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Public Service Delivery -
New Models in China

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Editorial

Dear Reader,

The everyday interaction between states and societies are determined by local services and service delivery. The very notion of service delivery puts the citizen at the heart of the discussion. This China Monitor looks into the aspect of service delivery and how local authorities in Shanghai try to modernise governance and experiment with innovative ways of service delivery.

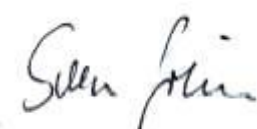
Changing the relationship between states and their citizens is a long-term endeavour in which public services can play a crucial role. With the provision of services, states can reach marginalised groups and can thus manage uneven modernisation in the development process.

China's management of internal migration by linking service delivery to official residency is under pressure. In this setting, the government of Shanghai is experimenting with ways to modernise governance, as Jessica Teets illustrates. The initial question of who should receive services very quickly comes to the subsequent and not less political question of who should interact with beneficiaries. In her research, Jessica Teets shows that in nowadays China, service delivery also becomes a question of the state's regulatory capacities; non-state actors might reach people that state authorities cannot reach. Furthermore, changes in service providers are also likely to change the nature of interaction between state and society.

In African states, Daouda Cissé argues, the experiences over the last 50 years create a specific and somewhat different starting point for modernisation of the public administration and service delivery. In today's Africa, more often than not pluralism is a given. While starting points are different, challenges are similar: Public sector reforms in Africa's developing democracies have to respect and should further develop governance frameworks based on participation and accountability.

The demand towards a functioning framework set by the state will be persistent and will have to be met in both African states and China. It will be fascinating to see how the reformed provision of services affects and changes the interaction between state and society.

Yours sincerely,



Dr. Sven Grimm

Director, Centre for Chinese Studies

Policy Watch

Developing New Models of Service Delivery in China: the Emergence of Social Innovation

By **Jessica Teets**,
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This is a summary of a larger paper. For the full version, please contact the author.

In this paper, I find that the political economy of public goods provision by the local government in Shanghai influenced the decision to transition from the existing public service delivery model based on residency, to a social innovation model where the government contracts with non-profits and private firms to provide services at lower costs and experiment with different levels of provision (购买服务). Contracting also forms a bridge between old governance models and new ones, which allow for a process of administrative modernisation without social instability. Contracting for public-goods provision is increasing in prevalence not only in Shanghai but also in many other provinces, and is professionalising these organisations and providing public goods to vulnerable populations. While this practice is not yet increasing non-profit participation in the policy process, the creation of access channels that are currently operating solely in one direction may at some future date allow groups to increase participation in relevant policy areas. Contracting public goods might have the potential of significant effects beyond the term of the contract by increasing pluralism in local public policy and generating more demand for transparency and accountability of government services. As such, this is an interesting bellwether for future political change in China.

The dual processes of economic modernization and urbanization initiated under economic reform in 1979 have changed China's demographic structure which challenges the efficacy of existing models of public goods delivery. The existing service delivery model based on residence and traditional family-provided welfare assumes a younger and more geographically stable workforce, thus an increasingly elderly and mobile population is unable to be adequately served with this model. In this paper, I examine how central and local governments are responding to the failure of existing delivery models by introducing a new model of social innovation through government contracting to private firms and non-profits to deliver public services. I argue that this new model of service delivery is part of a larger process of political reform in China, namely the small state, big society reforms which sought to withdraw the state from society and encourage societal actors to fill that void throughout the 1990s. These reforms have motivated a changing state-society relationship at the local level in China, where social actors gradually take over aspects of the local state's former responsibilities, including the provision of public goods.

“The dual processes of economic modernization and urbanization initiated under economic reform in 1979 have changed China's demographic structure.”



Local governments in China increasingly use a new model called Purchase of Service Contracting (POSC or *goumai fuwu 购买服务*), whereby the government contracts public-goods provision such as education, healthcare, or infrastructure out to private firms or civil society groups such as charities or other non-profits. While this practice is common for the governments of most industrialised economies, such as IT services and defence work in the United States, POSC is a new practice in China where the government normally provides public goods, and citizens consume these goods without participating in the provision or regulation process. Expanding citizen participation in both the provision and regulation of public goods has the potential to change the relationship between state and society from a hierarchal relationship to more of a pluralistic one, where private groups possess a legitimate channel to participate in the provision of public goods and other relevant policies with the responsible government agency. In this paper, I first explain the political and economic motivations behind the emergence of POSC in China, and then analyse the use of contracting in Shanghai to address problems providing compulsory education to the influx of economic migrants to see if this practice is in fact changing public participation in the policy process.

Through archival research and interviews conducted during the summer of 2010 in Shanghai, I find that while contracting allows the Shanghai Municipal government to provide education opportunities to a group not served under the existing residency model—the children of migrants—without challenging national laws restricting urbanisation, this practice currently allows little grassroots participation by these schools in education policy. Instead, contracting is changing the non-profits themselves by increasing group capacity to deliver services and through a process of professionalisation. However, these results are preliminary as this practice of contracting only began in 2008, so the creation of access channels that are currently operating solely in one direction may at some future date allow groups to increase participation in relevant policy areas. Contracting public goods might have the potential of significant effects beyond the term of the contract by increasing pluralism in local public policy, altering traditional state-society relationships, and generating more demand for transparency and accountability of government services (Tran, 2010). As such, this is an interesting bellwether for future political change in China.

Implications of Social Innovation Models

In summary, I find that this new social innovation model has influenced changes in the organisations and provided more education services to migrants, but the quality of this education and the ability of government to adequately regulate these schools are unclear. At this point, the new channels created by contracting are not leading to increased policy participation, but the future potential exists for these schools to attempt to influence education policy in Shanghai.

This paper finds that the political economy of public goods provision by local governments influenced the decision to transition from the existing public service delivery model based on geographical residency and family support, to a social innovation model where the government contracts with non-profits and private firms to provide services at lower costs and experiment with different levels of provision. Contracting also forms a bridge between old governance models and new ones, which allow for a process of administrative modernisation without social instability. Contracting for public-goods provision is increasing in prevalence not only in Shanghai but also in many other provinces, and is professionalising these organisations and providing public goods to vulnerable populations. However,

“This new social innovation model has influenced changes in the organisations and provided more education services to migrants.”



contracting with non-profits and other private entities to provide public goods presents two main implications for governance in China.

First, expanding citizen participation in both the provision and regulation of public goods changes the relationship between state and society from a hierarchal one as found in a corporatist framework to more of a regulatory or supervisory one. This difference might seem slight, perhaps even semantic, but the relationship is fundamentally different due to the space and independence between the groups and government. This space and independence may be exploited by groups to a degree and kind not expected by the government, as was highlighted under the fragmented authoritarianism approach describing how decentralisation of governing responsibility to local government created the space necessary for independent and often unexpected action (Mertha, 2009). Thus, contracting for public-goods provision creates a new channel for potential group participation in the policy process. In fact, as Irish, Salamon, and Simon find, in many Western European countries a welfare partnership exists between the state and private non-profit organisations, which suggests that government support is strongly associated with the growth and strengthening of the non-profit sector (Irish, Salamon, and Simon, 2009).

Second, while this process might potentially empower the non-profit sector in China, it furthers obscures accountability and transparency of government services, creating an imperative for the modernisation of the Chinese regulatory system. Contracting presents a difficult challenge for underdeveloped Chinese regulatory institutions in that achieving transparency and accountability at even the local level of government has been a constant governance challenge for the central government, but once services are contracted to outside entities, this difficulty is amplified. In the instance of declining quality of public goods, mismanagement of funds, and inequality in provision, the local government ultimately bears responsibility, not the provider. This attribution of responsibility by citizens and the central government increases pressure on local government to develop stronger regulatory institutions.

Local government contracting of public goods, such as education, has resulted in structural changes in the non-profits and in more education services provided to migrants, but the quality of this education and the ability of government to adequately regulate these schools is unclear. Additionally, the political sensitivity of the population served might decrease the ability of these non-profits to play a policy role. As the principal of Xiangyang Hope School in Beijing explained, the authorities demolished his former school to build a private development project, and the public schools do not have enough room for the displaced students. This story is echoed by many migrant-school founders, and forms a confusing array of examples of strong government support, continuing neglect, or outright opposition to the formation of these schools. The sensitive nature of the population served – rural migrants – generates concern on the part of government officials about the effect of these schools. Hong Zhang and Marsha Smith find that at the local level, state agencies recognize the need to address the needs of migrant workers, and have shown a willingness to work with NGOs to provide needed services, but have also clamped down on the activities of NGOs when they move from providing specific services to advocating for more expansive legal rights for migrant workers (in Schwartz and Shieh, 2010). In the wake of the 2008 economic crisis, unemployment among rural migrants who formerly worked in the export-producing sector dramatically increased. The CCP and local governments are concerned about social unrest among unemployed rural migrants, and closely monitor any

“Local government contracting of public goods, such as education, has resulted in structural changes in the non-profits and in more education services provided to migrants.”



organisations that deal with this population (Guang, 2009). Thus, at this point, the new channels created by contracting are not leading to increased policy participation, but the potential exists for these schools to attempt to influence education policy through these channels as they build professional capacity over time.

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Commentary

Public Management Issues and Service Delivery Challenges in Africa

By **Daouda Cisse**

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The public sector management approach to governance emphasises people-centred developmental processes in organisations. Public management is concerned largely with the human side of organisations, with such questions as leadership, training and development, team building, motivation, commitment, and so on. Besides, it addresses macro-organisational questions, such as organisational structure and design that define the settings within which individual and group behaviour take place, as discussed in the previous article.

Public sector management interventions tend to be conscious of process, preferring methods that encourage beneficiaries to be initiators of development, participants in the process of development, and carriers and transmitters of skills and knowledge, rather than passive recipients. This aspect of public sector management has much in common with certain accounts of human resource development (HRD).

To cope with this idea, in Africa, the legislation of countries like South Africa on local government emphasises that municipalities have a pivotal role of democratising society and fulfilling a developmental role within the new dispensation. This implies that municipalities must have policies and institutional frameworks that support and sustain the development of local people. Such plans must be geared towards achieving a progressive realisation of fundamental rights of the people. And it does include local government respecting and promoting good governance, not least so including the populations.

My paper will discuss the different public management issues in Africa and highlight new methods and models of service delivery to better serve citizens.

Historical background in Africa

With the attainment of independence by most African countries in the late 1950s and 1960s, the public sector is generally regarded as the pivot that will promote socioeconomic development. African public administration for the post-independence time was inherited from the previous colonial regime; a change of focus had to be achieved, away from mere territorial control and top-down management. This, effectively, meant to reinvent the public sector after independence.

The basic function of the public sector, which comprises a number of institutions for the making and implementation of decisions with regard to interests of various kinds, is understood to be the provision of goods and services to citizens based on

“The public sector is generally regarded as the pivot that will promote socioeconomic development.”

“realization and representation of public interests and its possession of unique public qualities compared to business management” (Haque, 2001: 65). However, the public sector in many parts of Africa was not able to perform its function effectively because of its “accumulation of excessive power, lack of accountability and representation, indifference towards public needs and demands, official secrecy and inaccessibility, and role in depoliticizing the public sphere” (Garnham, 1990; Haque, 1994). This ineffectiveness coupled with the economic crises of the late 1970s and 1980s and the apparent lessons from international experience of the success of market-friendly economies have combined to produce what some scholars have referred to as the “redefinition of the role of the state or public sector” (Fiszbein, 2000: 163).

The historical legacy suggests that even though the public sector in African countries was expected to spearhead socioeconomic development to reduce poverty, it has proved largely ineffective in performing this task. Some of the reasons for this ineffectiveness were excessive politicisation, not least due to authoritarian tendencies in leadership. The ineffectiveness has led to the call for a redefinition of the role of the public sector. In other words: Structural adjustment and the subsequent governance agenda had arrived in Africa; the former harshly criticised for diminishing capacities, the latter taken on board by Africa in its New Partnership for Africa’s Development (NEPAD).

To participate to the debate over the proper role of the public sector and how it has coped with the New Public Management reforms, I will assess the issues of public sector management in Africa by focusing specifically on the strengths and challenges facing the state and its bureaucracy in relation to socioeconomic development and how to find solutions to address these challenges.

Issues in Public Management in Africa

There is some confusion in theory and practice about the ways in which broad paradigms of public management can influence the nature of public sector management reform. In what follows the influence of the market-based paradigm is most evident in the discussion of civil service reform and accountability, where market-like mechanisms are employed in the interests of performance, and less attention appears to be given to human considerations. In order to ensure that human development is not sacrificed to market forces, public sector management reform efforts need to be more self-conscious of their broader philosophical, or paradigmatic, underpinnings. The discussion that follows suggests that it may be easier to do this in some areas of public sector management than in others. This is so because the preferences of governments and major multilateral agencies impinge more directly on some areas of public sector management like civil service reform and accountability than others.

Intra-organisational issues

Many public sector management interventions have been directed at civil service reform through downsizing, cost containment, and improvements in management skills and knowledge through training. The latter has been a traditional area of activity for bilateral donors in particular.

However, the primacy of training is being challenged by hitherto relatively neglected avenues of organisational reform. Some of these, like institution building and strategic management, have a more comprehensive view of factors that influence organisational performance, rather than looking at the mere size of the public administration. Broader factors determining organisational performance include civil

“There is some confusion in theory and practice about the ways in which broad paradigms of public management can influence the nature of public sector management reform.”



service reform through:

- Strategic Management, providing incentives and ensuring timely delivery,
- Leadership and Vision, giving direction and defining priorities,
- Institution Building, thus creating capable systems beyond personalized micro-management, and
- Accountability, which effectively means to communicate and explain policies to the populations.

Service Delivery Challenges in Africa

There has been an increasing recognition that many government and non-government programmes that have sought to ameliorate the effects of disadvantage and poverty have been inadequate. In Africa, many changes have to be undertaken to reach these goals. For this to be achieved, social and economic participation should be encouraged and facilitated and a greater emphasis needs to be placed on programmes that build individual and community capacity, focus on prevention and early intervention and enhance the creation of social capital.

This changing environment poses challenges and opportunities for those involved in delivering services in the community sector. A key challenge relates not only to the 'needs' that any community service programme may meet but how the services of the programme are delivered. Modes of service delivery differ not only in terms of the processes followed to identify the needs of the disadvantaged but also with respect to the broader philosophy or rationale underlying the goals, purposes, outputs and activities of a programme.

Africa has taken a significant and positive stride towards the promise of developmental local government. However, most governments are still plagued by significant challenges. The enduring facts of poverty, inequality and underdevelopment underscore the need for African governments to address issues of social and economic development.

Therefore, to address important good governance challenges, or to find solutions to the main issues in public administration in Africa, some key factors have to be considered:

- Public participation needs to be improved,
- Corruption needs to be curbed and financial compliance needs to be promoted,
- and, above all, a focus on capacity building needs to be maintained.

Conclusion

Developmental local government is intended to have a major impact on the daily lives of Africans and should seek a new focus on improving the standard of living and quality of life of the people. Thus, in short, developmental local government means strong leadership and clear vision for local government. This requires municipal officials to discharge their responsibilities with prudence and in an efficient, transparent, and accountable manner thus promoting good governance. Good governance in this context might mean reliably and transparently regulating private activities or immediate action by local governments, following standards. Good governance entails the existence of efficient and accountable institutions and systems and entrenched rules that promote development and ensure that people are free to participate in, and be heard on, decisions and implementation thereof that directly affect their lives. For democracy to materialise at the municipal level, citizens have to be given some role in these processes. This will lead to more accountability and responsiveness, and therefore the level of democracy will improve.

“Africa has taken a significant and positive stride towards the promise of developmental local government.”

It should be noted that the fundamental goal of a democratic system is citizen satisfaction. Therefore, the effectiveness of good governance needs to be judged by the capacity of local government structures to provide an integrated development approach to social and economic development issues and to supply essential services congruent with the needs and desires of the local communities. In this regard, municipalities should be able to identify and prioritise local needs, determine adequate levels of services, allocate necessary resources to the public.

The recommendations point to the fact that building a better public sector management in Africa is not only an arduous task but also a time-consuming one. Success will depend on commitment from both politicians and bureaucrats to economic growth, investment and international competitiveness, rather than focusing on consumption and waste of public resources. This requires that corruption is minimised, that reforms are made more credible and irreversible, that reforms are basically oriented towards equality, and that reforms are backed by adequate administrative and institutional capacity, and also by a sufficient mobilisation of support and of resources for the growth strategy.

Finally, policies based on evidence and policy learning are a prerequisite. Debates, dialogues, learning by reform failures, learning by analysing policy outcomes, by discussing the causes of weak policy performance, and asking how to cope with the emerging issues in the future may be important steps in this direction. Policy learning also means informing the people and the interest groups via Civil Society Organisations, informing people and actors at all levels of the state about governmental policies, and organising a dialogue and a permanent forum between government, interest groups and Civil Society Organisations so that new policies can be really rooted in African countries. In brief: open communication and transparency are key features.

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Conference Report

International Conference China-Africa Relations and Public Diplomacy

Stellenbosch on 15-16 August 2011

By Meryl Burgess, Kgothatso Moloi-Siga & Matthew McDonald,
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The joint conference on public diplomacy organised by the Centre for Chinese Studies, Shanghai Jiao Tong University, and Duke University took place in Stellenbosch on 15 and 16 August 2011. The topic, public diplomacy, was positioned in a changing landscape of international relations, and 'the triumphs and challenges of China's rise'. Many African countries were re-examining their development pathways. The paradox of the China-Africa relationship, one of the participants observed, was that they got ever closer, but also more complicated. Participants were reminded to discuss the factual basis of relationships between China and Africa, as well as the communication about the relations between the respective sides.

While Sino-African study usually focused on the macro political and economic aspects, this conference attempted to cover the societal level engagements between China and Africa. The first panel discussed four clusters of themes that ran through the conference's discussions:

First, some were systemic features about centres of power. African states watched each other and navigate this map of power. Where is China in this map? How does this map affect Africa's IR? The change means a complete paradigm shift with increasing levels of interconnectedness or even interdependence; it is not a case of one new hegemon replacing the other. In this setting, management of global problems becomes ever more complex with more actors.

Secondly, there are realities that a multitude of actors face, amongst them: the asymmetry between China and Africa, two sets of actors with different positions and domestic realities and priorities. One of the challenges is to deal with plurality of actors and realities, given inequality on the playing field - what was the cost/benefit matrix?

Thirdly, presentations touched on epistemological issues: How does research move beyond the merely political level and understand deeper dynamics? The perceptions of China-Africa dynamics were subject to intersubjectivities at the national level and would have to consider the official versus the observer versus the 'objective' perspectives. It was felt that there was still much room to get to know each other better. Multiple discourses overlapped and happened alongside each other, be they official and unofficial, and multiplied into media and popular discourses.

"There are realities that a multitude of actors face, amongst them: the asymmetry between China and Africa."



Understanding avenues of investigation by their use is important.

And fourthly, normative questions were raised when talking about public diplomacy and policy making. There needs to be greater understanding of the knowledge and partnerships. Another set of normative questions touched upon standards, directions and effects of public policy making. This was an aspect to be debated further.

The role and perception of Chinese economic relations to Africa, not least so: foreign direct investment and Chinese businesses in African states were discussed on one of the panels. Furthermore, the conference discussed the different settings with regard to culture, values and customs, and the historical legacy to be considered in Sino-African relations. One panel dealt specifically with Public opinion polls were seen as offering a systematic way of how countries were being received. Thus, it was argued, public opinion were important for diplomats' understanding of perceptions relative to competitors. Also, there was political and academic value: the perceived role of organisations and other countries were key for democracy and development and in order to establish which issue could best be tackled by which organisation.

The final session was meant for debate and provocative discussion. The issues discussed were part of a new chapter in China Africa relationship. Mostly, issues currently discussed identified and explored economic topics; yet, other sectors were also to consider, namely the political, social and cultural. In these areas, the conference identified challenges and problems that were interrelated. What political model will promote China's goals best? The West had reclaimed the ideological and political realm, it was argued, such as Human Rights, democracy and liberty, whereas these issues were not present or not discussed in China. China had bought into the free market ideology, but not the full package of Western liberal democracy. China has become stratified in its social structure in last 30 years, and not unlike Africa, it had its internal diversities and cultural values and norms were not homogenous, as discussed. How does China interact with these social dynamics? With China's reform period, an opening up had occurred and, relatedly, a gradual switch of China's global strategy. Nowadays, it was expressed, there were cleavage in discourse in China with regard to the economic and political sphere. Where was the anti-imperial, anti-colonial discourse – and couldn't China claim ideological advantages over the West. In brief, some participants argued: it needed to be communicated what China stood for.

Public diplomacy was thus not simply about getting the message straight and sending it out to the world. The addressees of information usually interpret the message and fit it into their vision of the world. Was the message credible? Can it be true? Was there another truth to it? It was therefore important to have an open and wide ranging discussion about the visions of the world. Public diplomacy at its best was presented as based on facts and delivering interpretations that are clearly distinguished from facts in the presentation. Public diplomacy thus needed to reflect the complexity, should not be overly simplistic, and should not be too repetitive, in order to avoid the impression that world views are forced upon the recipient. Positively speaking: In providing a factual and complex, nuanced picture, it engaged in a true dialogue. Public diplomacy provided information about other people's thinking, other cultural contexts, other interpretation of the world that could be taken into account by policy makers and in their communication. The conference has opened debate and was quite profound on some issues. It did not find simple answers to the question of HOW public diplomacy is best communicating. This might be very ambitious, in any case, as Africa consists of over 50 states and societies and

“Public diplomacy was thus not simply about getting the message straight and sending it out to the world.”



will require long-term engagement.

With regard to public diplomacy, China-Africa relations were facing challenges at the political, the economic, the social and the technological front. At the international level, discussion was about suspicion and mistrust of Africans towards Chinese, reflected the emergence of China, and was somewhat similar to concerns of the US and EU in regarding the Chinese rise. This perception was based on the basic structure of realism - suspicion and concern from other polar entities regarding China's rise. To be considered at this level was also the changing relations between state and society in Africa, with possibly the gap between society and state deepening. In Africa, the leverage has changed, the post-Cold War societies were being empowered and the state was withering, which made it difficult to discern this process. Overall, the rates and directions of political and ideological change between African and China was different, with an increasing number of actors, more diversity, and widening income gaps. The answer to these challenges was seen somewhere between complete revolution of policy and ideas, and sticking to the status quo. What was needed, it was argued, was a moderate and considered evolution of practice.

On the controversial issue of non-interference, a point was made that there was bad [imposing] vs good [supporting] interference. Very often, it was a matter of perspectives that needed to be communicated. With regard to the state/society divide, China and Africa share many issues and challenges, it was felt. A fact to observe and to handle was the growing presence of Chinese business and entrepreneurship in Botswana. Mastering these challenges requires African knowledge to guide and inform the future development. In this regard, Africans were holding governments to account more. On a positive note, China was bringing in new insights that differed from the Western hegemon.

It was felt that China can learn from Africans, too, with academia being an excellent example of the overlaps. The question was what the origin of miscommunication was? Was it lack of information? Or Stereotyping? As one example, the perception of Americans towards China was given, which was not due a lack of (available) information, but due to different ideological backgrounds. The value of mass appeal surveys, it was felt, was that they could assist in understanding the reasons for miscommunications in African countries, as a precursor to formulating policy. Specifically highlighted was the issue of land tenure systems, also a big problem in China. In this, African lessons might be useful, as will Chinese lessons to Africa.

The full Conference Report will be available on the CCS website.

“It was felt that China can learn from Africans, too, with academia being an excellent example of the overlaps.”



Briefing Round-Up

A Round-Up of all the top stories drawn from our Weekly Briefings over the previous month



Pearl River delta special economic zone approved free-trade status The South China Morning Herald reports that Hengqin island in the Zhuhai special economic zone is poised to become a free-trade zone modelled on Hong

Kong after Beijing approved pilot co-operation projects in customs, finance, revenue systems and land management. All overseas goods shipped to the 106 square kilometer island, next to Taipa and Coloane islands in Macau, will be exempted from import duties unless they are transported to the rest of Zhuhai or elsewhere on the mainland, Shanghai Securities News cited an unnamed source as saying.

China Rating Agency Downgrades US Debt China's Dagong Global has controversially cut the credit rating on U.S. sovereign debt to A from A+, Chen Jialin, general manager of the international department at the firm told CNBC. The agency has also put the U.S. on negative outlook. The decision came despite the U.S. raising the debt ceiling and averting a default, and even as both Fitch and Moody's re-affirmed the U.S.'s Triple-A rating.



China wins right to explore seabed off Africa The International Seabed Authority (ISA), an organisation under the United Nations, has approved China's plan to look for polymetallic sulphide deposits in a 10,000 square kilometre area

of seabed in the Indian Ocean. A licence has been granted for 15 years, a spokesman for the Foreign Ministry said recently. This has made China one of the first countries to win rights to explore the seabed for mineral deposits

Bank of China launches Yuan cash business in Zambia Bank of China Ltd. the country's fourth-largest lender by assets, launched yuan cash business services in Zambia with the aim of boosting economic ties between China and Africa. The bank's branch in Lusaka, the Zambian capital, provides yuan services such as deposit-taking, lending and remittances as part of measures to provide financial services catering to Chinese companies that are trying to move into African markets.

Horn of Africa: Chinese contribute to rescue China has announced that it will provide a total of US\$14 million worth of emergency food assistance to drought-afflicted countries in the Horn of Africa. "We are deeply

concerned with the widespread famine triggered by the severe drought in the Horn of Africa region and our heartfelt sympathy goes out to all the drought victims," said Foreign Ministry spokesman Ma Zhaoxu in a written statement.

Mozambique and China due to sign ten cooperation agreements in Beijing

Mozambique and China are due to sign more than ten cooperation agreements, memorandums and exchange of notes, in the financial, economic, technical and social areas as part of a state visit by Mozambican President Armando Guebuza. The two sides plan to sign an agreement for technical and economic cooperation worth around US\$ 7.6 million, a framework agreement in financial cooperation with the China Development Bank (CDB), as well as a framework agreement on cooperation in the area of Small and Medium-sized companies.



China African Precious Metals to buy Pamodzi's Orkney mine China African Precious Metals Ltd., affiliated to Hong Kong's SSC Mandarin Holdings Ltd., will buy Pamodzi Gold Orkney Ltd. in South Africa for US\$ 22 million, the provisional liquidator of the mine said. "It is expected that it will spend more than US\$ 72 million rand on mine developments and on erecting a new gold plant at the mine," the liquidator said today in a statement. Orkney may be in full production a year from deal completion.

China aided hospital handed over to Zambia

Lusaka General Hospital, aided by the Chinese government, was completed and handed over recently. Commissioning the opening of the newly constructed



hospital, Zambian president Rupiah Banda said the hospital will largely improve health delivery system and bring access to cost effective health care to the country. Chinese Ambassador to Zambia Zhou Yuxiao said the health sector is one of the priority areas of the bilateral cooperation between China and Zambia.

ICBC buys into Latin America Industrial & Commercial Bank of China Ltd (ICBC), the world's biggest lender by market value, announced its biggest takeover in nearly four years recently. The bank will buy an 80% stake in the Argentine division of South Africa's Standard Bank Group Ltd. ICBC will pay US\$ 600 million for the stake in

Standard Bank Argentina SA (SBA), Standard Investments SA and Inversora Diagonal SA. "The acquisition is a win-win choice for all parties. It will help ICBC obtain a commercial banking license in Argentina and become the first Chinese financial institution to enter the local market" said Jiang Jianqing, chairman of ICBC.



China launches first aircraft carrier on maiden sea trial

China launched its first aircraft carrier for a maiden run shortly, a step likely to boost patriotic pride at home and jitters abroad about Beijing's naval ambitions.

The long-awaited debut of the vessel, a refitted former Soviet craft, marked a step forward in China's long-term plan to build a carrier force that can project power into the Asian region, where seas are spanned by busy shipping lanes and thorny territorial disputes.

China gives Ethiopia food aid worth \$55 million China has recently announced food aid worth US\$55.28 million, one of its largest single gifts to a foreign country, to help Ethiopia and other African drought-stricken regions solve the current famine crisis. Premier Wen Jiabao made the promise while meeting visiting Ethiopian Prime Minister Meles Zenawi at the Great Hall of the People in Beijing. Wen also said China is willing to expand cooperation with Ethiopia in areas including industrial investment, technology transfer and efficient agriculture to help realize sustainable development in the African nation.



Beyond Gaddafi: China government eyes return to Benghazi projects

Chinese government officials have confirmed that they have opened communication channels with the National Transitional Council, the

political representatives of the Libyan rebellion, over their return to a number of projects in Benghazi. Of major interest is a western Benghazi housing project of 20,000 housing units, a report in the Financial Times has said. However, the government official said that while there may be an agreement with NTC in the future, work would not restart on any projects until the situation calmed down.

Angola due to receive railway equipment ordered from China this year Angola is due to receive rolling stock for the country's railways ordered from China, Angola's transport minister Augusto Tomás said in Benguela recently. The minister said that the orders had been made last year adding that, while waiting for the delivery, the government had secured equipment that was due to be sold to South Africa's railways. This rolling stock, the minister said, was undergoing tests and

technical maintenance to carry passengers and goods to the centre and east of the country.

China Africa Cotton Mozambique to invest in cotton sector

China Africa Cotton Mozambique plans, over the next three years to invest US\$22 million on its programme to boost production and process



cotton in the central Mozambican province of Sofala, Rádio Moçambique reported. Of that amount, over US\$6 million were invested in construction work for a cotton processing factory, in the Cerâmica neighbourhood on the outskirts of the port city of Beira.

Will Biden's China visit boost China-U.S. relations?

U.S. Vice President Joe Biden has begun his six-day visit to China. Biden's visit is the first of the planned reciprocal visits between the vice presidents of the two countries announced during Chinese President Hu Jintao's state visit to the United States in January. It will help the United States adjust its future policy toward China and ensure stable bilateral relations. China, the largest foreign holder of U.S. debt, has maintained close economic ties with the United States, and both countries have practical needs to coordinate interests through dialogue.

China urges new Libyan government to protect investments

China has urged Libya to protect its investments, after a Libyan rebel warned that Chinese oil companies could lose out after the ousting of Muammar



Gaddafi. The deputy head of the Chinese Ministry of Commerce's trade department, Wen Zhongliang, responded, saying "China's investment in Libya, especially its oil investment, is one aspect of mutual economic cooperation between China and Libya, and this cooperation is in the mutual interest of both the people of China and Libya," the commerce official Wen told a news conference.

CNPC terminates 6 overseas projects in Africa that run losses

China National Petroleum Corp (CNPC), the country's largest oil and gas producer, terminated six exploration projects in Libya and Niger amid ongoing political turbulence in the Middle East and North Africa, the Securities Daily said recently. The termination of the six projects run by Great Wall Drilling Co (GWDC), a wholly-owned subsidiary of CNPC, is estimated to cause US\$187.51 million in losses for the company, higher than losses incurred during the 2009 financial crisis, said the report.



China, Africa Plan 1st NGO

Forum in Nairobi More than 200 representatives from Chinese and African non-government organisations will gather in Kenya's capital of Nairobi at the end of August.

The meeting is part of the

China-Africa People's Forum. NGO representatives will discuss climate change and food security, NGOs' credibility and transparency, and the relationship among governments, non-governmental organizations, businesses and communities. The group will also explore cooperation methods to fight HIV/AIDS in China and Africa.

Chinese banks post record profits as rivals stumble

China's five biggest banks posted first-half profits that surpassed the total of their 14 largest U.S. and European rivals, highlighting the Asian nation's financial power as other economies falter. Industrial & Commercial Bank of China Ltd. reported a net income rise of 29% to a record US\$17 billion, pushing combined profits of the nation's biggest banks to US\$57 billion. Bank of America Corp. (BAC) and Royal Bank of Scotland Group Plc posted losses as the U.S. economic recovery weakened and Europe's debt crisis deepened.



Attracting more Chinese

tourists to Africa A group of the best tourist destinations in Africa have gathered to launch the "China To Africa" (CTA) Project. The goal of the CTA is to increase the number of Chinese tourists

visiting Africa, for both leisure and business trips. As Africa is a key continent for China in terms of business, trade, and tourism, this initiative has been welcomed by the African and Chinese travel and tourism industries.

Sourced from: lol, All Africa.com; BBC, Bloomberg; Engineering News; China Daily; Google; Wall Street Journal, Lusaka Times, Zambia Post; Timeslive; CRI.net; Reuters; Business Week; FT.com; Afrik.com; Xinhuanet



For more of the China Briefings we have collected in the last month, please see our *Weekly Briefings*, which can be accessed via our website: www.sun.ac.za/ccs



Photo: SSFD



Photo: CCS



The China Forum - Recent Events

China-Africa Relations and Public Diplomacy – Conference in Stellenbosch on 15-16 August 2011

The joint conference on public diplomacy organised by the Centre for Chinese Studies, Shanghai Jiao Tong University, and Duke University took place in Stellenbosch on 15 and 16 August 2011. The topic, public diplomacy, was positioned in a changing landscape of international relations. The conference, attended by numerous Chinese academics and researchers from Southern Africa, discussed the facts and perceptions for Sino-African relations in economics, societal and in the cultural realm. The international conference was attended by His Excellency, the Chinese Ambassador to South Africa, Zhong Jianhua, and China's eminent person on Africa, Ambassador Liu Guijin.

For more on the conference, please see the report in this China Monitor or visit our website

Visit from the China Foreign Affairs University – 18 August 2011

A delegation from the CFAU visited the CCS to discuss the work of the Centre and specifically the challenges of regional integration in Africa and how China can better engage with Africa's regional organisations in the future. The delegation was led by Professor Tang Xiao. The meeting was also attended by Ms. Sanusha Naidu of the HSRC.

Visit by Xiamen University's China Institute for International Development – 18 August 2011

Corollary to the international conference on China-Africa Relations and Public Diplomacy, the CCS also held discussions with researchers of the newly established China Institute for International Development (CIID) at Xiamen University. The discussion between CCS staff and Professor Huang Meibo and Professor Zhuang Zongming picked up on contacts established in Xiamen in March this year and explored topics of collaboration between the CCS and CIID. Specifically the provision of aid by China and Chinese foreign direct investment in Africa are of mutual interest.

Presentation on China's Africa Policy and Medical Cooperation – 22 August 2011

CCS Director Sven Grimm presented on China's aid to Africa and Chinese medical cooperation at Johannesburg's headquarters of Médecins Sans Frontières (Doctors Without Borders). The meeting was also attended by other NGO representatives and staff of South Africa's Department of International Relations and Cooperation (DIRCO).

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