 4th among the 120 Chinese cities surveyed; for foreign investors, Guangzhou ranked 10th in the country.[86] In 2006, Guangzhou's Gross Domestic Product reached RMB 600 billion (76.8 billion USD),[87] and its port ranked 3rd largest in China and 5th largest in the world.[88] Numerous foreign companies conduct business in Guangzhou.[89] In 2007, Guangzhou received the award of "National Model City for Environmental Protection" from the State Environmental Protection Administration. Guangzhou boasts the highest Internet Penetration Rate in China and is ranked first in information consumption.[90] Guangzhou has numerous twin cities in the global community.[91]

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78 Guangzhou Municipal Government (2005b).

79  Constitution of the People's Republic of China (1982).

80 Wikipedia (2007a).

81 Guangzhou Bureau of Foreign Trade and Economic Cooperation (2007).

82 Civic Exchange (2004).

83 Guangzhou Municipal Government (2006a).

84 Ibid. Collectively, they account for RMB 160.9 billion (19.5 billion USD) annually.

85 World Bank (2006).

86 Guangzhou's domestic ranking placed it higher than any other city in the Guangdong Province; however, Guangzhou placed behind 6 of the 9 cities in its province in terms of foreign investment climate— Dongguan, Foshan, Huizhou, Jiangmen, Shenzhen, and Zhuhai all ranked higher. See World Bank (2006, p. 26 and p. 29).

87 Wikipedia (2007a).

88 Wikipedia (2007b).

89 A total of 115 of the Global 500 have established subsidiaries there. See Guangzhou Municipal Government (2006a).

90 Guangzhou Municipal Government (2007a).

91 Fukuoka, Japan (May 1979); Los Angeles, United States (March 2, 1982); Manila, Philippines (November 1982); Vancouver, Canada (March 1985); Sydney, Australia (May 1986); Bari, Italy (November 1986); Frankfurt am Main, Germany (April 11, 1988); Lyon, France (November 1988); Auckland, New Zealand, (February 1989); Gwangju, South Korea (October 1996); Linköping, Sweden (November 1997); Durban, South Africa (July 2000); Bristol, United Kingdom (May 2001); Yekaterinburg, Russia (July 10, 2002); Arequipa, Peru (October 27, 2004); Birmingham, United Kingdom (Dec 2006); Dubai, United Arab Emirates. See Wikipedia (2007a). In 2005, there was a forum hosted by the British Columbia Institute of Technology to celebrate the 20th anniversary of sister cities Vancouver and Guangzhou. The forum focused on knowledge sharing for the areas of green transportation and construction for the 2010 Olympic Village. See British Columbia Institute of Technology (2005).

**Case Analysis**

Guangzhou Municipal Government (GMG) has been building management capacity to enhance openness and citizen participation in local governance. These capacity building efforts include creating specific administration rules for the disclosure of government information and citizen participation in public policy, adopting advanced information systems, soliciting citizen input in strategic planning, collaborating across sectors, and encouraging volunteerism for local community building. This study found several factors that contribute to building management capacity for enhancing transparency in local governance in Guangzhou: 1) the decentralization of regional economic development and local autonomy; 2) collaborative leadership at the top and leadership vision for transparency; 3) establishment of local rules regarding openness and participation; 4) strengthening internal oversight systems; 5) advanced IT adoption; 6) development of citizen volunteerism for effective policy implementation and local governance; and 7) enhanced citizenship with technology education.

**Leadership Vision for Transparency.** In his address to the Local People's Congress at Guangzhou, newly-appointed Mayor Zhang Guangning emphasized GMG's commitment to ongoing government reforms in the areas of transparency, anti-corruption, citizen input within decision-making processes, and government performance. [92] The new administration also emphasizes the government's proactive efforts in fighting against bribery in business sectors, standardizing administrative procedures, and establishing fair and clean government. Interview data with several local government officials also supports the idea that collaborative leadership among the mayor, vice mayors, and leaders within the Local People's Congress is one of the most important factors that affects government effectiveness in the areas of economic development, openness and citizen participation. [93] Meanwhile, Guangzhou executive leadership established a "Mayor's Hotline" in November 2005. Through the hotline, citizens can communicate with the mayor and vice mayors on specific dates and times and inform them of their concerns and complaints regarding government services and regulations. [94]

**Pioneer of the Disclosure of Government Information.** Interview data shows that one of the most significant factors affecting management capacity building in the Guangzhou municipality was the demand for economic development through an open and modernized local government system. [95] Since China entered into the WTO in 2001, transparency has been an important service value for GMG reforms and innovations. [96] In early 2003, GMG was the first Chinese municipality to formulate its own Government Information Disclosure rules. [97] The development of more open information sharing was motivated by China's pursuit of economic development and a more attractive foreign investment environment, its interest in increased government efficiency through a more scientific use of information resources, as well as China's desire to combat corruption and to safeguard Chinese citizens' rights. [98] The

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92 Guangzhou Municipal Government (2005c).

93 Interviews conducted in Guangzhou (July 14th, 2007).

94 Interviews conducted in Guangzhou (July 14th, 2007).

95 Ibid.

96 Ibid.

97 According to the Guangzhou Municipal Open Government Information Provisions adopted in 2003, Chinese residents in Guangzhou have the right to request and obtain government-held information. See Yale Law School (2006).

98 Ibid.

Chinese government has established the national-level Government Information Disclosure 2007 regulation that encompasses all levels of government.[99]

**Strengthening Internal Oversight Functions.** The functions of the Bureau of Supervision in GMG include responsibility for combating corruption and supervising the enforcement of national policies, laws, and regulations.[100] The Bureau of Supervision is also responsible for setting up training programs for combating corruption.[101] Party members and civil servants participate in training programs on laws and disciplines concerning corruption and integrity.[102] The Bureau informs party members and civil servants about the general and specific policies of discipline, inspection, and supervision.[103] Meanwhile, the Bureau of Audit formulates supervisory rules and regulations for auditing public administration in Guangzhou.[104]

**Interagency Collaboration**. GMG has been recognized for promoting effective interagency coordination.[105] Its so-called "Bundled" method was designed to establish a large platform and bundle such government agencies as Construction, Public Security, Industrial and Commercial, Planning, State Land, City Management, Environmental Hygiene, Environment Protection, Hygiene, Transportation, Water Resources, and others together in order to uniformly carry out special rectification in key locations and difficult-to-manage areas.[106] Under this method, once a problem is detected by a government agency, that agency reports the problem to all the agencies involved, enabling them all to take uniform action.[107]

**Information Technology Adoption for Transparency**. GMG has been recognized for successful e-government developments that have enhanced the quality and transparency of its public services.[108] According to a 2002 study on e-government targeting 36 cities in China, Guangzhou, Beijing, and Shanghai earned high scores on the function of e-government, including online transactions such as online consulting, inquiry, application and procurement, online complaint mechanisms, and interaction between government and citizens.[109] Using Internet technology, the e-supervision system in the Guangzhou Supervision Bureau directly connects with the systems of other agencies and automatically collects detailed information about each process.[110] The Bureau's long-term plan is to adopt a real-time supervision system over the permit issuing and approval process to clarify the status of each step, such as acceptance, review, and approval.[111] GMG has also strengthened its internal monitoring and supervision structure and processes through adopting advanced IT applications.[112] For example, in order to enhance transparency, in 2007 the Urban Planning Bureau started utilizing

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99 Horsey (2007) and China Daily (2007).

100 Interviews conducted in Guangzhou (July 14th, 2007). See Guangzhou Municipal Government (2005d). Interviews with public servants in Guangzhou (July 15th, 2007).

101 Ibid.

102 Ibid.

103 Ibid.

104 It determines auditing standards and sanctions within the locality and is responsible for submitting the audit reports on the municipal budget performance and the operations of other revenues and expenditures to the Standing Committee of the Municipal People's Congress. See Guangzhou Municipal Government (2005e).

105 Interviews with public servants in Guangzhou (July 15th , 2007).

106 Ibid.

107 Ibid.

108 Interviews with public servants in Guangzhou Municipality and a local university professor who participated in the advisory board for electronic government development in Guangzhou (July 14th -15th, 2007).

109 Zhang (2005).

110 Guangzhou Municipal Government (2006b).

111 Ibid.

112 Ibid.

a satellite system for monitoring illegal structures throughout the city.[113] The bureau also plans to open information on urban planning: permits for land use and construction, detailed plans, approval and acceptance will all be available in the e-mapping system. [114]

**Pioneer on Citizen Participation Law in Local Government.** GMG is the first local government to require citizen participation in formulating administrative regulations and public policy, through a measure effective since January 2007: "Measures for Public Participation in the Formulation of Regulations for Guangzhou" (hereinafter called "the Measure"). [115] According to the Measure, residents have the right to participate in and give suggestions for its formulation. In order to get the approval of the Standing Committee for any regulations, public opinion has to be collected and included in the proposal of a regulation.[116] Several methods for collecting citizen opinion on regulations would be adopted under this regulation: 1) placing notices in the media for opinion collecting; 2) making public discussion a mandatory procedure for the stipulation of regulations; 3) making transparent the basis of discussion, public opinion gathering, public hearings, and debate, and making clear the purposes and specific procedures for these meetings; and 4) establishing a method for public opinion polling and collecting opinions in various forms and from a variety of sources.[117] According to the interview data, Guangzhou officials are required to announce an initial rulemaking proposal for public comment, release the full text of the draft rule, hold press conferences and informal meetings to solicit comments, conduct site visits and public surveys, and post all comments received, along with GMG's response, on the web.[118]

The other methods of citizen interaction with local government adopted in GMG include the following: 1) a citizen complaint system (online, e-mail, and a phone number); 2) online public opinion assembly regarding regulations and urban planning; 3) online surveys; 4) citizen satisfaction surveys on government performance; 5) interviews with government officials; and 6) online application for accessing government information. [119] For example, the Guangzhou Municipality's Statistics Bureau conducted a citizen survey in 2007 to assess citizen satisfaction with local government performance and collect citizen opinions on the most important policy issues.[120] In 2007, GMG released its Urban Comprehensive Development Strategy to the public to widely solicit citizens' opinions about future city development problems that were of the greatest public concern. [121]

**International Collaboration Approach.** This study found that GMG has been working closely with academic institutes in China and the United States in order to develop administrative rules and guidelines for transparency and citizen participation. For example, the

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113 Ibid. In addition, the Bureau will use the satellite system to establish a three-dimensional electronic urban planning map. The planning map will initially cover a downtown area of 40 sq km by the end of this year and will be extended later. Furthermore, the map will be open to public scrutiny.

114 Ibid.

115 Guangzhou Municipal Government (2006c). The Measure also stipulates that administrative agencies may not publicize four kinds of opinion: opinion involving state secrets, business secrets, personal privacy, or opinions that violate public morality. It requires mandatory posting on the government website of the records of any hearings or public meetings, as well.

116 Ibid.

117 Guangzhou Municipal Government (2006a).

118 Interviews conducted in Guangzhou (July 15th, 2007).

119 Interviews conducted in Guangzhou (July 15th, 2007).

120 Guangzhou Municipal Government. (2007b). The survey results show that citizens are mostly satisfied with the achievements made by the municipal government in the past years in the areas of public security, public transport, social security system, environmental protection, and urban hygiene.

121 Guangzhou Municipal Government (2007c).

above-mentioned Measure was crafted through collaborative efforts among GMG, the China Law Center at Yale Law School, and administrative law experts from institutions of higher education in China.[122] The China Law Center at Yale Law School has been working since 2003 with Chinese counterparts in the central government and local governments in Beijing, Guangzhou, and Shanghai to help further develop and standardize new mechanisms for public participation, particularly in the administrative rulemaking context.[123]

**Creating Community Value of Volunteerism.** GMG has been promoting community volunteerism to achieve social development along with economic development. So far, more than 620,000 people have joined volunteer events, with their total service time exceeding 500 million hours.[124] Guangzhou's first volunteer week started in September 2007 with over 100,000 volunteers—including government workers, university students, and employees—wearing red hats and providing services for the public.[125] In April 2007, more than 20,000 volunteers, including civil servants and citizens, joined hands in cleaning 312 locations in more than 250 residential estates.[126] In response to increasing volunteer activities, GMG has also initiated legislation on voluntary services and decided to provide financial support to volunteer services in 2007.[127] The purpose of the legislation is to define the responsibilities and rights of volunteers, volunteer organizations, and clients, as well as the rights and obligations of the government, enterprises and social sectors involved with voluntary service activities.[128] In May 2005, the Guangzhou Young Volunteers Association and college communications departments in the Guangdong University of Foreign Studies in the University Town jointly set up the Voluntary News Agency to inform and promote volunteer opportunities in the community.[129]

**Collaboration in Local Governance**. Since 1997, GMG has employed a collaborative governance approach to enhance quality of life and economic development in local governance (e.g., Action Program).[130] For example, GMG established partnerships with the provincial government and the private and community sectors to implement the Transportation Project. The project required the resettlement of more than 14,000 households, businesses, and institutions, including many small and informal enterprises and 67 vulnerable families, many of them single female-headed households.[131] Another example of collaboration in local governance is the more than 3 million volunteers from 3,456 women's organizations and thousands of youth groups who have been participating in traffic management and environmental improvement.[132] These examples show that GMG has applied collaborative

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122 Yale Law School (2006).

123 Ibid.

124 See http://english.gz.gov.cn/vfs/web/gzeng_new/Government.html (Accessed October 2007); interviews with public servants in the GMG (July 19th, 2007).

125 Ibid. Volunteers provided more than 100 types of volunteer services, including services for household appliance maintenance, haircuts, cultural relic appraisal, tax consulting, piano tuning, etc.

126 Ibid.

127 Guangzhou Municipal Government (2007d).

128 Ibid. The GMC hopes to collaborate with several nongovernmental organizations (e.g., the Guangzhou Committee of the Communist Youth League, the Guangzhou Young Volunteers Association and the Guangzhou Lawyers Association) to establish the legislation on volunteers.

129 See http://english.gz.gov.cn/vfs/web/gzeng_new/Government.html (Accessed October 2007); interviews with public servants in the GMG (July 19th, 2007).

130 United Nations Habitat (2006a).

131 Ibid.

132 The GMG indicates that the first phase of the program was successfully completed in 2001 and resulted in substantial improvements in traffic management, urban greening, sanitation, pollution control, and the conservation of the area's natural and cultural heritage. See Action Programme for Sustainable Guangzhou, China in Best Practices and Local Leadership Programme (ttp://www.bestpractices.org/bpbriefs/urban_development.html, Accessed October 2007).

methods of working with local stakeholders to meet the demands of economic and social development in local governance. The achievements of the Action Program were recognized by UN Habitat as best practices of urban planning and development practices. [133]

In 2007, GMG enacted policies providing financial support for the development of trade associations and chambers of commerce.[134] For instance, the government subsidizes up to 30% of the actual expenses incurred by trade associations and chambers of commerce in building websites and other activities that promote industry development and independent innovations.[135] Another example of collaboration in local governance is the network building between a local university and GMG. On October 10, 2007, Guangzhou City and Sun Yatsen University decided to establish strategic cooperative relations in the areas of overall urban planning, science and technology, health, personnel training, education, and activities related to the Asian Games. [136]

## c. Case Report: Xiamen Municipal Government

## Context

Xiamen is one of five cities in the Fujian Province located in southeast China and is one of the five Special Economic Zones in China. In 2005, 1.53 million people lived in Xiamen, with approximately 688,400, or 49 %, in the Siming and Huli districts.[137] The reported natural population growth in 2005 was 5.89 percent, comparable to that of other Chinese cities.[138] The city government reports that there are more than 20 ethnic groups in Xiamen, including Hui, Manchu, Zhuang, She, Miao, and Goashan.[139] A recent World Bank Report estimates that 17 percent of Xiamen's workers are university-educated.[140] In 1999, the Chinese government initiated a campaign against smuggling in Xiamen and investigated a multibillion-dollar smuggling scandal in the port city of Xiamen.[141] As a result of the investigation, Chinese courts convicted 84 people of corruption, smuggling and other charges, including 11 death sentences to local government officials. [142]

*Political Environment.* The Local People's Government of Xiamen represents the administrative arm of state power and reports to the Local People's Congress at the same level and to the Local People's Government at the next highest level. [143] The General Office

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133 Ibid. The achievements of the Action Program were recognized in December of 2001 when Guangzhou received the National Award for improving the Living Environment and the 2001 Award of Nations in Bloom.

134 Guangzhou Municipal Government (2007e).

135 Ibid. Any trade association or chamber of commerce involved in litigation or arbitration over international trade disputes will also receive subsidies of up to 30% of the incurred expenses.

136 Guangzhou Municipal Government (2007f).

137 Xiamen Municipal Government (2006a).

138 World Bank (2006).

139 Xiamen Municipal Government (2006b).

140 World Bank (2006).

141 Rosenthal (2000).

142 Ibid.

143 Constitution of the People's Republic of China (1982).

performs support functions to help the leadership manage city affairs.[144]  There are also numerous government institutions—including the Economic Development Bureau, the Municipal Personnel Bureau, and the Public Health Bureau—that perform vital city functions.[145]  There are approximately 165,209 Xiamen government employees, including employees in state owned enterprises.[146]  The Xiamen Auditing Bureau and Municipal Supervision Committee administer and evaluate the implementation of central government regulations and anti-corruption policies at the local level. The Local People's Congress of Xiamen elects the mayor and eight deputy mayors.[147]  According to a report by World Bank, the vast majority (83 percent) of private firms indicate that they trust that local courts will protect contract and property rights.[148]  There is a local newspaper called *Xiamen Daily* and a television network called Xiamen Television.[149]

*Economic Environment.* In 1980, the State Council, the highest administrative body of the People's Republic of China,[150] authorized Xiamen to establish a Special Economic Zone (SEZ).[151] This initiative enables foreign companies to locate in designated areas within Xiamen and provides companies with services and tax incentives.[152]  In the segment of the SEZ that's designated the Free Trade Zone, new companies are exempt from taxes for the first two years of operation and enjoy reduced tax rates in subsequent years.[153] Though many companies and industries exist in Xiamen, the government focuses on growing four key industries: chemical, electronics, power, and machinery.[154] A recent World Bank survey named Xiamen one of China's six "Golden Cities," along with Hangzhou, Quingdao, Shaoxing, Suzhou, and Yantai, because of its high rankings in overall investment climate, government effectiveness, and progress toward becoming a "harmonious society." [155] In terms of overall investment climate for domestic investors, the survey ranked Xiamen 15th among the 120 Chinese cities surveyed; for foreign investors, Xiamen ranked 9th in the country. [156]  Various organizations and government agencies support commerce within Xiamen, including the Foreign Investment Bureau, the Investment Promotion Agency, the Complaint Center for Foreign Investors, and the Association of Enterprises with Foreign Investment.[157]

Because of the favorable business environment, many foreign companies conduct business in Xiamen.[158]  Thirty-four Fortune 500 Companies conduct business in Xiamen.[159]  The local port is one of the top ten ports in China and ranks 30th internationally in terms of trade volume.[160]

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144 Xiamen Municipal Government (2006c).

145 Xiamen is currently divided into six districts: Siming, Huli, Jimei, Haicang, Tong'an and Xiang'an.  See Xiamen Municipal Government (2006d).

146 Interview with a local university professor in Guangzhou (July 14th, 2007).

147 The members of the Local People's Congress of Xiamen are elected by the Local People's Congresses of the districts of Xiamen, which is elected by the people. Source: Constitution of the People's Republic of China. Chapter 3, Section 5, Article 101. Available at Constitution of the People's Republic of China (1982).

148 World Bank (2006, p. 39).

149 For Xiamen Daily, see http://www.xmdaily.com.cn/; for Xiamen Television, see http://en.wikipedia.org/wiki/Xiamen_Television

150 United Nations Department of Economic and Social Affairs (2006).

151 See Xiamen Guide (2007a).

152 Wang and Bradbury (1986).

153 For Xiamen Free Trade Zone, see http://www.xmftz.xm.fj.cn/english/guideline.htm

154 See Xiamen Guide (2007a).

155 World Bank (2006).

156 Both rankings placed Xiamen higher than any other city in the Fujian Province. World Bank Report (2006, pp. 26-28).

157 Xiamen Municipal Government (2006e).

158 Interview with Xiamen Municipality officials (May 1st and 2nd, 2007).

159 See Xiamen Guide (2007b).

160 Xiamen Municipal Government (2006f).

In 2005, Xiamen's Gross Domestic Product reached US $13.19 billion (RMB 102.9 billion) and imports and exports were valued at $28.5 billion.[161] Since 1996, Xiamen received 16 national and international awards recognizing the performance of local government and effectiveness of local governance. For example, Xiamen received the Special Award of National Environmental Renovation in the year 2000, and the Xiamen government was recognized as a National Traffic Management Model in the year 2003.[162]

**Case Analysis**

In order to enhance local government's management capacity toward economic development and transparency, the Xiamen Municipal Government (XMG) has focused on reforming human resources management practices, adopting advanced IT systems, implementing an innovative e-procurement system, employing various citizen participation methods, and establishing collaborative efforts with stakeholders during policy implementation. This study found several factors that contribute to building management capacity for enhancing transparency in local governance in Xiamen: 1) the decentralization of regional economic development and local autonomy; 2) an emphasis on human resource management (HRM); 3) advanced IT adoption to enhance the quality of public service and interactions with key stakeholders; 4) acknowledging the importance of citizen input for effective policy implementation and local governance; 5) applying a collaborative approach; and 6) enhanced citizenship with technology education and high expectations of the government.

**HRM Innovations.** The Chinese government has undertaken extensive reforms to its civil service system over the past 10 years. These have encompassed recruitment and selection, training, appraisal, rewards and punishments, compensation, discipline, and numerous other areas.[163] The rapid expansion of higher education since 1980 has produced a large population that is eligible for civil service employment.[164] While XMG complies with the civil service principles of the central government, the mayor of XMG exercises discretionary power over some innovative HR policies. For the last 10 years, XMG has enhanced its HRM capacity through applying innovative HRM practices every year: on-line recruitment, a performance appraisal system, a performance-based incentive system, training programs, auditing systems, and outsourcing practices. The interview data shows that top leaders of XMG clearly understand the importance of HRM, financial management, and planning management to enhance economic development and government efficiency.

The Personnel Bureau is responsible for engaging in local civil servant management including recruitment, assessment, evaluation, promotions, wages and benefits, and training. Each bureau in XMG has its own human resources office and provides its own training programs

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161 Xiamen News (2007).

162 Here are the awards Xiamen has received since 1996, as listed on the Xiamen city government website:

1) 1996--National Sanitary City; 2) 1997--National Garden City; 3) 1997--National Model City for Environmental Protection; 4) 1998--Science and Technology; 5) 1999--National Excellence in Tourism; 6) 1999 and 2004--National Advanced Blood Donation City; 7) 1999-2003--Advanced City in Establishing Civilized City Project; 8) 2000--Special Award of National Environmental Renovation; 9) 2001-- National Top 10 Most Livable Cities; 10) 2002--International Garden City; 11) 2003--National Traffic Management Model; 12) 2003--National Habit Award; 13) 2003-- National "2-support" Model of 5 years; 14) 2004--United Nation HABTAT Scroll of Honour Award; 15) 2004--Advanced "Two Foundations" Education City; and 16) 2005--National Civilized City-2005. See Xiamen Municipal Government (2006g).

163 Interview with Xiamen Municipality officials (May 1st and 2nd, 2007).

164 Ibid.

based on specific needs (e.g., IT training, management practices for a harmonious society, regulations, rules and laws). [165] XMG has sent out local government employees to several advanced industrialized democratic countries (e.g., the USA, Australia, The Netherlands, Canada, and England) to learn about practices for building management capacity in government, modernized administrative systems, methods for citizen participation, and leadership development. The Civil Servants Examinations Audit System was implemented in order to electronically process Civil Servant Examination applications. According to the interview data, the adoption of advanced IT has improved the transparency of personnel management and the quality of service in XMG. For instance, through the Xiamen Personnel Bureau website, [166] citizens can access online advice, get online approval, and download pertinent documents and forms. According to an official from the Personnel Bureau, the website has received over 5 million visitors since December 1999. [167]

The civil servants interviewed for this study perceive that there is a high level of awareness regarding corruption and illegal behaviors among employees in XMG. [168] Interview data also shows that employees in XMG can report instances of corruption to several places. For example, employees can report to the Bureau of Supervision regarding employee corruption, bribery, and illegal behavior. [169] Employees can also report corruption to personnel investigation agencies.

**E-Government Development toward Transparency.** E-government applications in XMG are another example of management capacity building efforts to enhance transparency regarding government policy and decision-making. [170] Since 2005, citizens have been able to access 83 online approval projects offered by 13 economic bureaus, such as enterprise management, tax administration, urban construction and management, and logistics information management.[171] The XMG website was awarded the status of "Excellent Government Website" during the third China E-government Technology and Application Conference held in Beijing in August 2004.[172] While there are still challenges in information sharing among agencies, the interview data shows that various government departments are making progress in sharing information and transferring documents through e-government applications.

**Electronic-Procurement Systems**. XMG has been a pioneer of electronic-procurement (e-procurement) systems in China. The "e-procurement System" refers to the use of information and communication technology by governments to conduct their procurement relationships with suppliers for the acquisition of goods and services in both the government and the public sector. [173] Since 1998, XMG has been implementing e-procurement of public goods and more than 110 municipal administrative institutions have adopted online procurement plans.[174] At the same time, more than 600 companies were approved as qualified suppliers and service

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165 Ibid.

166 See Xiamen Personnel Bureau Web site: www.xmrs.gov.cn (Accessed October 2007).

167 Interview with Xiamen Municipality officials (May 1st and 2nd, 2007).

168 Ibid.

169 Ibid.

170 Ibid.

171 Handog (2007).

172 Ibid.

173 United Nations Project Office on Governance (2006).

174 See the e-procurement system: www.xmzfcg.gov.cn

providers through the online registration.[175] An official from the Economic Development Bureau in XMG indicated that e-procurement has been very helpful in enhancing efficiency and transparency in government procurement.[176]

**Access to Government Information.**  XMG started to adopt its own policy regarding the disclosure of local government information in 2001.[177] The policy requests financial information disclosure for township governments, including the fiscal revenues and expenditures of the town. City and district levels are also required to present the budget and final account to the public through open channels and at inquiry. XMG revised their open government guidelines based on new open government policy issued by the Fujian Provincial government on May 23, 2002. The new policy established by the Fujian Provincial government emphasized efforts to standardize open government policy in the following areas: 1) operating the transfer of land use rights; 2) construction project bidding; 3) state-owned and state-controlled enterprise property rights auctions; 4) government procurement; and 5) significant issues of concern to the public.[178]

**Citizen Participation Policy and Practices.**  The importance of getting citizen input and perspectives for important issues in the community was formally recognized in policy guidelines for the disclosure of government information established in 2001 by XMG.[179] The guidelines also called for consideration of public opinion in the areas of urban construction and management. Since July 2007, citizens in Xiamen have been able to have interviews with government officials regarding specific policy and programs.[180] XMG announces the government official's name, interview date, topics, and related government documents on the website. The summary report of the interview is also available from the website.[181]  In addition, citizens can participate in online public forums regarding local policy and programs, and they can make comments on ongoing significant policy issues online. Since 2005, XMG has also implemented public opinion assemblies to solicit the priorities of public policy programs or projects for the following year.[182] For instance, at present, XMG is collecting citizen opinions on the most important public policies and projects that should be considered by the Xiamen Municipal People's Congress in year 2008.[183] Citizens can submit their proposal through the website, or they can e-mail or mail a proposal form to the Congress.[184]

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175 Handog (2007).

176 Interview with Xiamen Municipality officials (May 1st and 2nd, 2007).

177 Xiamen Municipal Government (2006e).

178 Ibid.

179 Ibid.

180 See Xiamen Municipal Government (2006e) for more information.

181 From July 2007 to October 20, 2007, 15 interviews were held regarding the following local policy issues: City Traffic Planning; The minimum life security and disaster relief; Vehicle exhaust treatment; Perfect health institutions to facilitate the masses doctor; Taiwanese cultural heritage and the protection of Xiamen sea area and the use of marine science and technology; Shahelu renovation and Pedestrian Bridge; Passenger rural highway construction and development; Residential energy-saving construction problems; Fire safety; Tourism Product Development; Foodstuff price rises in the market; Production safety report hidden dangers; Patent policy issues related to conversion; Summer safety precautions order; Urban development and construction; The protection of historical relics; The unified tax system on the impact of high-tech enterprises; Primary and secondary school enrollment work; Xiamen Bus Rapid Transit system (BRT) project construction; The observations and recommendations of law enforcement.

182 Interview with Xiamen Municipality officials (May 1st and 2nd, 2007).

183 Ibid. See Xiamen Municipal Government (2006e).

184 Ibid.

**Citizen Empowerment in Environment Concerns.** A recent citizen demonstration regarding environmental issues in Xiamen has evidenced improved citizen empowerment and active communication among citizens through advanced information technology. On June 1, 2007, thousands of Xiamen citizens took to the streets to voice their concerns on the impact of a chemical plant project, called the Haicang PX project, on health and environmental protection. The organizers of the Xiamen demonstrations employed cell phone text message, e-mails, and websites as tools for announcing the demonstration plan.[185] In response to this event, XMG announced a temporary halt to the Haicang PX project approved by the National Development and Reform Commission (NDRC).[186] On June 4, 2007, the NDRC director announced that XMG had temporarily suspended the Haicang PX project and would now proceed to solicit opinions from the public and various experts. The deputy secretary-general of XMG declared that they would cooperate fully with experts in China's State Environment Protection Administration (SEPA) to conduct an environmental assessment of the PX project in Haicang.[187] The environment assessment report of the Haicang PX was released in Xiamen in December 2007 and the public was invited to provide their feedback on the report within 10 days.[188]

**Building Collaboration Networks**. Another example of XMG's commitment to participation is the adoption of a collaborative approach to concerns about the conservation of a coastal zone in balancing economic growth with the need to protect marine resources.[189] The central government selected Xiamen as a national demonstration site for the implementation of a five-year integrated coastal zone management (ICZM) program in 1994. In responding to this concern, Xiamen established an office for ocean management and initiated a local version of ICZM. In order to implement ICZM effectively, XMG also established an advisory group of marine scientists, legal experts, economists, engineers, and urban planners to provide their expertise to local policymakers.[190] In addition, XMG has been active in trying to raise public awareness of marine issues through the development of a marine education program for students from kindergarten to the university level.[191] The ICZM initiative in Xiamen also demonstrates the collaboration between the central government and local governments.[192]

Another collaboration practice in Siming District in XMG called the "Loving Care Supermarket" (LCS) has been recognized for best practices in Innovations and Excellence in Local Chinese Governance.[193] The LCS is a station where donations of food and clothing are collected and distributed to the impoverished residents of Jialian Street in the district. Residents and staff members of the Community Committee proposed the idea in 2003, and XMG has employed a full-time staff to manage and operate the station in cooperation with community volunteers. The LCS practice has been adopted throughout Fujian Province.[194]

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185 See Goldkorn (2007) and Martinsen (2007).

186 Tao (2007).

187 Ibid.

188 See Xiamen News: http://www.xmnn.cn/xmhp/index.html

189 Lau (2003).

190 Ibid.

191 Ibid.

192 Ibid.

193 The Loving Care Supermarket (2006).

194 Ibid.

**Knowledge Sharing with Other Local Governments**. An example of information and knowledge sharing among local governments was also found in Xiamen.  As requested by the central government, XMG has provided training programs regarding its procurement system, human resources management, and IT adoption for a few city governments in China that have limited management capacity and a low level of economic development compared to XMG.[195] Also, XMG has built networks with domestic and international city governments.[196] The purpose of these networks is to exchange information and knowledge on local government administration and develop mutual respect between different cultures. Furthermore, XMG is interested in fostering economic development opportunities in these cities.[197]

**Foreign Investors as Customers**. Foreign investment has played a major part in economic development and economic growth in Xiamen. Accordingly, XMG pays close attention to the quality of service to foreign investors and has established a Complaint Center for them.[198] The Center accepts and appropriately handles complaints lodged by foreign-funded companies in Xiamen and provides a guide for foreign-funded enterprises to file complaints in accordance with pertinent laws.[199]

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195 Interview with Xiamen Municipality officials (May 1st and 2nd, 2007).

196 Cardiff of the United Kingdom, Sasebo of Japan, Cebu of the Philippines, Baltimore of the United States, Wellington of New Zealand, Pinang City (George Town) of Malaysia, Maroochydore of Australia, Kaunas of Lithuania, Guadalajara of Mexico, Zoetermeer City of the Netherlands, and Surabaya City of Indonesia. Its Chinese twin cities listed are: Handan, Anshan, Putuo District, Jian Region, Zibo, Hanzhong Region, Anyang, Fushun, Jilin, Qingdao, Dangdao, Harbing, Nanjing, Xienyang, Longyan Region, Sanming, Qanzhou District, Baoding, Taiyuan, Weifang, Pingdinshan, Yingtan, Wuhu, Jixi, Changsha, Shaoshan, Anqing, Dalian, and Wenzhou. See Xiamen Municipal Government (2006h).

197 Interview with Xiamen Municipality officials (May 1st and 2nd, 2007).

198 Xiamen Municipal Government (2006e).

199 Ibid.

## IV. The Republic of Korea: Case Studies

### a. Governance Context

While the Korean government has made a great deal of progress on government effectiveness through reforms and innovations,[200] Korea faces ongoing challenges related to decentralization and improving transparency. According to the Corruption Perceptions Index based on surveys conducted in 2006, Korea was ranked at 42 among 133 countries.[201] How effectively central and local governments in Korea deal with corruption could be a critical factor that affects not only their efforts to build democratic governance but also to restore the public's trust in government. A recent study on social capital and public trust in social and political institutions in Korea[202] and data from several international and national surveys conducted between 1981 and 2001 indicated decreased trust in the Korean government.[203]

On the other hand, the number of NGOs in Korea has increased over the past decade. In 2005, Korea had more than 20,000 NGOs. [204] As society has matured and diversified since authoritarian rule was demolished in 1987, NGOs have expanded in terms of the number of organizations and members, and the volume of activities they conduct.[205] Furthermore, the NGOs have been proactively participating in administrative affairs, judicial reforms, and legislative processes through formal channels such as audit requests, appeals, public hearings, and committee members. [206] The 2007 Local Autonomy White Paper also indicates that approximately 14 percent of Koreans got involved in their communities as volunteers in 1999, but volunteerism has increased to 16.3 percent in 2002 and to 20.5 percent in 2005.[207]

*Economic Development and Decentralization.* One of many benefits resulting from the development of a democratic political system in Korea is the reinstitution of local governments to expand local autonomy, regional economic development, and democratic structures. In 1988, the National Assembly broke with the political tradition of centralized authority by passing the Korean Self-Governance Act, which encouraged local governance and decentralization.[208] Elections for local legislative council seats began in 1991; elections for city mayors and provincial governors began in 1995.[209] The focus of government reforms in Korea has also emphasized building decentralized central-local relationships and strengthening the rule of law and management systems for transparent governance. With regard to decentralization, government reform strategies have highlighted decentralized administrative

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200 World Bank (2007).

201 Transparency International (2007).

202 Korea Development Institute (2006).

203 Ibid. The number of voters who participated in presidential, parliamentary, and local elections has gradually decreased. See Kim (2005).

204 Transparency International (2006b).

205 It was 3,900 in 1997, 7,600 in 2000, and 23,017 in 2005 according to the 2006 Encyclopedia of Korean Associations [recite from Kim (2005)]. On the other hand, the number of NGOs registered with the central government or local governments has also increased (e.g., 5,800 in 2005) [recite from Transparency International (2006)].

206 Transparency International (2006b).

207 Ministry of Government Administration and Home Affairs (2007a).

208 See Kim (2002, pp. 11-26); Lee (2002, pp. 27-54).

209 Prior to 1995, mayors, provincial governors, and other local officials were all appointed by the central government, as were top-level bureaucrats. Under that system, local administrators consistently failed to act in the best interest of local residents.

functions and balanced national development.[210] The major functions of local government in Korea include public welfare, economic and agricultural development, provision of public education, sports, culture, and art, and fire prevention. Decentralization allows local governments to gain more authority to perform their work. For example, since 1999 the Korean government has identified 5,622 central functions that should be performed by local governments, and actually transferred 1,087 of these functions to local governments.[211] In order to implement these functions effectively, local government leaders need to figure out how to strengthen financial autonomy in local governments. Accordingly, the Self-Governance statute established in South Korea has provided a challenging opportunity for building local governance while promoting regional economic growth, finance management capacity, responsiveness, transparency, and accountability to local residents.

In order to overcome a financial crisis in the late 1990s, the Korean government implemented market-oriented reforms such as deregulation and privatization. As a result, this preferred business environment (e.g., deregulation) has facilitated the growth of the private sector in terms of competitiveness and resources. For example, the rank of its regulatory business environment has increased to 23rd in 2005 and 8th in 2007,[212] and the expanding private sector has been contributing to economic growth.[213] The increased competitiveness and resources of the private sector has provided more and better opportunities for the government to collaborate with private firms. According to a 2006 report on the Global Competitiveness Index (GCI), however, Korea faces a number of weaknesses in both public and private institutions, including transparency and openness, the impartiality of public sector officials in their dealings with the business community and levels of corruption.[214]

*Government Reforms and Transparency.* Since the Asian Financial Crisis in 1997, transparent government has been one of the targets of government reform in Korea. The reforms have focused on promoting openness, participation and integrity through the institutionalization of transparent government. For example, since 1996, the Korean government has enacted the Disclosure of Information by Public Agencies Act to ensure citizens' rights to know about government activities and to foster the transparency of government operations by forcing public institutions to disclose their information.[215] In 2004, this Act was amended to advance the transparency of government by requiring public institutions to develop clear rules regarding information disclosure, and to put public information on their websites.[216] In order to expand citizen participation in the protection of citizens' rights, the Korean government created the Ombudsman of Korea in 1994 and

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210 According to the Constitution, local governments in Korea are authorized to establish their own rules and regulations in order to perform both original functions that are inherently local in nature, and functions delegated by the central government. Specifically, local governments are supposed to manage public facilities and properties, to collect local taxes and fines, and to provide services and goods (e.g., public health services) to local residents. See Article 117 of the Constitution of the Republic of Korea (1987).

211 Ministry of Government Administration and Home Affairs (2007a).

212 World Economic Forum (2006).

213 For example, some industries such as the electrical and electronic equipment sector occupies the largest portion in the domestic economy, accounting for 26.5 per cent of the total market capitalization, while the financial sector ranks second with a 20 percent. See Korea Development Institute (2006).

214 World Economic Forum (2006).

215 Ministry of Government Administration and Home Affairs (2005).

216 The 150,582 requests for disclosure of government information received in 2006 were 74.9 percent more than the 86,086 requests received in 2001. See Transparency International (2006b) and Ministry of Government Administration and Home Affairs (2007a).

strengthened it by enacting the Ombudsman Act of 2005.[217] In particular, this law has laid legal foundations to establish regional ombudsmen to improve transparency and accountability at the local government administrative level through more timely settlement of local complaints.[218]

To promote transparency and accountability, the Korean government enacted an administrative procedure act, called the "Basic Act on Administrative Regulations" in 1997.[219] The Korean government's commitment to prevent corruption and ensure transparency is demonstrated by the establishment of a national-level anti-corruption agency in 2002, called the Korea Independent Commission Against Corruption (KICAC), based on the Anti-corruption Act of 2002.[220] The KICAC is not only evaluating the levels of integrity and anti-corruption practices of public sector organizations and publicizing the results, but also promoting public-private partnership against corruption through anti-corruption network with civic groups.[221] National Integrity Systems on Korea published by TI indicates that civil efforts and NGO anti-corruption initiatives led to the establishment of the Anti-Corruption Act 2002.[222] In addition to the implementation of rules, the Korean government has established internal and external auditing systems, including the Board of Audit and Inspection, the Regulation on Public Administrative Audit and Inspection, the Standard for Public Audit and Inspection, and National Assembly inspections and hearings.[223]

Since the Civil Service Commission was created in 1999, HRM reforms have also been undertaken to enhance transparency. In particular, recruitment systems have been reformed so that civil servant position openings are being filled by an influx of experts and minorities such as women and people with disabilities.[224] Additionally, the openness of HRM systems has been facilitated by civil servant exchange programs through which central civil servants are provided opportunities to better understand local contexts while local employees are given better chances to collaborate with central employees to find appropriate solutions for their local needs.[225] HRM reforms have been accelerated by the adoption of the "total-labor-cost systems," rather than "total-number-of-employees systems."[226] The purpose of the total-labor-cost systems is to allow more flexible management of organizations and human resources within both central agencies and local governments. For example, the total-labor-cost system allows government organizations to increase the number of civil servants by a maximum 3 percent, and to manage performance-based monetary reward systems more flexibly.[227] Beginning in 2007, total-labor-cost systems have been applied to local governments as well.[228]

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217 Ombudsman refers to "an official, usually (but not always) appointed by the government or by parliament, who is charged with representing the interests of the public by investigating and addressing complaints reported by individual citizens" (Wikipedia 2007c).

218 The Ombudsman of Korea (2006).

219 Rhee (2007).

220 Transparency International (2006b).

221 Ibid.

222 Ibid.

223 Ibid.

224 Kim (2004) and Ministry of Government Administration and Home Affairs (2007a).

225 Ministry of Government Administration and Home Affairs (2007a).

226 Ibid.

227 Ibid.

228 Ibid.

In recent years, the Korean government has put more emphasis on citizen participation in policy decision-making, implementation, and assessment. For instance, the Korean government has utilized advanced electronic participation (e-participation) systems to promote citizen participation in decision-making.[229] Also, innovative evaluation systems such as the so-called "360-degree policy evaluations" and "citizen evaluation corps" have been adopted to facilitate citizen participation in policy evaluation processes.[230] Furthermore, the Korean government has established various performance management systems such as Performance Agreement Systems and the Balanced Scorecard (BSC) system.[231]

Regarding anti-corruption activities, NGOs have been engaging in monitoring administrative affairs such as the budget, political processes such as the National Assembly, and even election processes through measures such as announcing candidates who are on the blacklist for corruption.[232] For example, the Citizen Action Network has committed to monitoring public sector budget processes and has emphasized public rights to access decision-making systems.[233] To facilitate the engagement of NGOs in government activities, the Korean government enacted the NGO Support Act in 2000.[234] This Act allows NGOs to participate in government-initiated projects through open-bid contract outsourcing. Recently, the Korean government has run evaluation systems for government-funded projects to enhance the transparency of NGOs.[235] Finally, a collaborate initiative by the government, private corporations, and public-private partnership, called the Korea Pact on Anti-Corruption and Transparency, was formed in 2005 to enhance ethics and integrity in civil society.[236] Also, the Korean government has set up rules (e.g., the Act on the Guarantee of the Freedom and Function of the Press, and the Broadcasting Act), including ethics code and standards of professional behavior, for oversight media.[237]

### b. Case Report: Bucheon Municipal Government

**Context**

Bucheon is one of the industrial cities located in the southwest area of the Gyung-gi province in Korea. The jurisdiction size is 53.44 $km^2$ and as of 2006, the population in this area is 859,000.[238] One of characteristics of the community environment in Bucheon is that there are

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229 Ibid.

230 Ibid.

231 As of 2007, 24 central agencies (e.g., Ministry of Finance and Economy) have introduced and implemented the PAS, and 4 agencies (e.g., Ministry of Government Administration and Home Affairs) have adopted the BSC [Ministry of Government Administration and Home Affairs (2007)]. The Performance Agreement System encourages signing of contracts between senior managers and lower level managers regarding a shared agreement on individual performance objectives [Ministry of Government Administration and Home Affairs (2005)]. The BSC system refers to "a management system that enables organizations to clarify their vision and strategy and translate them into action. It provides feedback around both the internal business processes and external outcomes in order to continuously improve strategic performance and results." See Averson (1998).

232 Transparency International (2006b).

233 Ibid.

234 Ministry of Government Administration and Home Affairs (2007a).

235 Ibid.

236 Transparency International (2006b).

237 Ibid.

238 61.7 percent of the population is in their thirties or younger and 42 percent of it has at least one university degree [see Gyunggi Province Government. (2006) and Bucheon City Government (2006 a)].

many foreign workers. As of May, 2004, 11,678 foreign workers (mostly from developing countries such as Vietnam, Thailand, Mongolia, and the Philippines) with a legal status were registered at the local labor agency in Bucheon.[239] According to a survey conducted in 2007, 12,300 foreigners live within the Bucheon jurisdiction.[240] There are two local newspapers in Bucheon, including *Bucheon News* and *Bucheon Herald News*.[241] As of the third quarter 2007, 1,108 NGOs are formally registered with the Gyunggi provincial government, and of that 55 NGOs are located in Bucheon.[242] As of 2005, 39,375 local residents (4.4 percent) have been registered in the volunteer list.[243]

*Political Environment.* The Buchoen City Government (BCG) in Gyunggi Province is an autonomous local government. The Mayor of the BCG has been elected since 1995 and the current Mayor, Gun Pyo Hong, was elected in 2004. The Bucheon City Council members have been also elected since 1992. Currently, it is composed of 34 representatives. Although political autonomy has been in place since 1992, the BCG, like other local governments in Korea, depends on the central government agencies and the Gyunggi Province government for decisions and funding for their roles and functions, organizational structure, personnel and budgets. For example, BCG depended on the central government for more than 25 percent of its budget in 2005, which means that the level of financial autonomy for BCG is 64.4 percent.[244] As of 2006, 2,100 full-time civil servants are working at seven bureaus and 35 departments in the BCG.[245] The Auditing Department under the Vice Mayor is responsible for the monitoring of professionalism and ethics of civil servants, and is composed of 14 officials. [246] BCG has provided offline and online media services to inform citizens about government news. Offline media outlets include the BCG Newsletters and the *Bok-Sa-Gol[247] News*, while online media consist of webzines, internet broadcasting, and blogs.[248]

*Economic Environment.* The major industry of Buechon is manufacturing. There are 3,831 manufacturing companies (totaling 64,649 employees), which is the largest small manufacturing industry in Korea. In particular, Bucheon is called "Die and Mold Industry Valley" because 25 percent of the die and mold manufacturing companies in Korea are located in Bucheon. [249] In addition, 15 research and development (R&D) institutions, including government-funded research institutions and universities, are located in the "Bucheon Techno Park." Therefore, BCG has paid special attention to both industries in order to support small and medium-sized firms, to leverage the local economy, and to promote the image of an advanced industrial city. Moreover, approximately 1,500 firms in Bucheon are doing business

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239 There might be approximately 20,000 foreign workers, given that it is difficult to identify the exact number of foreign workers with an illegal status. See Bucheon Municipal Government (2006a).

240 This is the 10th largest number of foreigners among local governments in Korea. See Ministry of Government Administration and Home Affairs (2007a).

241 There are three Internet newspapers in the city: *The Buchoen* (http://www.thebuchoen.com/), *Bucheon Focus* (http://www.focusnews.co.kr/), and *Bucheon Times* (http://www.bucheontimes.com/).

242 Ministry of Government Administration and Home Affairs (2007b).

243 Ibid.

244 See Local Administration Integrated Information Systems (2006).

245 Within the BCG, there are 3 lower levels of autonomous governments, called *Gu*s: Ohjeong, Wonmi and Sosa. Under those district governments, there are 37 administrative branches, called *dong*s, which are not autonomous governments. See Bucheon City Government. (2006a).

246 Bucheon City Government (2006b).

247 Buchoen's nickname

248 Bucheon City Government (2006b).

249 Bucheon City Government (2006a).

with foreign countries in order to export and import products.[250] As of 2004, the amount of money earned from exporting products to foreign countries was 1,732 million dollars, and that for importing goods from foreign countries was 1,075 million dollars.[251]

## Case Analysis

BCG has been building management capacity to enhance transparent local governance by focusing on reforming citizen participation systems, performance management systems, employee ethics, collaboration, volunteerism, and community culture. This report found that the BCG has been developing management capacity by 1) adapting ombudsman systems to facilitate citizen participation; 2) adopting the Balanced Scorecard (BSC) to encourage employee participation and evaluate performance based on clear criteria; 3) adopting the Public Service Charter (PSC) and creating the Yangshim Center to strengthen integrity; 4) building collaborative relationships with external stakeholders such as local NGOs, private companies, and local universities; 5) promoting volunteerism to enhance civic engagement; and 6) building an inclusive and diverse community culture.

**Pioneer of Citizen Ombudsman.** BCG is the first local government in Korea that has established citizen-centered ombudsman systems since 1997.[252] In order to effectively deal with local residents' complaints and concerns, BCG has adapted the Ombudsman Act of 2005 by enacting a local law that permits the appointment of a full-time citizen ombudsman (instead of the part-time and committee-based ombudsman systems) and the composition of and ombudsman advisory group with diverse representatives from members of the local council, civic organizations, and professionals.[253] The full-time citizen ombudsman has made a full commitment to argue for local residents' rights, and the involvement of diverse members in the advisory committee may reflect better opportunities for citizens to participate in local affairs.[254] Also, BCG has established the "Ombudsman Office" under the vice mayor, and allocated human and financial resources in order to support citizen-ombudsman systems effectively.[255] Furthermore, since 2000, BCG has provided online ombudsman services so that citizens can easily access information about the ombudsman systems, convey their concerns and complaints, and check the status of their complaints.[256] As a result of BCG's long-term commitment to its citizen-centered ombudsman systems, BCG received the 3rd Ombudsman Award from the Prime Minister in 2006.[257]

**Performance Management System.** BCG is also the first local government in Korea that has adopted the Balanced Scorecard (BSC) system since the end of 2006.[258] The adoption of BSC has improved the openness of local governance and increased citizens' trust toward the performance of BCG because BCG has developed its BSC indicators based on both employee

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250 Ibid.

251 Ibid.

252 Interviews conducted in the BCG (June 4, 2007). See also Bucheon City Government. (2006a) and Bucheon City Government. (2006b).

253 Bucheon City Government (2006b).

254 Interviews conducted in the BCG (June 4,2007).

255 Ibid.

256 Bucheon City Government (2006a).

257 Bucheon City Government (2006b, p. 268).

258 Bucheon City Government (2006c).

and citizen surveys, and the results of government-wide and department-wide BSC evaluation have been regularly disclosed to the citizens.[259] As a result, the BSC of BCG has been benchmarked by other local governments in Korea.[260] The success of the BSC has been influenced by such components of management capacity as active employee and citizen participation in developing the BSC indicators, collaboration with local council members to gain political and financial support, and strong executive and senior civil servants' leadership and commitment to the implementation of the BSC.[261]

**Public Service Charter (PSC) and Yang-Shim Center**. BCG adopted the PSC and has developed 65 PSCs (36 in city governments and 19 in district governments) since 1999.[262]  In the PSC, the goals, missions, and evaluation criteria of government services, the time frame for each service, and the government officer who is in charge of each specific service are clearly indicated.[263] Therefore, it has served as a means of strengthening professionalism and curbing corruption by civil servants as well as enhancing performance evaluation systems.[264]  BCG has been recognized as an "Excellent City Government" by the central government each year since 2002 for its success implementing the PSC.[265] Another effort to resolve corruption concerns is the Yang-Shim[266] Center. Since 2002, BCG's civil servants who unwillingly receive a bribe can have their penalties waived once they return the bribe to the briber through this center.[267] The Yang-Shim Center reflects a management capacity for building locally initiated programs to reduce corruption by civil servants and to increase public awareness of BCG's anti-corruption efforts.[268]

**Collaboration and Building Networks.** In order to facilitate citizen participation and openness, BCG has collaborated with local NGOs who provide social services and healthcare services to the community.[269] Specifically, BCG has provided local NGOs with financial support through contracting out to them, and has supported technological resources for NGOs to build their websites.[270] Based on such collaborative experience, BCG has developed its management capacity to initiate network building with external stakeholders to address community issues such as the environment and local development. For example, in 2000 BCG created the association of stakeholders concerned about the environment, called the Purun Buchoen 21, which is composed of local NGOs, unions, business leaders, ordinary citizens, and scholars in local universities.[271] The Purun Buchoen 21 has played a crucial role in designing a vision, setting goals, developing indicators, planning action strategies to make the local environment better, and providing environmental education and training programs to citizens.[272] The participation of stakeholders in local governance has been further promoted by

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259 Bucheon City Government (2006a).

260 Bucheon City Government (2006c).

261 Lee (2006).

262 Bucheon City Government (2006c).

263 Bucheon City Government (2006a).

264 Ibid.

265 Bucheon City Government (2006d).

266 "Yang-Shim" translates to "Conscience,,

267 Bucheon City Government (2006d).

268 Interviews conducted in the BCG (June 4th, 2007).

269 Ibid.

270 Interviews conducted in the BCG (June 4th, 2007); See also Bucheon City Government (2006a).

271 Ibid.

272 Ibid.

the enhanced collaborative capacity of BCG. For instance, BCG has successfully collaborated with local universities, research institutions, and private firms to develop the Buchoen Techno Park; to jointly invest R&D in this large complex; to provide technical and consulting services and cheap manufacturing space to medium and small firms, especially the die and mold industry; and to promote the local economy.[273]

**Promoting Volunteerism.** To enhance openness, BCG has promoted volunteerism by creating a culture of community ownership and by strengthening citizen participation through expanded communication channels.[274] Local citizens in Bucheon have been voluntarily involved in various social and cultural activities in the community, and the number of volunteers increased from 14,768 in 2004 to 43,269 in 2005.[275] This study found that the promotion of volunteerism has been driven by the various incentive programs of BCG. For example, since 2005, BCG has implemented the "volunteer mileage" program[276] to provide financial benefits to volunteers, and has also offered healthcare benefits to volunteers.[277] Volunteer mileage and healthcare benefits have provided more and better opportunities for BCG to encourage citizen participation in matters of concern to the community. Furthermore, BCG has rewarded excellent volunteers and supported volunteer recognition programs in order to promote the value of volunteerism, share it with other community members, and encourage local citizens to build a culture of community ownership.[278]

**Toward Openness and Diversity.** In response to the influx of foreign immigrants in the small and medium manufacturing companies of the Bucheon community, BCG has offered foreign immigrants free medical services since 2003, and has developed a formal mentoring program between BCG's civil servants and foreign immigrants since 2004.[279] In addition, through collaboration with local NGOs such as the Bucheon Migration Worker House, BCG has provided free computers, language training programs, and counseling services to foreign immigrants since 2003; and has sponsored multi-cultural events such as the Multiculture Festival since 2000 and the Mini Work Cup since 2005.[280] BCG's enduring efforts to encourage the local citizens and the immigrants to participate in various community activities and understand each others' cultures indicate the management's capacity for creating a community culture of inclusiveness and embracing diverse groups.

**Building International Networks.** BCG has initiated the building of networks with cities as a set of "sister cities" around the world, including Kawasaki and Okayama of Japan, Haulbin and Weehae of China, and Havarovski of Russia.[281] BCG's international network strategies focus on the exchange of private firms with those of these sister cities to boost the local economy. For example, the International Relations (IR) team of BCG has arranged local business leaders

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273 Interviews conducted in the BCG (June 4th, 2007).

274 Interviews conducted in the BCG (June 4th, 2007).

275 Bucheon City Government (2006c).

276 Using volunteer mileage (300 KRW per hour), volunteers can receive 10 to 30 percent discounted prices at 148 public facilities such as public parking lots, and private businesses such as pharmacies and restaurants.

277 As of 2005, 6,583 volunteers were insured for healthcare. See Bucheon City Government (2006a).

278 As of 2005, 41 volunteers received excellent volunteer awards, and 4,768,000 KRW were spent to support excellent volunteer programs. See Bucheon City Government (2006a).

279 See Bucheon City Government (2006c, p. 46). By 2006, 25 employees in the BCG and 10 foreign immigrants have been involved in this mentoring program.

280 Ibid.

281 Interviews conducted in the BCG (June 4th , 2007). See also Bucheon City Government (2006a).

to hold exhibitions in the sister cities.[282] International network strategies have shifted to exchange ordinary people with the sister cities.[283] The IR team has also coordinated the exchange of ordinary people to visit educational institutions and to participate in local festivals and sports events in the sister cities.[284] As a coordinator, BCG has provided business firms and ordinary citizens with reliable local information about the sister cities. In addition, since 2002, BCG has participated in government officials exchange programs with Kawaski city and Okayama city of Japan and Weehae city of China.[285] The interviewees in the IR team indicated that as a result, in addition to fostering economic opportunities, the sister city networks and exchange programs have increased participants' abilities to understand diverse cultures. IR team interviewees also suggested that these networks might have helped to build shared social norms regarding community cultural diversity and global concerns such as environmental issues.[286]

## c. Case Report: Paju City Government

### Context

As the closest city to North Korea, the Paju area is a city-agricultural complex located to the northeast of Seoul. At the end of 2006, the population in this area was 302,275,.[287] As of 2006, 92.7 percent of the Paju area is considered a "Protection Area for Military Facilities,"[288] which means that commercial operations such as manufacturing are limited throughout most of the city.[289] Within the Paju area, the local news media includes the *Paju News* and *Paju Times*. As of the third quarter 2007, 17 NGOs in Paju are registered in the Gyunggi province government.[290] As of 2006, 25,858 residents are registered in the volunteer list.[291] The volunteer activities are various, including social services, healthcare services, community services, public services, and emergency services.[292]

*Political Environment*: The Paju City Government (PCG) is an autonomous local government located in Gyunggi Province. The mayor has been elected since 1995 and the current mayor has been serving since 2004.[293] The members of the Paju City Council have been elected since 1992. Now, there are 17 representatives in the PCC, and they are serving a four-year term.[294] The level of financial autonomy for PCG was 40.7 percent in 2005, which means that PCG depends on the central government for approximately 60 percent of its budget.[295] The number

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282 Interviews conducted in the BCG (June 4th, 2007).

283 Ibid.

284 Ibid.

285 Interviews conducted in the BCG (June 4th, 2007). See Bucheon City Government (2006a).

286 Ibid.

287 Paju City Government (2006).

288 Ibid.

289 Due to its geographical characteristics, there are approximately 50,000 soldiers in this area. See Paju City Government (2006).

290 Ministry of Government Administration and Home Affairs (2007b).

291 Paju City Government (2007a).

292 Ibid.

293 Former Paju Mayor Joon-Won Lee committed suicide in 2004. At that time, he was under investigation by the Prosecutors Office for a bribery case in PCG. See http://www.chosun.com/w21data/html/news/200406/200406040245.html.

294 Paju City Government (2007a).

295 See Local Administration Integrated Information Systems (2006).

of full-time government officials is 1,060, and there are five bureaus and 24 departments.[296] The Auditing Department operates under the vice mayor in order to monitor and evaluate the professionalism and integrity of civil servants in PCG. There are 12 officials working at the Audit Team and the Investigation Team.[297] One of these civil servants is in charge of civil complaints.[298] PCG has provided offline media services including the *Paju City Government News* and online media services such as *Paju Tong Tong News*, Cyber Public Relations, Thursday Seminar (called Kay Beok Seminar), and internet blogs through the BCG websites.[299]

*Economic Environment.* As of 2006, 68,450 people work at 14,027 private companies within the Paju jurisdiction, and there are 2,369 manufacturing companies with 30,288 employees, which is the largest portion of industry in this area.[300] In particular, Paju is the place where the largest Liquid Crystal Display (LCD) cluster in the world is located (including the LG-Phillips LCD factory), and huge investment has been made. For example, since 2004, the LG-Phillips LCD corporation has invested approximately 5,540 million dollars in this area including into its manufacturing factory.[301] Also, cooperative industries such as LG chemical are supposed to move into Paju by 2012. Once those industries move in, PCG expects the LG cluster to employ more than 42,000 employees, and spend 100 million dollars on local business taxes.[302]


**Case analysis**

Under the current Mayor Haw-Seon Yoo's leadership, PCG has reformed local government structure, service-delivery systems, and performance reward system toward to enhance government performance, accountability and transparency. Volunteerism is emphasized for local community building, and collaborative governance is developed for local economic development. This report found that specific contributions to management capacity building have included 1) innovative civil application procedures through interagency coordination; 2) innovative HR management; 3) strong leadership and vision for transparency; 4) citizen-centered structural changes; 5) effective management of volunteer programs; 6) citizen participation and civic education; and 7) collaborative governance.

**Interagency Coordination for Civil Application Procedures.** "Faster and Better Civil Application Services" has been one of the managerial reform agendas of the current mayor of PCG since he was elected in 2004.[303] The primary motivation for civil applications reform was to promote the integrity of civil servants, as well as to enhance the quality of services. Reforming civil application procedures has served as a mechanism to curb potential corruption opportunities.[304] The interview data shows that since multiple agencies are involved in most

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296 Ibid. The PCG includes five *Eups*, nine *Myeons* and two *Dongs* which are not autonomous governments, but serve as field offices for handling the needs of local residents.

297 See Local Administration Integrated Information Systems (2006).

298 Paju City Government. (2006).

299 Interviews conducted in the PCG (June 13th, 2007).

300 Paju City Government (2006).

301 Ibid.

302 Ibid.

303 Interviews conducted in the PCG (June 13, 2007).

304 Ibid.

civil applications, interagency collaboration has led to successful reform.[305] PCG has arranged regular interagency meetings in the early mornings, where PCG's civil servants from relevant departments and representatives from external stakeholders such as military organizations coordinate complicated civil application processes through joint decision making. [306] As a result, PCG reports that the speed of civil application processes, on average, has been increased by 60 percent and there has been no corruption regarding civil applications since 2004. [307] Moreover, PCG has received the "2006 National Government Reform Award" from the President of Korea.[308]

**Innovative HR management.** In order to enhance professionalism and competency of employees, PCG has reformed HRM by adopting both performance-based reward systems and merit-based promotion systems.[309] The performance-based reward systems have been adopted to recognize and financially reward high-performing civil servants. [310] For example, 10 excellent civil servants in PCG are selected every month and rewarded with additional one-month basic salary. In order to ensure the objectivity of nomination and selection procedures, PCG has established two selection committees, including a job evaluation committee composed of team leaders and a civil servant assessment committee composed of bureau directors. [311] PCG has also adopted merit-based promotion systems to enhance employees' professionalism and competency.[312] Furthermore, under the mayor's leadership, PCG has accelerated diversity management by providing executive training programs for almost forty percent of female civil servants.[313] Female civil servants have also been assigned to team leadership positions in urban planning departments (e.g., construction department and civil engineering department) to develop their skills and knowledge in various functions of local government.[314] In order for PCG's civil servants to share information and knowledge about innovative management systems in other countries, PCG has implemented civil servants exchange programs with sister cities such as Jinzhou city of China since 2003, and Toowoomba city of Australia since 2006.[315]

**Leadership Vision for Transparency**. This report found that the mayor's leadership and vision has played a crucial role in building management capacity associated with transparent local governance.[316] Since 2004, the mayor has emphasized three reform agendas: "Clean and Transparent Administration," "Ethical Public Administration," and "Rational Administration." The ideas behind these reform agendas appear to stem from his career experiences: as a journalist and a successful corporate employee for more than 30 years, he learned how organizations can survive and be successful in a competitive environment. [317] In order to implement his reform agenda, he has continually delivered his vision of transparency to civil

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305 Interviews conducted in the PCG (June 13, 2007)

306 Interviews conducted in the PCG (June 13, 2007)

307 Paju City Government (2006).

308 Ibid.

309 Ibid.

310 Interviews conducted in the PCG (June 13, 2007)

311 Interviews conducted in the PCG (June 13, 2007)

312 Ibid.

313 See Paju City Government (2006).

314 Interviews conducted in the PCG (June 13, 2007)

315 Paju City Government (2007b).

316 Interviews conducted in the PCG (June 13th, 2007).

317 Paju City Government (2006).

servants through a daily memo, weekly meetings, and regular lectures. Through these channels, he emphasizes openness and integrity as crucial competence factors that lead to transparence in local governance.[318] Additionally, the mayor has adopted innovative programs to highlight the integrity of civil servants. For example, the mayor has adopted a "Clean Pledge" to remind public servants of the importance of integrity in their offices.[319] PCG's civil servants are required to confirm five items (e.g., "I work for citizens based on fairness") of the Clean Pledge checklist whenever they log in to their computers and access the information systems.[320] The mayor has moreover publicized successful transparency reforms through the national media and lectures at other cities and central agencies;[321] and he has informed the local public about his reform agenda by sharing elements of his agenda (such as "Clean and Transparent Administration") and discussing transparency-building initiatives during civic education programs such as the Kae Byuk Seminar every Thursday morning.[322]

**Citizen-Centered Structural Reforms**. To respond to the need for transparent administration and citizen participation, PCG began launching citizen-centered structural reforms at the end of 2006.[323] For example, the Citizen Complaints Team (CCT) was created under the mayor after the current mayor was reelected in 2006.[324] The CCT has been responsible for the "Plus Call Service" and "My Civil Applications" services that allow citizens to check the status of their civil applications, either online or offline, in order to make civil application processes transparent. Also, PCG has empowered lower-level civil servants to make responsible decisions with regard to the civil application services. As a result, for example, the amount of paperwork to be approved by the front-line employees who are directly in charge of civil applications has increased from 194 to 292 documents (a 50 percent increase).[325] This empowerment has enhanced front end employees' competency and professionalism. Moreover, PCG has regularly conducted citizen satisfaction surveys on civil application in order to include citizens' input in evaluation systems.[326]

**Innovative Volunteer Programs**. Citizen participation has been further facilitated by the PCG's volunteer programs such as "Clean Paju," "Workshop for Volunteerism Facilitation," "Paju Love Clean Day," "Helper for Civil Application Services," and "Excellent Volunteers." initiatives.[327] Volunteers in Paju have participated in various local activities including cleaning the community, local festivals, emergency and government operations, social and healthcare services, and emergency response in other Korean cities.[328] What factors have facilitated local volunteerism in Paju? This report found that PCG has designed innovative programs for volunteers, implemented the programs through well-structured institutional arrangements, and

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318 Interviews conducted in the PCG (June 13th, 2007).

319 Ibid.

320 Ibid.

321 Ibid.

322 In addition, the mayor has offered the new vision of Paju called "Good and Great Paju" in order to seek a positive identity for Paju and improve its image, and has created new government slogans such as "Change and Competition" and "Paju Kae-Byuk." Interviews conducted in the PCG (June 13, 2007).

323 Interview conducted in the PCG (June 13th, 2007).

324 Ibid.

325 Before the empowerment, there were 170 kinds of paperwork to be approved by the mayor. The number of documents has been reduced to 43 (a 75% decrease). Therefore, the number of documents to be approved by the vice mayor, bureau directors, and department managers has increased by 44%, 14% and 7% respectively. See Paju City Government (2006).

326 Interview conducted in the PCG (June 13th, 2007).

327 Paju City Government (2006).

328 Interview conducted in the PCG (June 13th, 2007).

effectively managed the programs through collaborations with local volunteer groups.  In order to encourage volunteerism, PCG has created a Volunteer Center (VC) and supported it by allocating an annual budget (364.97 million KRW in 2006) and staff (five full-time employees and one part-time employee in 2006) for its operations.[329]  The primary mission of the VC is to implement the strategic plan of volunteer programs and coordinate with other departments related to volunteer programs.  The VC has also collaborated with a citizen-initiated group of volunteers, called the Association of Volunteers (AV), which is composed of 37 groups (4,313 volunteers as of 2006).[330]  In order to provide policy suggestions and advice to the mayor, PCG has established the Volunteer Development Committee (VDC). [331] Furthermore, to build capacity and increase motivation among volunteers, PCG has provided various training programs such as the Workshop for Volunteerism Facilitation, and volunteer incentive programs such as the Excellent Volunteers.[332]

**Citizen Participation and Civic Education**. PCG has adopted the "One Day Mayor" program in which ordinary citizens are appointed as an honorable "One Day Mayor"[333] to emphasize the value of public service and to encourage citizen participation. Through the recognition of ordinary but important citizens, PCG has encouraged residents to get proactively involved in local activities and to enhance their commitment to their communities.  For example, PCG has established Citizen Evaluation Teams comprised of local residents and non-local experts to assess the performance of the Clean Paju initiative, which is focused on implementing urban planning projects.[334] Local resident participation serves as a channel for citizens' voices and, in turn, fosters citizen-centered work and builds residents' trust in the local government. Moreover, PCG has used online bulletin boards to encourage citizen participation in topical surveys, solicit suggestions about government activities, and monitor concerns related to any public issues.[335] PCG provides regular civic education programs for local residents in areas such as civic responsibility, local autonomy law and policy, human capital development, women's issues, business, and economics.[336] In order to improve citizens' usage of online services, increase citizen e-participation, and minimize the digital divide between urban and rural areas, PCG has furthermore provided free IT education for citizens. The IT education programs are outsourced, operated, and maintained by private vendors.[337]

**Collaborative Governance toward Economic Development.** PCG was selected as the "Best City for Business" in 2007 by the Korean Journalist Forum.[338] PCG has successfully attracted the LCD industry cluster mentioned above and the second campuses of two universities (Ehwa University and Seogang University).[339] This study found that collaborative governance was the key factor causing Paju to be nationally recognized as a successful business-friendly city. For example, in order to gain permits for LG Phillips to build manufacturing plants in Paju area, the mayor collaborated with external stakeholders such as the Governor of Gyunggi province

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329 Paju City Government (2007a).

330 Ibid.

331 Ibid. The volunteer activities have been coordinated among those three organizations: the VC, the AV, and the VDC.

332 Ibid.

333 Paju City Government (2006).

334 Paju City Government (2006), and interview conducted in the PCG (June 13th, 2007).

335 Paju City Government (2007c).

336 See Paju City Government (2007d).

337 See Paju City Government (2007e).

338 Both campuses will be located there by 2010 and 2009 respectively. See Paju City Government (2007f),

339 Paju City Government (2006).

and central government agencies to persuade the legislature to pass a law relaxing rules restricting the construction and expansion of manufacturing plants in satellite cities around Seoul.[340] The mayor also promised to organize special task forces to support convenient and quick administrative procedures, and to provide the reliable and effective infrastructure necessary for the Paju campus of the Ehwa University.[341] In addition to collaboration with external stakeholders, PCG has closely worked with the Paju City Business Association, which consists of 240 local businesses, to share industry and market information.[342] The PCG has provided business training programs through bimonthly seminars,[343] and has adopted ombudsman systems for business and corporations to proactively create a business-friendly city environment. The ombudsman consists of private sector experts and is responsible for investigating unnecessary administrative regulations governing business activities and for communicating recommendations to PCG.[344]

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340 Interview conducted in the PCG (June 13th, 2007).

341 Interview conducted in the PCG (June 13th, 2007).

342 Ibid.

343 Ibid.

344 See Paju City Government (2006), and interview conducted in the PCG (June 13th, 2007).

## V. Southeast Asia: Local Government Practices for Enhancing Transparency

Building good governance has been considered a driving force for promoting social development, facilitating economic growth, and enhancing transparency. However, most developing countries in Southeast Asia have had difficulty building good governance. For example, according to the 2006 Global Governance Assessment by the World Bank, many countries such as Indonesia, Vietnam, Thailand, Malaysia, and the Philippines received low governance scores in areas including voice and accountability, political stability, regulatory quality, rule of law, and control of corruption.[345] Another challenge confronting those countries is that they have been perceived as less transparent societies. For instance, the 2007 TI Corruption Perceptions Index indicates that Malaysia was ranked at 43rd, Thailand 84th, Vietnam 123rd, Philippines 131st, and Indonesia 143rd among 179 countries around the world.[346]

In order to effectively respond to these challenges, developing countries in Southeast Asia have made considerable efforts to reform their governments by working to improve social conditions, boost economic growth, and enhance the transparency of their societies. For instance, Malaysia considers its less-transparent society to be a significant threat to social development and economic growth. In order to effectively implement anti-corruption policies and programs, Malaysia has recently taken steps to establish anti-corruption agencies such as the Malaysian Institute of Integrity and the Anti-Corruption Agency Academy.[347] Furthermore, a strategic plan for anti-corruption, called the National Integrity Plan, has been designed to articulate the ways by which ethics and integrity can be diffused among people in all sectors.[348] Several scholars note that environmental changes have provided Southeast Asia with opportunities to effectively deal with these challenges. These changes include the evolution of power sharing among public, private, and third-party sectors, the proliferation of collaboration among them, and the increased involvement of international organizations in domestic issues in Southeast Asian countries.[349]

Based on the literature review of local governments and local governance in Southeast Asia, including Indonesia, Malaysia, the Philippines, Thailand, and Vietnam, this section discusses the best practices for building the management capacity of local governments to strengthen transparency. Local governments that have received best-practices awards from international organizations such as the World Bank, UNDP, UN-Habitat, and research institutions such as the Ash Institute for Democratic Governance and Innovation of the John F. Kennedy School of Government in Harvard University have been selected as benchmark cases.

**Performance Management for Integrity**. The Praya-Bunlou local government in Thailand is considered the definitive case for demonstrating the crucial role of performance evaluation systems in institutionalizing organizational structure, decision making processes, and public service delivery rules; promoting the integrity of civil servants; and providing public services

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345 World Bank (2007).

346 Transparency International (2007).

347 Keynote Address by Minister in the Prime Minister's Department of Malaysia at 2007 World Ethics and Transparency Forum. See Dompok (2007).

348 Ibid.

349 Gonzalez, Lauder, and Melles (2000).

to a wider range of residents.[350] Before 2002, residents of Praya-Bunlou were not well informed about the services available and about the performance of these services because local government services were provided only to those who had personal connections to civil servants.[351] In November 2002 the Praya-Bunlou local government launched reform programs under the slogan "Total Quality Management (TQM), Ethics, and Performance Standards."[352] Under this slogan, civil servants were encouraged to help articulate the missions and goals of their organizations and to participate in the design of performance management systems that would help achieve these missions and goals.[353] Additionally, the local government developed an employee ethics code and performance indicators to emphasize the integrity of civil servants and to evaluate the performance of employees. An evaluation process was regularly undertaken to monitor the ethics of civil servants and to improve their performance.[354] This case implies that the performance evaluation systems of the Praya-Bunlou government significantly increased management capacity to provide better services to more residents, and to motivate civil servants to perform their work based on clear performance indicators and ethical codes.

**Citizen Participation.** The case of the Maros District Government (MDG) in Indonesia has been recognized as a best practices case in terms of citizen participation in local government investment planning.[355] With the help of USAID, MDG implemented a program called the Program of Participatory Development (PDPP) through collaboration with a local NGO, ForumWarga. Citizen participation in urban planning processes enabled MDG to accept 67 percent of its total requests,[356] even though urban planning often causes conflicts among interest groups. In spite of the limits to citizen involvement and impact (e.g., the lack of women's participation),[357] this study found that building a systematic participation channel can be instrumental to building the management capacity to enhance openness and to resolving potential conflicts. Through this citizen participation channel, urban planning can be designed and discussed openly because information about planning is shared among participants. In Malaysia, the Penang city government has been regarded as a leading example of innovative participatory governance.[358] Citizen participation is facilitated through a number of forums and councils that the Penang government established for urban planning. Civil society representatives participated in those forums and councils to share their views on local development issues with civil servants in the Penang government.[359]

Khon-Khan municipality in Thailand is also a good example of how local governments build the management capacity to facilitate civic participation in city development planning.[360] Since 1997, Khon-Khan municipality has successfully adopted citizen participation programs such as town hall meetings, and in the past few years, more than 140 representatives of civic communities have participated in these programs.[361] For example, through town hall meetings,

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350 See Krueathep (2004).

351 Ibid.

352 Ibid.

353 Ibid.

354 Ibid.

355 See Nachuk and Hopkins (2006).

356 Ibid.

357 Ibid.

358 See Leng (2002).

359 Ibid.

360 Krueathep (2004).

361 Ibid.

local residents and civil servants shared information about any municipal projects that might have significant impact on the general public and discussed these projects. In particular, local residents used these programs to communicate their preferences before projects were implemented.[362] Citizen participation programs have proven beneficial not only to local policy making and implementation, but also to the enhancement of the openness of Knon-Khan's local governance.

**Collaboration.** Another best practice regarding the importance of a local government's collaborative capacity in transparent local governance can be seen in the "Ha Tien--Habitats--Handbags" project in the Kien Gaing Province in Viet Nam.[363] This project received a World Bank Development Marketplace Award in 2003. Initiated by a local community the project worked to protect the Phu My wetland and improve the lives of residents whose livelihoods depended upon harvesting natural resources from the wetland.[364] In this project, the Kien Gaing Municipal Government (KGMG) played a key role in setting the rules governing the project and in making institutional arrangements. KGMG approved the project, established new regulations on the land, supported financial resources, and joined a steering committee composed of project partners including governmental agencies, local community organizations of the Kien Giang Province and Phu My Village, donors, and academic institutions.[365] This case demonstrates the role a local government can play as a facilitator that promotes the participation of local stakeholders, mobilizes local knowledge, and, in turn, accomplishes collaborative project goals. Additionally, KGMG monitored the progress of the wetlands project by closely working with various stakeholders such as community organizations (e.g., Buddhist pagodas), universities (e.g., Ho Chi Minh City National University), and international NGOs (e.g., World Bank). [366]

**Transparency in Budgetary Processes.** Bandung city, Indonesia has been recognized for its enhanced transparency in budgetary processes.[367] Since 2002, a local NGO, called the Bandung Institute of Governance Studies (BIGS), has played a crucial role in making the Bandung Municipal Government (BMG) transparent in budgetary processes. [368] The BIGS disseminated city budget information, including the budget allocations and information about the names and phone numbers of higher-level of civil servants, to citizens, politicians, NGOs, the media, and students.[369] Furthermore, BIGS trained recipients to understand budget information. As a result, the city parliament has been empowered to effectively check on the administrative body of BMG, and the citizens have been made aware of the importance of the budget and the need for budget transparency.[370] In particular, the budget information that the BIGS disseminated has been used by BMG to promote transparency in its budget processes and to effectively manage its budget. [371] This case indicates that the local government has learned to utilize budgetary information for monitoring budgeting processes and analyzing budget information,

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362 Ibid.

363 Best Practices and Local Leadership Programme (2006).

364 United Nations Habitat (2006b).

365 Ibid.

366 Ibid. The E-governance initiation by the Naga municipal government (NMG) in the Philippines is another excellent practice showing how local governments and collaborative leadership in local governance can promote transparency and participation in local governance. See Rodriguez (2003).

367 See Kuznezov (2005).

368 Ibid**.** The Ford Foundation awarded a grant to support  the BIGS's programs for enhancing budget transparency.

369 Ibid.

370 Ibid.

371 Ibid.

and to build internal management capacities to enhance transparency in budgetary processes through collaboration with a local NGO.

**Leadership**. A distinctive example of the role of leadership in enhancing transparency in local governments, in particular relative to service delivery systems, is that of the Boalemo district, Indonesia.[372] Since 2002, the leader, called the *Bupati,* of Boalemo district government in Indonesia has launched civil service reforms including a district regulation on transparency, the introduction of competitive bidding for procurement, and the introduction of a new system of salaries for civil servants.[373] One of the key success factors in enhancing transparency is the *Bupati's* commitment to transparency. In order to promote transparency, the leader opened his home to the public, invited them to voice their complaints, and later disclosed his own and his secretaries' mobile phone numbers.[374] Also, after the enactment of the Transparency of Public Service in Governance law in 2004 required public agencies to disclose information to the public, the leader strongly encouraged civil servants at higher levels to disclose their salaries, and encouraged each department to provide information about its progress in achieving the goals of programs.[375] In addition to openness, the *Bupati* adopted innovative programs to reduce corruption during the procurement processes. For instance, he has introduced competitive procurement and has created two teams in charge of validating bidding information such as bidders' technical documents, monitoring outsourced projects, and developing measures to prevent corruption.[376]

Another case showing the importance of leadership is found in government-initiated poverty reduction programs in Iloilo, Philippines, which were recognized as a best practice by UN-Habitat. Transparent local governance, and in particular, citizen participation was facilitated by the strong leadership of the mayor of Iloilo.[377] The mayor of the Iloilo Municipal Government (IMG) launched two programs in 2002, called "Zero Poverty 2020" and "Harnessing Synergy in Integrated Population, Health, and Environment Programming," in order to eradicate poverty.[378] The mayor also established clear visions and goals for collaboration with civil society to deal with poverty, committed to building management capacity for the partnership with various external stakeholders, and promoted civil servants' responsiveness to citizens' needs by reengineering and decentralizing the structure and process of IMG.[379]

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372 See Gaduh (2005).

373 Ibid. The World Bank provided financial support to the Boalemo district for developing management capacity.

374 Ibid.

375 Ibid.

376 Ibid.

377 See Minguez (2005).

378 Ibid.

379 Ibid.

# VI. A Management Capacity Framework: Strengthening Transparency in Local Governance

This chapter presents a new management capacity framework for assessing the local government management capacity needed to build transparency in local governance in developing countries in Asia. The report proposes and analyzes twelve management capacity concepts influence the development of transparency in local governance. These twelve concepts are based on the four dimensions of organizational capabilities for enhancing transparency in local governance: the structural frame (i.e., law, policy, and program, resources and IT adoption, evaluation systems, and citizen right to information), the human resource frame (i.e., professionalism, competency, and leadership), the political frame (i.e., citizen participation, collaboration, and relations with media), and the symbolic frame (social capital and the culture of inclusiveness and diversity). Adopting a framework based on these multiple dimensions can help local government leaders apply various management capacity concepts that facilitate openness, participation, and integrity in local governance.

## a. The Structural Frame

To enhance transparency in local governance, the structural frame highlights that local governments must institutionalize the essential transparency-building rules to which government administrations must adhere. This report suggests that management capacity for transparency in local government should be assessed by the extent to which local governments adopt and effectively implement four management components of the structural framework: law, policy, and programs; resources and IT adoption; evaluation systems; and citizens' right to information.

**Law, Policy, and Programs.** Law, policy and programs serve as fundamental principles, formal guidelines, and directions that local governments pursue to achieve goals of transparent local governance, including openness, participation, and integrity. The existence of legal foundations such as the Freedom of Information Act and similar laws encourages local governments to make efforts to build management capacity for the enhancement of transparency and to avoid the abuse of administrative power. Also, the adoption of independent organizational units and oversight functions by external authorities can be an effective means of monitoring local governments' efforts to enhance transparency.

Based on the findings of case studies, and a broad literature review, nine indicators which capture the essential management capacity of local government to promote transparency in local governance are suggested: 1) adoption of the Freedom of Information Act or similar law, policy, or programs; 2) adoption of the Administrative Procedure Act or similar law, policy, or programs; 3) adoption of rules concerning citizen participation in decision making and monitoring process; 4) adoption of an Anti-Corruption law or similar formal rules; 5) adoption of local ombudsman systems; 6) adoption of an independent auditing unit; 7) adoption of an organizational unit regarding anti-corruption and integrity; 8) adoption of public procurement and outsourcing rules; and 9) development of oversight functions of local councils and the central government.

It should be noted that the adoption of formal rules such as laws, policies, or programs related to transparency might be the most demanding challenges facing local governments in developing countries because the rules are often established by external authorities such as central governments, upper levels of government, and national and local councils. If those rules are mandatory, then local governments and the external authorities should collaborate to build the management capacity needed to effectively implement the given rules. On the other hand, local governments with autonomy and resources can initiate their own rules and policies for shaping management systems for transparency. As found in the case studies, the adoption of citizen-ombudsman systems by BCG and Government Information Disclosure Regulation in GMG show how local initiations contribute to building the management capacity to facilitate citizen participation in local affairs.

**Resources and IT Adoption.** Even when formal rules for transparency are set up, local governments might face challenges related to the effective implementation of policy and programs if they lack appropriate resources such as staff and budget. Given limited resources, strategic planning for the management of resources becomes a crucial management capacity component. Strategic planning allows local governments to make stable, reliable, and consistent managerial efforts to build management capacity. In addition, the case studies and best practices analyzed in this report demonstrate that information technologies and e-government development have been widely used in local governments and have become imperative to building management capacity for the enhancement of transparency.

Accordingly, this report proposes five indicators to capture the extent to which local governments build management capacity in terms of resources and IT adoption: 1) the allocation of an appropriate budget to implement policy and programs regarding openness, participation, and integrity; 2) the allocation of appropriate staff; 3) the adoption of strategic planning designed to implement policy and programs regarding openness, citizen participation, and integrity; 4) the adoption of information management systems; and 5) the adoption of strategic planning for e-government development.

**Evaluation Systems.** Feedback procedures have been emphasized as a means of improving the quality of management systems. In particular, evaluation systems are a crucial component of the management capacity to effectively manage resources and to monitor the implementation of policy and programs designed to enhance transparency. Due to the nature of evaluation processes, it is essential to design evaluation systems with accuracy, fairness, and objectivity. In order to guarantee accuracy and fairness, local governments should design specific policies covering external auditing procedures for finance and budget issues, as well as internal ones, and facilitate the participation of external stakeholders such as citizens and local NGOs in the evaluation processes. Also, local governments should build management capacity to utilize evaluation information and share it with external stakeholders in order to ensure objectivity.

This report suggests six indicators that measure management capacity to enhance transparency in local governance through evaluation systems: 1) the adoption of evaluation systems to monitor the performance of law, policies, and programs associated with openness, participation and integrity; 2) the adoption of external and internal auditing policy on budget and finance management; 3) citizen and NGO participation in the evaluation process; 4) the use of evaluation information; 5) the extent to which local governments share evaluation information with citizens and news media; and 6) implementation of a citizen satisfaction survey to collect

external evaluation information about the policy and programs related to openness, participation, and integrity.

**Citizens' Right to Information.** The fourth component of management capacity in the structural framework is citizens' right to information. "Citizen's right to information" refers to the extent to which local governments are capable of releasing their information to the public, and are capable of ensuring that citizens can access that information, request information disclosures from local governments, and issue an appeal if their disclosure requests are rejected. In particular, the study findings suggest that information about rules concerning transparency (e.g., Freedom of Information Act), finance, performance, procurement, and decision-making by executive leaders should be considered in the promotion of citizens' rights to information. Advanced information technology furthermore provides citizens with better opportunities to access information through local e-government websites. In order to enhance transparent local governance, local governments should develop their management capacity to promote citizens' right to information, whether offline, online, or both.

Specifically, this report proposes eight indicators to capture managements' capacity to ensure citizens' right to information: 1) local government disclosure of budgets and financial reports to the public; 2) citizens' right to access information about the Freedom of Information Act, rules regarding citizen participation, and anti-corruption laws; 3) citizens' rights to request information from local governments; 4) citizens' rights to appeal when disclosure requests are refused; 5) citizens' rights to access, request and appeal refusals concerning information about the budget; 6) citizens' rights to access, request and appeal refusals concerning information about executive decision making; 7) citizens' rights to access, request and appeal refusals concerning information about the performance of the local government; and 8) citizens' rights to access, request and appeal refusals concerning information about procurement and outsourcing.

Table 6.1 shows the summary of structural dimension and its management capacity components and indicators.

Table 6.1. The Structural Frame: Management Capacity and Indicators

| Law, Policy, & Programs |
|---|
| 1. Has your local government adopted the Freedom of Information Act or similar law? Is it in practice? Is it a mandatory law of the central government? Does your local government have other related policies initiated by the local government? Are they in practice? |
| 2. Has your local government adopted the Administrative Procedure Act or similar law? Is it in practice? Is it a mandatory law of the central government? Does your local government have other related policies initiated by the local government? Are they in practice? |
| 3. Does your local government have a rule that requires citizen participation in public policy decision-making and monitoring systems? Is it in practice? Is it a mandatory rule of the central government? Does your local government have other related policies initiated by the local government? Are they in practice? |
| 4. Has your local government adopted an anti-corruption law or similar law? Is it in practice? Is it a mandatory law of the central government? Does your local government have other related policies initiated by the local government? Are they in practice? |
| 5. Does your local government have ombudsman systems or similar programs? Are they in practice? Is this system/program mandatory according to the central government? Does your local government have other related policies initiated by the local government? Are they in practice? |
| 6. Does your local government have an independent auditing unit or anti-corruption agency? Is it in practice? Is |

Table 6.1. The Structural Frame: Management Capacity and Indicators (Continued)

| |
|---|
| this unit or agency mandatory according to the central government? |
| 7. Does your local government have a unit or agency regarding integrity and corruption initiated by the local government? Is it active and influential? |
| 8. Does your local government have specific rules and guidelines on public procurement and outsourcing? Are they in practice? Are these rules mandatory according to the central government? |
| 9. What are the oversight functions of your local council and the central government? |

**Resources and IT adoption**

1. Does your local government have an appropriate budget to implement the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar laws or policies)?
2. Does your local government have appropriate staff to implement the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar law or policies)?
3. Has your local government adopted appropriate strategic planning to implement the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar law or policies)?
4. Has your local government adopted an appropriate information management (or records management) system to implement the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar law or policies)?
5. Has your local government adopted the strategic planning of electronic government development to assist the implementation of the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar law or policies)?

**Evaluation systems**

1. Does your local government have appropriate evaluation systems (e.g., BSC, Citizens' Charter) to monitor the performance of the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar law or policies)? Are they mandatory according to the central government or initiated by your local government?
2. Has your local government adopted internal and external auditing policies on budget and finance management? Are they mandatory according to the central government or initiated by your local government?
3. Do citizens and NGOs participate in the evaluation systems to monitor the performance of the Freedom of Information Act, citizen participation rule, and anti-corruption law?
4. Does your local government use the evaluation information to improve the performance of the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar law or policies)?
5. Does your local government share the evaluation information with the public and the news media?
6. Does your local government conduct a regular survey regarding citizen satisfaction with local government performance and transparency in local governance?

**Citizens' right to information**

1. Are local government budgets and financial reports available to the public?
2. Are citizens allowed to access to the information about the Freedom of Information Act, citizen participation rule, and anti-corruption law (or similar law or policies)?
3. Are citizens allowed to request the information?
4. If citizens' requests are denied, are they allowed to appeal for the information?
5. Are citizens allowed to access and request or appeal to request information about the budget?
6. Are citizens allowed to access and request or appeal to request information about executive decision making?
7. Are citizens allowed to access and request or appeal to request information about the performance of the local government?
8. Are citizens allowed to access and request or appeal to request information about procurement and outsourcing?

**b. The Political Frame**

The political frame emphasizes local governments' capacity to facilitate citizen participation in local affairs and to build partnerships and close relationships with community groups, NGOs, the private sector, and the media to seek collaborative efforts for solving community problems. Citizen participation and collaboration give local government an opportunity to move from acting as traditional service providers to acting as creative facilitation leaders. The latter role type convenes, guides, and leverages community resources, including citizen knowledge and skills, NGO resources and capacity, the private sector's experiences and resources, and the media's support and constructive criticism.[380] Partnerships are also effective in economic development and urban planning in local governance, where a variety of local interests come together to forge a common vision of what the community can be and to leverage resources from a variety of governmental and NGO sources.[381] Three key management capacity concerns for the political framework in local government are proposed in this study: citizen participation, collaboration, and media relations.

**Citizen Participation.** Citizen participation provides local governments with opportunities to enhance transparency because citizens' engagement in policy decision-making, resource allocation, and monitoring processes (e.g., planning, budgeting, and auditing) can serve as communication channels through which citizens can observe the processes, express their voices, and take responsibility as active participants in their community and local government. Citizen participation likewise gives local governments the opportunity to hear various voices, gather citizen input data for informed decision-making, and effectively respond to citizen feedback.[382] In other words, citizen participation provides both citizens and local governments the opportunity to build trust between civil servants and citizens, build consensus on critical community concerns, and strengthen procedural democracy, which in turn makes local governments more transparent and accountable. Furthermore, as an external monitoring mechanism, citizen participation can reduce opportunities for corruption among civil servants while local governments handle various local affairs.

The findings from the case analysis in this report indicate that the following indicators are essential measures of management capacity to facilitate citizen participation: 1) the adoption of systems for ensuring informed and effective citizen input before decisions are made; 2) the adoption of a mechanism to elicit citizen input during the formation of local policy; 3) citizen involvement in one or more committees concerning transparency; 4) citizen participation in the auditing processes for performance management; 5) citizen participation in budgeting processes; and 6) citizen participation through a local government's website.

**Collaboration**. Since resources in local governments are limited, and they are often dispersed among external stakeholders such as the central government, NGOs, private firms, and news media, local governments are usually required to utilize resources available through external stakeholders in order to enhance transparency in local governance. Those resources include human capital, financial, administrative and political supports, and expertise. In order to effectively manage resource dependency, it is necessary for local governments to build

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380 National League of Cities (1996).

381 U.S. Agency for International Development (2000).

382 Ibid.

management capacity to collaborate with external stakeholders. In particular, collaborative efforts to improve transparency in local governance can provide unique opportunities to bring together various groups from local communities to resolve common concerns related to corruption, the regulation of policy, and economic development. Collaboration with external stakeholders can also serve as a vehicle for the implementation of local governments' transparency-building efforts, and can serve as a source of technical advice and assistance for reducing corruption, increasing participation, and building openness in local governments.

In order for local governments to take advantage of those opportunities, the findings of these case studies suggest that they be equipped with the following management capacities: 1) collaboration with the central government to enhance transparency in local governance; 2) collaboration with other local governments; 3) collaboration with local governments in other countries; 4) collaboration with NGOs; 5) allowing NGOs to submit proposals to local governments; 5) outsourcing service delivery to NGOs; 6) supporting NGOs that fight corruption and foster citizen participation; 7) collaboration with private firms to enhance transparency; 8) collaboration with private firms to provide public services; 9) collaboration with local universities conducting projects on anti-corruption and citizen participation; and 10) constructive and professional relationships with news media, international organizations, and NGOs concerning anti-corruption and citizen participation.

**Media Relations**. The media (at the national as well as local levels) can serve as both a government watchdog and a partner in creating a community culture of transparency. The media can also promote opportunities for residents to participate in decision-making. [383] Partnership-based, professional interactions between local officials and the news media can develop a more productive and constructive relationship that enhances transparency in local governance by distributing information to citizens, increasing citizen awareness of the government's anti-corruption vision, and creating participation opportunities in community decision-making. The approach of strengthening the local government's capacity to work effectively with the news media was found in the Paju case in South Korea. PCG has been successfully creating a national perception of the city government as a clean, transparent, and efficient place to work through the mayor's and senior managers' effective communication with the national news media. [384]

Based on the findings of these case studies, this report propose five indicators to gauge local governments' management capacity in terms of media relations: 1) the publication of newsletters and magazines to inform external stakeholders (e.g., public, businesses and media) about government efforts to enhance transparency in local community; 2) proactive efforts to rectify inaccurate articles about local government activities and information; 3) the adoption of professional guidelines for dealing with national and local media; 4) the adoption of a department or staff member that is responsible for interacting with media; and 5) the adoption of internet-based broadcasting systems to inform external stakeholders about government activities and information.

A summary of the political framework and its management capacity components and indicators is provided in Table 6.2.

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383 Ibid.

384 Interview conducted in the PCG (June 13th, 2007).

Table 6.2. The Political Frame: Management Capacity and Indicators

| Citizen participation |
|---|
| 1. Has your local government established systems for ensuring informed and effective citizen input before decisions are made? |
| 2. Does your local government have a mechanism in place to elicit citizen input into the formation of local policy priorities? |
| 3. Are citizens involved in decision-making task forces or commissions in local government? |
| 4. Are citizens allowed to participate as committee members in the auditing processes for performance management in local government? |
| 5. Does your local government establish open budget processes, including public hearings? |
| 6. Has your local government adopted any citizen participation system through the local government website? |

| Collaboration |
|---|
| 1. Has your local government ever been involved in coalition or collaboration activities with the central government to enhance transparency in local governance? |
| 2. Has your local government ever been involved in coalition or collaboration activities with other local governments to enhance transparency in local governance? |
| 3. Has your local government ever been involved in coalition or collaboration activities with local governments in other countries to enhance transparency in local governance? |
| 4. Has your local government ever worked with any NGOs in the community to enhance transparency in local governance? |
| 5. Are NGOs allowed to submit their own proposals, written requests, or questions to your local government? |
| 6. Does your local government have a contract with any NGOs for the provision of public service? |
| 7. Does your local government provide financial support for the NGOs that initiate civic activities for anti-corruption and citizen participation? |
| 8. Has your local government ever been involved in coalition or collaboration activities with private firms in the community to enhance transparency in local governance? |
| 9. Has your local government ever been involved in coalition or collaboration activities with the private firms in the community about the provision of public service? |
| 10. Has your local government ever been involved in coalition or collaboration activities with local universities to initiate projects on anti-corruption and citizen participation in local governance? |
| 11. Has your local government ever been involved in coalition or collaboration activities with the news media, international organizations, or NGOs to initiate projects on anti-corruption and citizen participation in local governance? |

| Relations with media |
|---|
| 1. Does your local government publish newsletters and magazines to inform the public, businesses, and the media about government functions and news? |
| 2. Does your local government proactively make efforts to rectify inaccurate articles about the local government's activities and information? |
| 3. Does your local government have professional guidelines for dealing with national and local media? |
| 4. Does your local government have a department or staff member who is responsible for interacting with national and local media regarding the activity of the local government? |
| 5. Has your local government established any TV channels or broadcasting systems to inform the public, businesses, and the media about government functions and news? |

## c. The Human Resources Frame

In order to effectively implement policy and programs for enhancing transparency in local governance, local government leaders should pay attention to a systematic plan for HRM capacity within the local government. As government performance is highly associated with civil servants' commitment to organizational vision and goals, local government should develop a comprehensive and strategic HRM to achieve the goal of transparency in local governance. Successful local governments actively plan for HRM systems that meet the needs of the government with respect to actively accomplishing the government's objectives of openness, participation, and integrity. The capacity of HRM to enhance transparency ultimately involves achieving success in the following areas: professionalism with merit-based civil service systems and motivation for public service; competency in developing employee skills, knowledge, and abilities; motivating employees to work in support of values of transparency; rewarding employees for performance; and imposing remedial strategies and disciplinary policies for those who fail. Three key management capacity concerns for human resources management in local government are proposed in this study: professionalism, competency, and leadership development.

**Professionalism.** "Professionalism" in this context means seeing civil service in local government as a profession that should be regulated by merit-based civil service systems and enforced in adherence to an ethical code of practice. International, national, or regional associations of public employees can be of great value in strengthening the HRM capacity of local government. Such associations provide local officials with somewhere to turn for advice and technical support to address capacity-related questions. They can also support a strategy for national or international replication of successful experiences in pilot programs and best practices in local governance transparency. Furthermore, professional associations can promote professional standards and codes through training programs, manuals, conferences, and newsletters.[385] Training programs should also be reconsidered frequently and updated as appropriate. Local governments should periodically conduct proactive assessments of their employee compensation system, including salary and fringe benefits, to see how it compares to similar systems in the private sector. Finally, it is important to minimize ambiguity and complexity among personnel rules and procedures regarding transparency. Clarity improves effective implementation of the rules by ensuring shared understanding and consistency.

Based on the broad literature review and the case studies analyzed in this study, this report proposes nine indicators that measure management capacity to foster transparency through professionalism: 1) the adoption of codes of conduct or other legally-binding statements for public servants; 2) the adoption of rules or policies pertaining to the asset disclosure of government officials; 3) the adoption of whistle-blowing systems and protection against retaliation for whistle blowers; 4) the establishment of rules concerning conflicts of interest; 5) the establishment of rules concerning gifts and hospitality; 6) the establishment of clear rules to prevent nepotism during any HRM procedures; 7) the establishment of rules concerning post public service employment; and 8) available training programs for effective implementation of administrative procedure acts and other rules indicated above.

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385 U.S. Agency for International Development (2000).

**Competency.** One of the key components of HRM capacity in local governments is the competency of civil servants to implement policies and programs effectively. In particular, the type of employee competence that can contribute to enhancing transparency in local governance demands specific knowledge, skills, and abilities in the areas of openness, participation, and integrity. The findings of four case studies in China and South Korea analyzed in this report strongly support the notion that investment in employee training is one of the most important factors affecting the transformation of local governments into citizen-centered service cultures. Training programs regarding transparency should also be reconsidered frequently and updated as appropriate.

This study proposes nine indicators that measure a local government's capacity to enhance transparency through employee competency: 1) specific rules requiring recruitment and career development to be based on merit; 2) hiring and selecting employees based on their demonstration of the right skills, knowledge, and ability to succeed in the position; 3) appropriate training programs to develop employee skills, knowledge, and responsibilities regarding rules and policies on openness, citizen participation, and integrity; 4) training programs regarding conflict resolution and collaboration; 5) employee participation in professional meetings and conferences regarding transparency and democratic governance; 6) rules and policies on employee discipline regarding the practices of openness, citizen participation, and integrity; 7) evaluating and rewarding employee performance regarding the practices of openness, citizen participation, and integrity; 8) using employee support networks to share knowledge and information regarding the practices of openness, citizen participation, and integrity; and 9) IT training regarding the government practices of electronic transparency.

**Leadership.** While the leadership literature provides diverse perspectives and theoretical viewpoints on effective public sector leadership, the demand for leadership research has increased due to significant environmental changes including globalization, demographic and socioeconomic changes, information technology, decentralization, and the increased demand for collaborations between agencies and among sectors.[386] The most generative questions raised by these changes are: What are the key components of government leadership for effective management capacity building in local governments that matter in enhancing transparency in local governance? How do executive leaders and senior managers create citizen-centered service delivery and enhance openness, participation, and integrity in local governance through establishing the right management capacity systems?

This study proposes ten indicators related to the management capacity for leadership to enhance transparency in local governance: 1) executive leaders' and senior managers' clear visions and goals for enhancing transparency in local governance; 2) promotion of the value of transparency to employees and citizens; 3) collaborative leadership among the local council, local executive leaders, and national government officials regarding transparency in local governance; 4) executive leaders' commitment to reward systems for recognizing employees' integrity, accountability, and innovative ideas for citizen participation; 5) executive leaders' commitment to developing formal and informal opportunities to meet with citizens, private firms, and civic organizations; 6) executive leadership training programs focusing on conflict resolution and collaboration; 7) executive leaders' and senior managers' commitment to

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386 See Van Wart (2005) and Fermandez and Rainey (2006).

building community networks to enhance the value of transparency in local governance; 8) executive leaders' and senior managers' efforts for acquiring and sharing knowledge and innovative ideas with leaders in other governments;   9) executive leaders' and senior managers' willingness to adopt and learn best practices from other domestic governments and foreign countries for enhancing transparency in local governance; and 10) executive leaders' and senior managers' participation in professional meetings and conferences regarding openness, citizen participation, and integrity.

The summary of the management capacity components and indicators in the human resources management dimension is shown in Table 6.3.

## Table 6.3. The Human Resource Frame: Management Capacity and Indicators

| **Professionalism** |
|---|
| 1. Has your local government adopted codes of conduct or other legally binding statements for public servants? |
| 2. Has your local government adopted rules or policies pertaining to the assets disclosure of government officials? |
| 3. Has your local government adopted whistle blowing systems and a policy on the protection of whistle blowers from any retaliation? |
| 4. Does your local government have rules concerning conflicts of interest? |
| 5. Does your local government have rules concerning gifts and hospitality? |
| 6. Does your local government have rules to prevent nepotism related to any HRM procedures? |
| 7. Does your local government have rules concerning post public service employment? |
| 8. Does your local government have rules requiring recruitment and career development to be based on merit? |
| **Competency** |
| 1. Does your local government hire and select employees based on their demonstration of the right skills, knowledge, and ability for the position? |
| 2. Does your local government provide appropriate training programs to develop employee skills, knowledge, and responsibilities regarding laws, rules, and regulations on transparency? |
| 3. Does your local government provide appropriate training programs to develop employee skills, knowledge, and responsibilities regarding outsourcing and competitive bidding? |
| 4. Does your local government provide training programs regarding conflict resolution and collaboration? |
| 5. Does your local government support employees' participation in professional meetings and conferences concerning openness, citizen participation, and integrity? |
| 6. Does your local government have clear rules and policies on employee discipline regarding corruption and code of ethics? |
| 7. Does your local government evaluate employee performance regarding the practices of openness, citizen participation, and integrity? |
| 8. Does your local government support any formal and informal employee networks for sharing knowledge and information regarding the practices of openness, citizen participation, and integrity? |
| 9. Does your local government provide IT training regarding the practices of openness, citizen participation and integrity? |
| **Leadership** |
| 1. Do executive and senior managers provide clear visions and goals for enhancing transparency in local governance? |
| 2. Do executive and senior managers promote the value of transparency to employees and citizens? |
| 3. Does your local government encourage collaborative leadership between the local council and executive leaders regarding transparency in local governance? |
| 4. Does your executive leader provide reward systems for recognizing employees' integrity, accountability, and innovative ideas for citizen participation? |
| 5. Does your executive leader provide formal and informal opportunities to meet with citizens, private firms, and civic organizations to share various views on community concerns? |
| 6. Does your local government provide executive leadership training programs regarding conflict resolution and collaboration? |
| 7. Do your executive leaders and senior managers proactively build community networks to enhance the value of transparency in local governance? |
| 8. Do your executive leaders and senior managers share knowledge and innovative ideas with leaders in other governments? |
| 9. Are your executive leaders and senior managers willing to adopt and learn best practices from other domestic governments and foreign countries for enhancing transparency in local governance? |
| 10. Do your executive leaders and senior managers attend professional meetings and conferences concerning openness, citizen participation, and integrity? |

**d. The Symbolic Frame**

The symbolic frame emphasizes a culture characterized by an "interwoven pattern of beliefs, practices, and artifacts that defines for members who they are and how they are to do things."[387] This report proposes that creating a local community culture with shared norms of integrity, beliefs in honesty, openness, and fairness, and community involvement is one of the most important factors in enhancing openness, participation, and integrity in local governance. The challenge is how local governments can build their management capacity to promote a local community culture that can lead to transparent and democratic local governance. Two key management capacity concepts for the symbolic frame are proposed in this study: social capital and a culture of inclusiveness and diversity.

**Social capital.** There is no consensus among sociologists and political scientists on the nature and definition of social capital, also called pluralism or community involvement. Putnam, for example, defines social capital as "tools and training that enhance individual productivity" and "features of social organization, such as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit."[388] Meanwhile, Coleman defines social capital as a morally and ethically neutral resource that facilitates individual and collective endeavors. According to Coleman, "social capital is productive, making possible the achievement of certain goals that in its absence would not be possible. Like physical capital and human capital, social capital is not completely fungible but may be specific to certain activities."[389] He argues that social capital adheres in the structure of relations between actors. According to Coleman, the goal of creating a community culture of transparency can be achieved through continuous interactions among citizens, governments, and community organizations to solve community problems together.[390]

Accordingly, it is important for local governments to build, manage and sustain networks with groups of stakeholders and individuals who get voluntarily involved in local affairs. Participation can be encouraged through community networks because information about opportunities to participate in local affairs can often flow through social interactions. Several case studies analyzed in this report showed local governments' efforts to create social activities that promote volunteerism in order to facilitate collaborative community problem-solving and enhance citizens' feelings of ownership in their local community.

To measure local governments' capacity to develop social capital, this report proposes several indicators: 1) the presence of community networks built with local stakeholders (e.g. NGOs, firms, the news media, and universities) for fighting corruption and for enhancing citizen participation; 2) the adoption of programs to encourage volunteerism; 3) the adoption of rules and policies regarding volunteer management; 4) the existence of a volunteer coordinator who is in charge of managing volunteers; 5) a ceremony to recognize excellent volunteers in the local community; 6) built-in collaboration with volunteers to enhance the value of openness, citizen participation, and integrity; 7) a ceremony or luncheon for recognizing excellent

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387 Bolman and Deal (2003, p. 243).

388 Putnam (1995, p. 67).

389 Coleman (1998, p. 98).

390 Ibid. Scholars also propose several variables for measurements of social capital: participation in the local community, feelings of trust and safety, neighborhood connections, family and friends connections, tolerance of diversity, value of life, and work connections. See Bullen and Onyx (1998).

employees regarding the high quality of public service in the areas of openness, citizen participation, and integrity; 8) a ceremony or luncheon for recognizing local citizens and the leaders of civic organizations who help increase public service values of openness, citizen participation, and integrity in local governance; 9) opportunities for citizens to be the "one-day Mayor" or other opportunities to learn about local government functions and operational systems; 10) the adoption of employee exchange programs across government levels and sectors; and 11) the adoption of citizen exchange programs with other countries (e.g., sister cities in foreign countries) through cultural activities and leisure events.

**Culture of inclusiveness and diversity.** As globalization has been widely diffused across local communities in developing countries, communities have become more diverse. Creating a culture of inclusiveness and diversity is another important value that can contribute to enhancing transparency in local governance. Local communities with an inclusive and diverse culture may expand opportunities for various groups, including women, certain ethnic groups, people with disabilities, and other minorities to participate in specific community concerns and problems. [391] Community members from multicultural backgrounds with heterogeneous experiences and knowledge can be valuable resources for creating innovative solutions to resolve social and community problems. Accordingly, local government should pay attention to management capacity building to encourage minority groups' participation in local community activities, training programs, and decision-making processes. Generating public awareness of the value of creating an inclusive community culture can be an important first step to enhance openness, participation, and integrity in local governance. Therefore, local events and civic education for diverse groups are useful tools for increasing all community members' understanding of diverse cultures. The local government case of BCG in Korea shows collaborative efforts among the local government, Gyonggi Provincial government, and local NGOs to create an inclusive community by inviting foreign workers to various community activities and allocating medical services for them. In addition to different ethnic groups, it is also important to provide under-represented groups such as women and seniors with more opportunities to engage in the local community.

While increased citizen input through e-government may help establish greater public trust in government and encourage more efficient public service delivery, the challenge of how to provide public access to e-government services remains. Especially in more rural areas, but also in under-resourced urban centers, many people still do not have access to the Internet or email, mostly due to their ethic origin, socioeconomic status, educational background, or geographic location. In response to this concern, governments at all levels must decide to what extent they wish to ensure equal access to e-government services, how to provide that access, whether such access should be provided through government partnerships with the private sector, and how to pay for it.

This study proposes the following indicators as tools to assess local governments' management capacity for enhancing inclusiveness and diversity in local governance: 1) creating community events and local festivals for citizens to interact with others of different ethnic backgrounds; 2) supporting civic organizations that are in charge of community events related to openness, inclusiveness, and diversity; 3) providing civic education to address the concerns of transparency, anti-corruption, and citizen empowerment in local governance; 4) offering IT

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391 U.S. Agency for International Development (2000).

training programs to all residents in the community to enhance their IT literacy; and 5) providing computers and Internet in public places (e.g. public libraries) for free resident usage through partnerships with private corporations and local schools and universities.

Table 6.4 indicates the symbolic framework and its management capacity components and indicators.

Table 6.4. The Symbolic Frame: Management Capacity and Indicators

| **Social capital** |
| --- |
| 1. Does your local government build community networks with local stakeholders (e.g. NGOs, firms, media, universities) for fighting corruption and for enhancing citizen participation? |
| 2. Does your local government have programs to encourage volunteerism? |
| 3. Does your local government have rules and policies regarding volunteer management? |
| 4. Does your local government have a volunteer coordinator who is in charge of managing volunteers? |
| 5. Does your local government have a ceremony to recognize excellent volunteers in the local community? |
| 6. Does your local government build collaboration with volunteers to enhance the value of openness, citizen participation and integrity? |
| 7. Does your local government provide a ceremony or luncheon for recognizing excellent employees regarding the high quality of public service in the areas of openness, citizen participation, and integrity? |
| 8. Does your local government provide a ceremony or luncheon for recognizing local citizens and the leaders of civic organizations who contribute to the enhancement of the public service value of openness, citizen participation, and integrity in local governance? |
| 9. Does your local government provide citizens with opportunities to be the "one-day Mayor" or other opportunities to learn about the local government functions and operational systems? |
| 10. Does your local government utilize an employee exchange program across government levels and sectors? |
| 11. Does your local government adopt citizen exchange programs with other countries (e.g., sister cities in foreign countries) through cultural activities and leisure events? |
| 12. Does your local government support civic education to address the concerns of transparency, anti-corruption, and citizen empowerment in local governance? |
| **Culture of inclusiveness and diversity** |
| 1. Does your local government create community events and local festivals for citizens to interact with those who differ from them (by ethnicity, religion, and age etc.)? |
| 2. Does your local government support community events related to inclusiveness and diversity initiated by civic organizations? |
| 3. Does your local government support civic education for minority groups to address the concerns of citizens' right to information, anti-corruption, and citizen empowerment in local governance? |
| 4. Does your local government offer IT training programs to women, seniors, and ethnic minority groups in the community to enhance their IT literacy? |
| 5. Does your local government provide computers and Internet in public places (e.g. public library) for free use by residents through partnerships with private corporations and local schools and universities? |

# VII. Lessons Learned and Conclusion

This report presented a new management capacity framework and a set of indicators that assess a local government's management capacity to enhance transparency in local governance in developing countries in the Asian region. The report has focused on three dimensions of transparency in local government and governance, including *openness*, *participation*, and *integrity*, to link local government management capacity to transparency in local governance. The report identified twelve management capacity concepts based on the four dimensions of organizational capabilities for enhancing transparency in local governance, including the structural frame (i.e., law, policy, and programs, resources and IT adoption, evaluation systems, and citizen right to information), the political frame (i.e., citizen participation, collaboration, and relations with media), the human resource frame (i.e., professionalism, competency, and leadership), and the symbolic frame (social capital and the culture of inclusiveness and diversity). Specific management capacity indicators were developed for each dimension of the frame. The new framework and indicators can be used as a tool for evaluating the management capacity to increase transparency in local governments.

**Lessons Learned.** Each of the preceding chapters provides important lessons that can help local government leaders in developing countries establish the management capacity to enhancing transparency. In order to effectively utilize the new management capacity framework, local government leaders should pay attention to several lessons learned from the project, including the importance of decentralization and transparency, collaboration, and leadership. Some general lessons learned about building local government management capacity for strengthening transparency in local governance are discussed.

## *Decentralization and Transparency*

- Decentralization and local government reforms provided local government leaders with better opportunities to initiate new programs or adapt the existing rules to reflect local context, which helps build management capacity to strengthen *openness*, *participation*, and *integrity* in local governance. GMG's information discloser and citizen participation methods are good examples of how local governments can build management capacity for improving openness and participation in local governance under a decentralized structure in China. The citizen ombudsman systems and performance management systems of the BCG in Korea are also good examples of how elected local government leaders can promote citizen participation and openness through building specific management systems.

- The findings of case studies in China and Korea showed that central governments have paid attention to national legal reform and new legislation or revised administrative laws, regulations, and policy initiatives for enhancing transparency, which are mandatory for local governments. In addition, it is crucial for the central government to provide nationwide resources to support local governments working to build management capacity. For instance, in Korea, the central government's investment in nationwide IT infrastructure has facilitated the adoption of innovative e-government services at the local level for promoting citizen participation and openness in local governments.

- The findings of the case studies demonstrated that the four frames proposed in the study have been adopted to establish management capacity for transparency in local governments in China and Korea. The adoption of the structural frame was obvious, including law, policy, and programs, and IT adoption related to transparency. On the other hand, evaluation systems for assessing the effectiveness of the structure frame have not been well established; these are now being developed. Local governments also pay attention to the human resource frame, including civil service reforms, performance-based reward systems, and investment in training programs for employee career development.
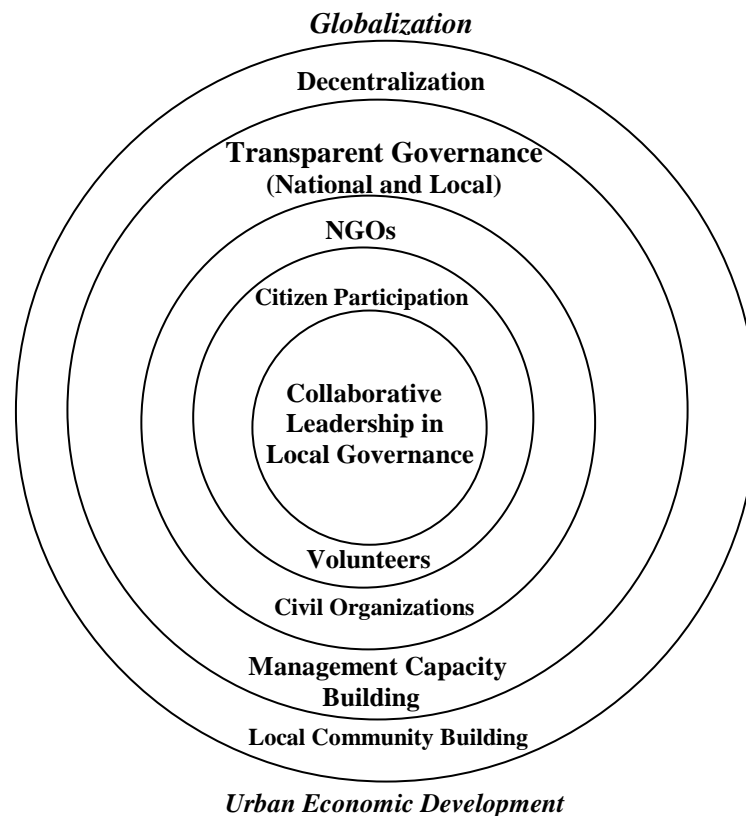
*The Importance of Collaboration*

- In order to deal with the new challenges in the context of globalization and decentralization, local governments have adopted strategies based on collaboration. Local governments build management capacity through collaboration with key external actors such as international NGOs, local NGOs, and the central government to promote openness and diversity in local governance. For example, BCG in Korea collaborates with local NGOs to develop policies and programs for assisting foreign workers from various Asian countries. BCG has also developed partnerships with international cities and provided exchange programs for local business firms and residents.

- Local governments also build networks with local governments in other countries. For example, PCG in Korea has implemented civil servant exchange programs with sister cities in China and Australia to share information and knowledge about innovative management systems in other countries. GMG and XMG in China also proactively develop international networks with local governments in many countries for economic and social development.

- The findings of this report indicate that local governments make considerable efforts to develop a collective sense of community through supporting and promoting volunteerism to collaboratively solve community problems and to enhance citizens' feelings of ownership of local community.

*Leadership*

- Local government managers' ability to provide clarity and a distinct vision regarding the structure and value of transparency-building efforts is one of the most important factors affecting management capacity building for transparency. For example, the case of PCG in Korea shows that the mayor's leadership and vision has been playing a crucial role in building management capacity associated with openness, participation, and integrity in local governance. The mayor has emphasized openness and integrity in PCG as crucial competence factors, which lead to transparence in local governance.

- In the case of GMC in China, local government leaders demonstrated their understanding of the importance of establishing management systems not only for enhancing openness and participation, but also for economic development in local governance. The new administration of GMC in 2007 further emphasizes the government's proactive efforts to combat bribery in the business sector, to standardize administrative procedures, and to establish of fair and clean government.

In summary, Figure 7.1 shows how the new environment of globalization and urban economic development affects the evolution of decentralization and the demands for local community building. Management capacity building for enhancing openness, participation, and integrity is necessary for both national and local level governments to establish good local governance and improve economic development. Public-private sector partnerships, the roles of NGOs, and volunteer activities are expanded under the collaboration-based strategy for enhancing openness and participation in local governance. Finally, the report suggests that the core of building management capacity for enhancing transparency is the collaborative leadership of government leaders in central and local governments and key stakeholders in local governance.

Figure 7.1 Collaborative Leadership for Transparent Local Governance

*Globalization*

**Decentralization**

**Transparent Governance**
**(National and Local)**

**NGOs**

**Citizen Participation**

**Collaborative**
**Leadership in**
**Local Governance**

**Volunteers**

**Civil Organizations**

**Management Capacity**
**Building**

**Local Community Building**

*Urban Economic Development*

**Conclusion.** The following is a list of recommendations and some discussion of leadership strategies that might facilitate management capacity building processes that enhance transparency in local governance in developing countries. This report suggests that one of the fundamental competencies necessary in leadership development for transparency is in the facilitation of partnerships and collaboration. The discussion is organized according to the lessons described above: collaborative leadership and managing for results and learning.

*Collaborative Leadership*

- Local government leaders should build collaborative leadership capacity, which emphasizes a shared clear vision and goals for transparency among the key stakeholders. Collaborative leadership also demands innovation, creativity, and flexibility to adopt multiple frames to enhance management capacity for transparency in local governance. The articulation of vision and goals for transparency should create new management systems, engender a sense of involvement and contribution among employees and local stakeholders, and generate political support from the citizenry, strengthening local government management capacity.

- In order to build collaborative leadership, local government leaders should 1) encourage stakeholders to be creative and innovative to develop new ideas and tools for enhancing transparency; 2) promote and communicate vision and goals for transparency with internal stakeholders (e.g., senior management and employees) as well as external stakeholders (e.g., citizens, community organizations, local, national and international NGOs, private corporations, and other governments); and 3) assess local government performance to enhance transparency in local governance.

- Local government leadership requires collaboration among government agencies (both vertically and horizontally) to ensure sufficient resources, avoid duplication, and deliver coherent action in a range of crucial areas such as auditing systems and disciplinary actions. Management systems for improving transparency also require growing coordination and collaboration across auditing units within a government in order to effectively implement auditing systems. Furthermore, government leaders need to identify potential opportunities in legislative and regulatory frameworks in central and local governments and make sure that the necessary management capacity frameworks are in place to facilitate and promote openness, participation, and integrity. Collaborative leadership from central and local governments and cooperative governance are necessary to provide adequate resources and local tax systems for effective decentralization and management capacity building for transparency in local governance.

- Interagency collaboration requires information and knowledge sharing across functional units as well as data sharing across heterogeneous information systems within the government in order to foster effective management of the disclosure of government information to the public. Interagency collaboration among auditing and anti-corruption agencies is also important for supporting transparent government operations, integrating processes, facilitating management, streamlining workflow, and improving service quality, accountability, and effectiveness.

- Through partnerships and collaboration with local NGOs, volunteers and ordinary citizens, local governments can overcome resource limitations. Collaborative processes for developing management capacity for transparency may help produce social capital and shape a community culture of inclusiveness and diversity, which can facilitate citizen participation and openness. To enhance information and knowledge sharing for best practices for transparency, local governments should collaborate and build networks with local governments both within the country and in other countries.

*Managing for Results and Learning*

- An organizational culture focusing on managing for results and learning should be considered in order to effectively build the management capacity to enhance transparency in local governance.[392] Management effectiveness is not only driven by leaders' abilities to focus the government on its missions, but also by mechanisms for tracking activities and performance relative to overall objectives.[393] When local government leaders adopt systems that manage for results, they should consider three key components: 1) clear objectives of specific applications related to openness, participation, and integrity, 2) performance measurement (i.e., output and outcomes) of the applications, and 3) continuous performance monitoring.[394] Local government leaders should send performance evaluation reports to major stakeholders in the local community and solicit feedback. Constant organizational learning is essential to improving local government performance.

- Management in local governments should be strongly committed to creating conditions and consequences that support and sustain strong performance for openness, participation, and integrity. Local government leaders should recognize that the management capacity to carry out an organizational mission for transparency and achieve the desired results is dependent on the competency, professionalism, and innovativeness of its work force. The performance of local civil servants who contribute to enhancing transparency in local governance should be evaluated and rewarded. Furthermore, local government leaders should recognize and reward the accomplishments of teams, divisions, and collaborators in communities that help improve management practices for openness, participation, and integrity.

- Local government leaders should pay attention to creating an organizational culture where employees consistently share information about transparency initiatives and best practices through ongoing program updates with staff, division leaders, department heads, and officials. Leaders should encourage employees to build informal and formal networks with national and international professional organizations to facilitate the sharing of best practices related to management capacity building for openness, participation, and integrity.

- Local government leaders should make sure that employees clearly understand the importance of interdivisional and intergovernmental collaboration and cooperation in

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392 Managing for results is defined as "the dominant mechanism by which leaders identify, collect, and use the performance information necessary to evaluate the institution's success with respect to key objectives, to make decisions, and to direct institutional actions." See Ingraham, Joyce, and Donauhue. (2003, p.22).

393 Ibid.

394 Ibid.

achieving local government transparency-building. In order to establish proper management procedures, it is necessary for local government leaders to identify the transparency values prioritized by the majority of citizens and public agencies. It is also important to work with local news media to promote understanding and generate support from local stakeholders and the citizenry.

- Local government leaders can create a culture of organizational learning by encouraging employees to analyze past successes and failures and suggest how the organization can apply those findings to further improve openness, participation, and integrity in local governance.

In conclusion, more in-depth case studies should be conducted in the future based on the framework developed in this report, including diverse perspectives from local NGOs, international NGOs, community organizations, and the citizenry. The results of the in-depth comparative studies of local governments within a national or international context would improve our knowledge of the status of and strategy for building local government management capacity to enhance transparency in local governance in the Asian region. Primary beneficiaries of such a project should be 1) decision makers and policy analysts in local and national governments in Asia; 2) local government officials, NGOs, private corporations, civic organizations, and citizens; and 3) international associations of local governments and international organizations.

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Appendix A:  Case Studies

Research methods applied to the four case studies of local governments included a literature review and face-to-face interviews. This research collected data from key documents produced by local governments, interviews with local university professors, and interviews with local government officials. The interview protocol (see Appendices B, C, and D) contains questions related to selected local governments' strategies for building external and internal management capacity to balance economic development and transparency.  It also included several questions focusing on how local governments build their capacity in the areas of citizen participation, corruption control, collaborative public management, network management, inter-sector partnership, and intergovernmental coordination. A few questions related to leadership development challenges in the local governments were also included in the protocol.

The author visited Guangzhou in China on July 14-15, 2007. An interview and a few informal meetings with three professors in a local university were conducted. One interview with a professor was focused on electronic government development at Guangzhou Municipal Government (GMG). The other meetings with two professors were focused on intergovernmental relations and civil society content in Guangzhou.  Interviews with three local government officials who work at three different departments in GMG were also conducted.

For the case study of Xiamen Municipal Government (XMG) in China, several interviews with five local government officials from XMG were conducted on May 1-2, 2007 at Syracuse University in Syracuse, NY while these officials were visiting the Maxwell School for a training program.

The author visited the Bucheon City Government (BCG) in Korea on June 4, 2007, and conducted interviews with nine civil servants, including three from the Autonomy Administration Department (the department manager, the Civil Cooperation Team Leader, and member of the Civil Cooperation Team), two from the International Relations Team of the General Affairs Department, two from the Company Support Department, one form the Policy Planning Department, and one from the Civil Application Department in the BCG.

On June 13, 2007, the author also visited Paju City Government in Korea and conducted interview with seven civil servants who work at different departments, including the Personnel Department, the Policy and Budget Department, the Administrative Innovation Department, and the Cooperation Support Department.

## Appendix B: Interview Protocol, Standard [395]

| Background | 1) What is your current position in your local government?; 2) How long have you been in the position?; and 3) Can you tell me about your job responsibilities? |
|---|---|
| Managerial reform (openness, participation, and integrity) | 1. Please tell me about what the "Guangzhou Vision" is. Please tell me about what values have been considered key driving forces in accomplishing the "Guangzhou Vision"<br><br>2. Please tell me how those principles are linked to specific management reform policies (e.g., speedy administrative process for civil applications; e-government applications; FOIA) to realize the "Guangzhou Vision".<br><br>3. In your opinion, what were the key factors that affected managerial reform policies in the Guangzhou local government? Do you think that it was necessary to improve the managerial reform policies (or a specific reform policy) to enhance economic development and transparent local governance in Guangzhou? How about top leadership's commitment to the managerial reform policies (or to a specific reform policy)?<br><br>4. In your opinion, what are the Guangzhou local government's strengths in managerial reform policies (or a specific reform policy)?<br><br>5. (Examples of capacity building practices in HRM; Finance; E-government; Performance management; Integration of administrative processes; Anti-corruption efforts, professionalism, & code of ethics; and Organizational culture)<br><br>6. How those reform policies have generally influenced transparent local governance and economic development (e.g., foreign direct investment)? a) Openness (e.g., among employees, among agencies, between Guangzhou local government and citizens or national and foreign firms); b) Accountability (e.g., performance evaluation, service quality management); and c) Integrity (e.g., anti-corruption and improving transparency)<br><br>7. How do you assess the external management capacity for balancing economic development and transparent local governance? What are some of the challenges and how does Guangzhou's local government manages those challenges?<br><br>    a) Collaboration with Guangdong province; b) Collaboration with peer local governments; c) Collaboration with central government agencies; d) Collaboration with private firms; and e) Collaboration with citizens (citizen participation) or NGOs<br><br>8. How do you assess the internal management capacity for balancing economic development and transparent local governance? What are some of the challenges and how does Guangzhou's local government manages those challenges?<br><br>9. How do you assess leadership development efforts in your government? (i.e., competency of executive leaders, senior manger, managers and supervisors)<br><br>10. How do you see the future of Guangzhou's Municipal Government in terms of economic development? What are the key challenges for continuous economic development at the GMG?<br><br>11. How do you see the future of Guangzhou's Municipal Government in terms of transparent governance? Do you think that citizen participation in government policy decision-making will be increased in the near future? |

[395] This protocol has been used for interviews for all the four cases. The interview questions were modified for each local government and the professional positions of each interviewee (i.e., e-government, human resources management, economic development, collaboration with private corporations and NGOs, and volunteerism etc.). For a few examples of the modified interview protocols, see Appendix C and D.

# Appendix C: Interview Protocol, E-government in Guangzhou Municipal Government

| | |
|---|---|
| Background | 1) What is your current research project on e-government in Guangzhou's local government?; 2) How long have you been interested in e-government research in China?; and 3) Have you ever conducted a project by collaborating with the Guangzhou government? |
| Managerial reform (Openness, Accountability, and Integrity) | 1. Please tell me about what the "Guangzhou e-government Vision" is.<br><br>2. Please tell me about what values have been considered key driving forces in accomplishing the "Guangzhou e-government vision."<br><br>3. Please tell me how those principles are linked to specific management reform policies (e.g., speedy administrative process for civil applications; e-government applications; FOIA; and citizen participation) to realize the "Guangzhou E-government Vision."<br><br>4. In your opinion, what were the key factors that affected managerial reform policies in the Guangzhou local government through e-government development? Do you think that it was necessary to improve the managerial reform policies (or a specific reform policy) and e-government development to enhance economic development and transparent local governance in Guangzhou? How about top leadership's commitment to the managerial reform policies (or a specific reform policy)?<br><br>5. In your opinion, what are the Guangzhou local government's strengths in managerial reform policies (or a specific reform policy) and e-government development?<br><br>    (Examples of capacity building practices in HRM; Finance; E-government; Performance management; Integration of administrative processes; Anti-corruption efforts, professionalism, & code of ethics; and Organizational culture)<br><br>6. How have those reform policies generally influenced transparent local governance and economic development (e.g., foreign direct investment)?<br><br>    a) Openness (e.g., among employees, among agencies, between Guangzhou local government and citizens or national and foreign firms); b) Accountability (e.g., performance evaluation, service quality management); and c) Integrity (e.g., anti-corruption and improving transparency)<br><br>7. How do you assess the external management capacity for balancing economic development and transparent local governance? What are its challenges and how does the Guangzhou local government manages those challenges?<br><br>    a) Collaboration with Guangdong province; b) Collaboration with peer local governments; c) Collaboration with central government agencies; d) Collaboration with private firms; and e) Collaboration with citizens (citizen participation) or NGOs<br><br>8. How do you assess the internal management capacity for balancing economic development and transparent local governance? What are its challenges and how does the Guangzhou local government manages those challenges?<br><br>9. How do you assess leadership development?<br><br>    a. Competency (executive leaders, senior manger, managers and supervisors)<br><br>10. How do you see the future of Guangzhou's Municipal Government in terms of economic development? What are the key challenges for continuous economic development for the GMG?<br><br>11. How do you see the future of Guangzhou's Municipal Government in terms of transparent governance? Do you think that citizen participation in government policy decision-making will be increased in the near future? |

Appendix D: Interview Protocol, Human Resources Management in Xiamen Municipal Government

| Background | a) What is your current position in the Xiamen Municipal Government (XMG)?; b) How long have you been in the position?; and c) Can you tell me about your job responsibilities? |
|---|---|
| HRM (Openness, Accountability, & Integrity) | 1.  In your opinion, what was the key factor that affected the progress of HRM policy in the XMG? <br><br> 2.  Do you think that it was necessary to improve the HRM policy to support the Economic Development strategy of the XMG?  How about top leadership's commitment to the HRM policy? <br><br> 3.  In your opinion, what are the XMG's strengths in HRM policy & management? <br><br> 4.  How about advanced training programs and their impact on the XMG's effectiveness and economic development? <br><br> 5.  How about a performance-based incentive system and its impact on the XMG's effectiveness and economic development? <br><br> 6.  How about an online recruitment process? What is the impact of this system on citizens? Can you tell me the impact of the Personnel Bureau website (www.xmrs.gov.cn) on the XMG's employees and citizens? <br><br> 7.  Can you tell me the relation between the Personnel Bureau and the Xiamen Personnel Service Center (www.xmrc.com.cn)? <br><br> 8.  What kinds of skills and knowledge are emphasized during the training programs in XMG?  Are there any training programs related to dealing with citizens, corporations, harmony building, conflict resolution, customer-service quality, and stakeholders? <br><br> 9.  Do you have any training programs for preventing corruption or for improving transparency? <br><br> 10.  Any code of ethics or integrity requirement? Any disciplinary policy related to the violation of ethics and integrity? <br><br> 11.  Finally, any training programs for citizens (as human capital) to improve their skills and knowledge? Any support system making the connection between corporations and citizens looking for jobs?  (Xiamen talent Network?) |