



# Shenyang, PR China

## City Development Strategy Report

November 2001



Prepared By:  
UMP Regional Office for Asia and the Pacific

# City Development Strategy Study Shenyang

## A. BASIC CITY INFORMATION

Shenyang, People's Republic of China			
City Population:	Shenyang population (1999):     6.85 million Male population:           50.6% Female population:        49.4%		
Country Population:	1.3 billion		
Population Density:	528 persons per sq. km.		
City Growth Rate:	<ul style="list-style-type: none"><li>Annual growth rate in whole city (1998-1999):        0.16%</li><li>Growth rate in city proper (1998-1999):        -0.1%</li></ul>		
City's Main Function:	<ul style="list-style-type: none"><li>Shenyang is China's fourth largest city and the biggest economic centre in the northeast of China. It is the capital city of Liaoning Province, and thus the centre of political, economic, trading commodity, communication, transport, commerce, science and culture in northeast China. The transition to market economy has shifted the economic structure from agricultural-based to manufacturing and service industry based. GDP composition in 1999 is 49% tertiary sector (i.e. service trade), 44% manufacturing industry, and 7% agriculture sector.</li><li>Shenyang's primary industry is heavy industry, particularly smelting of lead and copper, mining of coal and petroleum production. These industries are dominated by state-owned enterprises. Secondary industries include metallurgy, pharmaceuticals, chemicals, textiles, electronics, and construction materials. The city is largely dependent on coal and natural gas for energy, domestic heating and industrial production.</li></ul>		
City Economic and Poverty Profile			
GDP:	Yuan 111.6 billion, with annual growth rate of 10.3%		
Fixed Assets:	Yuan 26.2 billion, with annual growth rate of 9.2%		
Income Per Capita	Yuan 5,394		
% Below Poverty Line	2.2% of city population or around 100,000 people		
Existing Anti-Poverty Measures	Raise subsidy level for the unemployed; training programs for senior middle school graduates; subsidy to the poor and widowers i.e. in medical care etc.; education in family planning and birth control,		
Number of Households (2000) and Population Density	No. of households ('10,000) whole city:       212.6 city proper:     153.4 county:          59.2	Density (persons/sq.km.) 522 1,378 206	

Workforce (1999) in 10,000's	Agriculture – 89.1 State Owned Economy – 116.5 Manufacturing – 138.0 Collective economy – 145.2 Service Trade – 167.4 Private Economy – 36.4 Individual Economy – 60.7 Other – 26.7 <b>Total 394.5</b>
Unemployment Rate:	2.31%
% Households Below the Poverty Line	2.1%
% Households with Access to Basic Services	100%
% Below Poverty Line	1.5%
% Working in Informal Sector	7.7%
% Adult Literacy (Male and Female)	96.3%
% Population with Higher Education	11.6%
% Child Mortality Rate	1.1%
Administrative Structure:	The mayor and vice mayors are elected by representatives of the People's Congress, who are elected by citizens.
<b>CDS Activity in Shenyang</b>	
Focus of the CDS:	To improve the city's quality of life through better infrastructure, improved environmental quality, increased industrial productivity to reduce unemployment and poverty, and more efficient city administration.
CDS Start Date:	August 2000 (MOU signing date)
CDS Completion Date:	October 2001
Key Stakeholders Involved:	<ul style="list-style-type: none"> <li>Shenyang Municipal Government, No. 260 Shifu Road, Shenyang 110013.</li> <li>LPI: Shenyang Environmental Protection Foreign Funds Introduction Office (SEPFIO), Shenyang Environment Protection Bureau, 254 Zhenyang Street, Shenje District, Shenyang 11011. Tel: (86-24) 2484 4985 Fax: (86-24) 2485 6104 Email: sepffio@mail.sy.ln.cn</li> <li>CDS Working Committee Members ("Stakeholders Group") <ul style="list-style-type: none"> <li>Shenyang Ecological Research Institute of the Chinese Academy of Sciences</li> <li>Liaoning Provincial Construction Plan and Design Institute</li> <li>Liaoning Provincial Social Academy of Sciences</li> <li>Shenyang Highway Plan Design Institute</li> <li>Liaoning Provincial Design Institute of Architecture</li> <li>Shenyang City Investment Institute</li> <li>Shenyang City Plan Institute</li> <li>Shenyang City Policy Research Institute</li> </ul> </li> </ul>

	Shenyang City Urban research Institute Shenyang City Society Research Institute Shenyang City Industrial Economy Institute Shenyang City National Land Resources Administration Office <ul style="list-style-type: none"> <li>Other State Agencies and Training Institutions, including:  Shenyang City Planning Commission  Shenyang City Construction Committee  Shenyang International Engineering Consultancy  Shenyang City Water Undertaking Corporation  Shenyang Bureau of House Property  Shenyang Bureau of Communication  Shenyang Bureau of Urban Construction  Shenyang College of Agricultural Engineering  Shenyang City Planning Institute  Shenyang City Administrative College  Provincial Development Research Centre</li> </ul>
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## B. Narrative of the City Situation – National Context

### The National Macro Economic Context

For the past several years, China has recognized the important role and contribution of its cities to national economic growth. China's policy decision to develop Special Economic Zones (SEZ) in the 1980's focused the implementation of this policy on the coastal cities of the eastern region of the country. A large proportion of the nation's major industrial cities and all the SEZ are located in the eastern coastal region. Combined, these cities have contributed immensely to China's economic development in recent years.

In the Seventh Five-Year Plan (1986-1990), which defined broad regions with unique development goals, Liaoning Province (of which Shenyang is the capital) is among the provinces grouped under the Coastal Region. The region, until recently, has been the target for rapid export-oriented industrial growth. The creation of a political framework for growth, due to the "open door" policy and decentralization of economic power from the centre to local areas, has rendered the coastal region more attractive to foreign investment. From 1979 to 1988, Liaoning Province was listed as the fourth highest recipient of foreign investments, following Guangdong, Shanghai and Beijing.

Decentralization in China is characterized by a dual-space system, where a closed space (under strict state control) stands side by side with an open space (with loose control). In broad terms, the cities and provinces in the coastal region of the southeast have been enjoying an open space. However, recent policies to promote economic development in the central and western regions have brought about certain changes in the application of the dual-space system. Specifically, the open cities and areas are receiving less state capital investment and subsidies and are thus trying to find their own way of financing their development. This was the macro economic context for the initiation of the CDS in Shenyang.

### Shenyang's Economic Situation

Shenyang is the capital of Liaoning Province and the largest economic centre in northeast China. It has extensive airline, railway and road connections to over 40 major cities in China. It owns and operates 5 airline companies and its airport is one of the top

international airports in China. It also houses the largest railway hub in northeast China.

Shenyang, as a city with heavy industry as an economic base, has made significant contributions to China's industrial development over the past many years. For instance, it was in Shenyang where major industrial innovations were developed, such as China's first 200,000 KV transformer, first 2,000-ton tower crane, first jet-propelled fighter plane, and first underwater robot. Also, Shenyang is self-sufficient in agricultural products, and the output value from its new technological industries accounts for over 23% of all industrial output.

Since the country's Fifth Five-Year Plan (1977-1981), Shenyang has been one of the major cities promoted by the country as a base for manufacturing industry. As a result, Shenyang accounts for a large number of manufacturing firms with high levels of technology and production in such fields as motor vehicles, heavy machinery, chemicals, and pharmaceutical products. When the Shenyang CDS was launched in 2000, the city was experiencing close to a 17% increase in the total value of its manufacturing industry over the previous year while its other industrial sectors produced an increase of over 11%.

In terms of international trade, Shenyang has trade relations with 133 countries, with the major partners being Japan, South Korea, the USA, and Hong Kong. It has also opened new trading relations with several countries in Africa and Oceania. Shenyang's main exports are electrical machinery and appliances such as batteries, motor vehicle spare parts, circuit breakers, colour TV sets, transmitters, and computer monitors. In foreign investments, Shenyang had as many as 598 approved projects in 1999 alone, amounting to \$1.035 billion, with eight of these involving more than \$10 million each. International economic cooperation has expanded to 92 countries and about 5,000 joint venture companies have been put into operation.

### **Shenyang's Poverty Situation**

Poverty is a sensitive subject in China, however officials of Shenyang openly admit that it exists in their city. They have reported that the city's urban poor is 2.2% of the total city population although they have not indicated how this has been defined. Their description of the urban poor in the city is in terms of general statements, such as inadequate incomes to meet basic needs, insufficient quantity and low quality food, no access to recreation and cultural amenities since their incomes are barely enough for their children's education. In contrast, housing for the poor is reported to be the same as for everyone else. While no figures have been given, there have been reports that the city's urban poor population is increasing as a result of the closure of many state-owned enterprises with the corresponding lay-off of large numbers of employees. However, the city reports that 100% of its population in the urban core have access to basic services.

Against this backdrop, Shenyang has been implementing a poverty alleviation programme. Its specific objectives are to provide employment and re-employment opportunities, especially for those affected by the closure of state-owned enterprises; provide unemployment and medical insurance; and assist the disabled in establishing a livelihood. Anti-poverty measures include raising the subsidy level for the unemployed; require graduates from middle schools to train for 2 to 3 years in order to postpone their entry into the labour force; and popularising education in order to improve health conditions. It has been observed that Shenyang's poverty alleviation programme is strongly welfare-oriented, and relies heavily on government subsidies.

## **Local Governance**

The Chinese government attaches great importance to cities and supports them in promoting and pursuing economic development for the benefit of the whole country. Within the framework of national policies and laws, cities have been granted powers by the national government over urban infrastructure development, including the planning and implementation of social and economic development strategies based upon local conditions. The CDS received strong support of the Shenyang Municipal Government, which set up a special organization to implement the CDS involving the key municipal departments and affiliated agencies.

The premier governing body of Shenyang is the Shenyang People's Congress whose members are elected by the citizens. The People's Congress representatives, in turn, elect the Mayor and Vice Mayors as the highest political decision-makers of the city. The city's chief operating officer is the Secretary General who reports directly to the Mayor, and was designated as the city government's focal person for the CDS. All municipal department heads report to the Secretary General. For the purpose of coordinating all activities related to the CDS, including the formation and deliberations of the CDS Working Committees, the Secretary General designated four key city departments to form the CDS "core group", namely: the Shenyang Planning Commission, Shenyang Urban and Rural Construction Commission, Shenyang Environmental Protection Bureau, and the Shenyang International Engineering Consultancy Centre.

There are three levels of administrative authority in Shenyang: Municipal, County and Town. The Municipal Government is the central authority of the governments at all levels, although all governments are responsible for local economic and social development. The city has eight political parties and about ten non-government organizations (NGOs). They, together with other citizens, broadly participate in the city's decision-making and development processes through legal channels such as submitting suggestions and proposals to the government. They are also called upon and consulted by government when certain circumstances require their involvement.

There are strong indications that broad citizen participation in the city's governance system is increasing and developing deeper roots, based upon the experiences of the UN-HABITAT/UNDP-supported Sustainable Shenyang Project, the EU-supported Shenyang Urban Planning Project, and the CDS. The municipal government has also shown growing interest in good urban governance, as evidenced by its participation in the Asian Development Bank City Benchmarking Project and the UNDP Urban Governance Initiative, both of which were introduced to Shenyang by UMP in the course of the CDS.

## **Major Objectives of the Shenyang CDS**

The major objective of the Shenyang CDS was to provide a comprehensive development framework for Shenyang. The principal development objective was to assist Shenyang in improving its liveability, competitiveness, bankability, governance and management capacity. This was substantially achieved through a broad based participatory process involving all key stakeholders – the city government, the Provincial Government of Liaoning Province, national government agencies as well as the private and the civil society partners. The process led to the formulation of a city development strategy and provided assistance in its implementation in collaboration with various national and local

level stakeholders and bilateral and multi-lateral development partners. The objectives and outputs of the Shenyang CDS are listed below:

- **Objective 1**

***Comprehensive Development Framework for Shenyang***

Using participatory methods that involve all stakeholder groups and was facilitated by a project task force, an analysis was undertaken of the principal strategic needs of the city economy and its people, representing the consensus of the participating parties.

***Activity 1.1***

Appointment of the CDS Task Force, comprised of public sector decision makers, private and popular sector representatives and supporting consultants, which prepared a detailed work plan to complete the CDS process.

***Activity 1.2***

The conducting of a series of participatory City Consultation workshops and meetings involving all stakeholders, including private and civic society partners, through which specific strategies and sectoral focus areas were defined.

***Outputs***

A Strategic Framework of Development for Shenyang has been prepared which focuses on raising economic output, increase employment opportunities, improve city management capacity, reduce poverty, and meet the social needs of the population.

The specific outputs at this stage were:

- A listing of key stakeholders in the city, their current and possible future roles and responsibilities in shaping city's development.
- A comprehensive development framework listing priority areas/sectors and assigned responsibilities of various government agencies and other stakeholders. The framework was based on the following study outputs:
- Economic analysis of Shenyang: its role in the national economy, its structure, the formal/informal (organised/unorganised) sector linkages, dynamics of city economy over time, identification of key drivers of the economy, their potential and bottlenecks.
- Brief summary of past and current efforts for Shenyang's development. This document was used at the consultations to inform the stakeholders.

The above-mentioned outputs are lacking in detail. This is due primarily to the lack of capacity of the local government officials in undertaking more effective analysis and the absence of proper analytical tools. It is also partly due to the lack of proper understanding of the dynamics of urban growth. For example, a Poverty Profile was one intended output that was not produced, mainly because of the manner by which poverty is viewed in China.

- **Objective 2**

***Strategic Action Plan based on comprehensive development framework***

The Shenyang City Development Strategy has two interdependent components. The first component is the strategic action plan, which identifies key issues, constraints and opportunities outlining a shared strategic vision of the City. This elaborated the legislative, policy, institutional and capacity constraints that limit the performance or decision-making powers of the City. Second, the City Assistance Programme (CAP), which includes both short term high priority sub-programmes requiring immediate

action and yields quick, tangible results, as well as sub-programmes addressing strategic issues which require coordinated cross-sectoral planning and investment over a long period. The CAP covers the resources of the city government, the Liaoning Provincial Government and the national government, with the addition of proposals for consideration by other stakeholders in the city and the external funding agencies.

#### ***Activity 2.1***

Synthesis of focus areas identified through the consultative process and formation of focus area working groups, which developed strategic intervention frameworks for each prioritised issue.

#### ***Activity 2.2***

Preparation of guidelines for focus area working groups to ensure that their findings and recommendations covered both aspects of the CDS, and received feedback from partners during the strategic action planning process.

#### ***Activity 2.3***

Identification of implementation arrangements and synthesis of recommendations into the CDS strategic action plan.

#### ***Activity 2.4***

A broad city consultation for the dissemination of CDS, which synthesized the City Development Framework (CDF), Strategic Interventions, City Assistance Programme (CAP) and Implementation Plan into the overall City Development Strategy (CDS).

#### ***Outputs***

A City Strategic Action Plan detailing, within the framework of the city's own budgeting and programming, the priority actions proposed to be taken in the next five years. It also includes actions that need to be taken up by the higher levels of governments and other stakeholders. This action plan includes project summaries that are being used to request for funding from external support agencies.

- ***Objective 3***

#### ***Adoption of elements of Action Plan by development agencies***

To encourage and support follow-up activities for the adoption of all elements of the Action Plan by national development authorities or external development agencies, the CDS has been integrated into the Shenyang 5-year development plan.

#### ***Outputs***

The Shenyang CDS intended to produce a continuously monitored Implementation Plan identifying the actions to be taken, the agencies undertaking them, the sources of finance for each, and the progress in completing the actions. However, it was not accomplished at the required level of detail. The Shenyang authorities felt that incorporating the CDS project recommendations into the city's 5-year plan was sufficient to ensure funding support and the monitoring of project implementation.



# SUMMARY ASSESSMENT OF OBJECTIVES, ACTIVITIES AND OUTPUTS

Obj. 1: Comprehensive Development Framework		
1.1	Stakeholder Analysis	No clear strategy adopted for this except for a list of the government agencies civil society organisations and the private business sector representatives that were invited to be involved in the consultation workshops and working group meetings.
1.2	Economic Analysis	The analysis that was undertaken was mainly descriptive of the existing economic situation of the city.
1.3	Poverty Profile	No poverty assessment was undertaken and thus no profile was produced, except for a brief and general description of the conditions considered by city authorities as poverty related.
1.4	Summary of Recent/Current Development Projects	This was accomplished.
1.5	Priority Issues, Focus Areas, Sector Strategies	These were initially identified by the city departments concerned, discussed in the working group meetings, and further refined in the consultation workshops.
Obj. 2: Strategic Action Plan		
2.1	Long-term Vision, Key Issues, SWOT, Remedial Measures	These were deliberated in the working group meetings and further refined in the consultation workshops. However, no systematic SWOT analysis was undertaken.
2.2	City Assistance Program with (a) Immediate Priority Actions, and (b) Long-term Activities	Priority actions and long-term activities were identified, discussed and agreed upon in the working group meetings and consultation workshops, but the actions and activities requiring external assistance were not packaged as a distinct program. Rather, they were in the same list as locally funded programs and projects.
Obj. 3: Adoption of Action Plan		
3.1	Implementation Plan	Recommended policy reforms together with proposed programs and projects have been incorporated into the city's 5-year plan. However, the CDS report does not contain an explicit Implementation Monitoring Plan since the 5-year plan already has a built-in monitoring system.
Obj. 4: Documentation and Dissemination		
4.1	Final Report	The Final Report written in Chinese has been completed and disseminated to the government agencies and stakeholders groups that participated in the CDS process. The English version of the report, although less detailed, is also available.

## C. Description of the CDS Process

The City Development Strategy as an urban management tool was first introduced to Shenyang during the visit of Mayor Mu, the Mayor of Shenyang at the time, to UN-HABITAT in Nairobi in 1999. During that visit, a Memorandum of Understanding was signed between Mayor Mu and UN-HABITAT concerning areas of technical cooperation including the conduct of the CDS in Shenyang.

UMP-Asia undertook a mission to Shenyang to discuss the proposed Shenyang CDS with Mayor Mu and other officials. In the course of the mission, relevant information was gathered, including the outputs and suggested follow-up actions of the Sustainable Shenyang Project (SSP). Information on the EU-supported Shenyang Urban Planning Project (SUPP), which had just started at the time, was also received. The information on the SSP and SUPP were extremely helpful in initiating the Shenyang CDS as these two projects were utilizing participatory and consultative approaches similar to that of CDS. Moreover, the earlier activities of these two projects provided the essential foundation for introducing the CDS process to Shenyang.

Given the particular circumstances in Shenyang, considerable time and effort were exerted by UMP-Asia in finding a suitable local partner institution. It was deemed critical that such a partner should have the trust and confidence of the top officials of Shenyang, even more so than technical competence. Through a series of meetings with Mayor Mu and other top officials, it was mutually decided with UMP-Asia that the Shenyang International Engineering Consultancy Centre (SIECC) be designated as the local partner institution. This decision was based primarily on the fact that SIECC had already been engaged by Shenyang City to update its five-year plan, and the senior managers of SIECC enjoyed close working relations with Shenyang's key department heads as well as top officials. These factors provided the valuable opportunity to apply the CDS process in the updating of Shenyang's five-year plan.

Following the UMP-Asia briefing of Mayor Mu and other top officials on the participatory nature of the CDS process, especially the mobilization and involvement of the city's key stakeholders, Mayor Mu appointed Mr. Wang Wezhong, Secretary General of the Shenyang Municipal Government, to chair the CDS Steering Committee and instructed him to organize the CDS Stakeholder Group. In his position in the municipal government, Mr. Wang is de facto Shenyang's city manager; all city department heads report to him. His appointment to the CDS was a strategic move, reflecting Mayor Mu's interest in pursuing the CDS.

The key steps taken by the Shenyang CDS:

- ***Establishment of the CDS Steering Committee/Core Group, and development of the work plan.*** Under the leadership of the Secretary General, who was appointed CDS Project Director, the key municipal departments and their affiliates were organized into the CDS Steering Committee, namely: the Shenyang Planning Commission, Shenyang Urban and Rural Construction Commission, Shenyang Environmental Protection Bureau, and the Shenyang International Engineering Consultancy Centre. This "core group" then prepared the CDS work plan, including the identification of other stakeholders.

- ***Initial stakeholders' workshop to identify and analyse critical issues and possible corresponding strategies.*** The core group conducted this workshop to consult with other stakeholders on the city's critical concerns such as increasing economic output and productivity, reducing poverty, improving city management, and institutional working relations among municipal and other levels of government. Participants came from relevant government departments, academic and research institutes, the private sector, and NGOs. The workshop agreed on the CDS coverage, work plan and expected outputs, as well as the formation of working groups to draft such outputs.
- ***Establishment of working groups, and conduct of meetings on key issues and recommended strategies.*** Working groups among the identified stakeholders were formed corresponding to the agreed-upon priority issues. Through a series of meetings, these groups, representing 16 stakeholders, focussed on various concerns, prioritised them and developed corresponding strategies. The reports of all the working groups were consolidated into the "City Strategic Action Plan and Implementation Arrangement" which covers: (1) the existing critical issues, (2) the major constraints, (3) strategy and action plan for each focus area, (4) implementation arrangements for each focus area, (5) project priorities and timeline, and (6) assistance programmes.
- ***City development strategy review workshop.*** This discussed the consolidated report of the working groups in a more comprehensive and holistic manner, focusing on the linkages and inter-connections of the strategies developed for each focus area. Opinions and suggestions were received from the participants and other experts. The report was subsequently modified with a new title "The City Development Strategy of Shenyang". The recommended programmes, projects and other initiatives contained in this report have subsequently been incorporated into the city's newly updated 5-year plan. A number of the specific priority projects are now being implemented, particularly those that are locally funded.

## **Involvement of Key Stakeholders**

**City Government:** The Shenyang CDS received the full support of the municipal government from the start. The MOU was signed by the Mayor who designated the Secretary General of the Municipal Government - one of the more senior and influential people - as CDS Project Director. The Secretary General subsequently established the CDS Shenyang Steering Committee and particularly recommended the Shenyang International Engineering Consultancy Centre (SIECC) as UMP's local partner institution. This was a strategic move, as the SIECC had also been engaged by the municipal government to work with the Shenyang Planning Commission in updating city's 5-year Plan. Both the Mayor and the Secretary General saw the benefit of the CDS to the city's development planning process.

Therefore, the active participation of the key government agencies was easily secured, and the quality of the involvement was very high. The main motivation for their continued involvement was the leadership of the Secretary General who often attended the consultation workshops and working group meetings, as well as the interest of the Mayor himself in the progress of the work. The Secretary General, as the CDS Project Director, was indeed the main driving force for the CDS. He provided the impetus for continuity even when a new Mayor was elected midstream in the CDS process.

**Civil Society:** Stakeholder groups, other than government, actively participated in the CDS activities especially after the first consultation workshop, during the working groups' meetings and the final review workshop. These groups, reflecting a wide range of interests, included NGOs such as the Workers' Union, Women's Federation, Association of Science and Technology, Industry and Business Federation, Overseas Chinese Association, and Federation of Disabled Persons. While these NGOs represented the interest of all socio-economic classes of the city, there was no particular distinction given to the urban poor, reflecting perhaps the manner by which poverty is presently defined in China. Nonetheless, the NGOs showed great enthusiasm in being involved, and provided useful suggestions on a number of issues such as the management of flood-prone areas, increasing employment opportunities for the poor and disabled, and improvements in environmental quality and ecology.

**Private and Business Sector:** With the CDS objective of improving quality of life, and the city's strong industrial base, the participation of the business sector was relatively easy to secure. The structure of the CDS working groups provided the industry and business sector with the platform to share their concerns and ideas especially on increasing economic output while minimizing unemployment due to the closure of several state-owned enterprises. Their earlier involvement in the Sustainable Shenyang Project, particularly on the issues of pollution abatement and "clean" production, gave them the confidence and motivation to participate in the CDS deliberations. The exposure in the media of the CDS also motivated the private sector to be involved. The CDS activities were featured in the Shenyang Daily, the Shenyang TV News, and the Shenyang Economic Information Website to ask the public for comments and suggestions relating to the city's critical issues. Some 100 feedback comments were received covering concerns such as improving water and gas supply, strengthening air pollution control, increasing investments in public housing, and improving public transportation. These comments were then incorporated into the CDS deliberations for proper consideration.

**Higher Levels of Government:** Under the present Chinese laws, the State (Central Government) Planning Commission and the Liaoning Provincial Planning Commission are the key agencies responsible for guiding Shenyang in formulating its development strategy and action plan. These laws require that Shenyang must formulate its own development plan based upon the national and regional policy frameworks, including those for industrial development. Based upon this requirement, the State Planning Commission and the Liaoning Provincial Planning Commission participated in the final review workshop, represented by the Chief of the Planning Division and the Secretary General respectively. They commented on the consolidated report of the CDS working groups, and submitted specific recommendations in line with the policies under the responsibility of their agencies. These recommendations were consequently reflected in the final CDS report.

## **Key Success Factors**

- ***Careful organization and arrangements:*** The personal interest of the Mayor and the Secretary General right from the start were main factors in mobilizing and motivating the active and continued involvement of key stakeholders, especially the municipal government departments. The Secretary General's suggestion and UMP's subsequent engagement of the SIECC as UMP's local partner institution was also a

major factor in seeing the CDS through, especially in bringing together the various sectors in formulating the city's development strategies in a participatory manner. SIECC is the largest and most respected consultancy firm in Shenyang, and was engaged by the municipal government to update the city's Five-Year Plan.

- ***Convergence of the CDS activities and the updating of the city's 5-year Plan:*** The initiation of the Shenyang CDS coincided with the updating of the city's 5-year Plan, both of which shared similar objectives and expected outputs. Thus, the CDS was undertaken simultaneously with the 5-year Plan updating, thereby facilitating the collection of data and related information, which fed into the stakeholders' consultation workshops and meetings. This also resulted in substantial savings in human and physical resources particularly in data collection and analysis. Most importantly, the recommendations arising from the CDS activities were incorporated into the city's updated 5-year Plan.
- ***Continuous publicity and media coverage:*** The continuous publicity of the CDS, especially the social and economic issues it was focusing on, was a key factor in mobilizing broad support from citizens. The exposure the CDS received from the media generated much attention and support from the government officials, the private business sector, and NGOs. It significantly raised interest and understanding of the need for better coordination and cooperation among the various sectoral agencies of the government, which traditionally have been working in isolation from each other.

## D. Outcomes and Results of the CDS Process

### **City Vision and Development Strategies**

Shenyang's long-term vision is for a city whose citizens enjoy good living standards, adequate economic opportunities, a clean and healthy environment, and efficient city administration.

The strategies that Shenyang has adopted to achieve this vision are based upon the stakeholders' recognition and consideration of the city's strengths, weaknesses, opportunities and threats. For example, Shenyang's stakeholders are aware that China's entry to the World Trade Organization (WTO) will speed up the further development of a market economy and upgrading of the industrial structure of the entire country which, consequently, will affect China's cities especially those that are already making significant contributions to national economic development, such as Shenyang. They also recognize that Shenyang is an old industrial city with a large retired population, and due to the closure of many unproductive state enterprises, the problem of unemployment is increasing. They are also aware of the opportunities that the globalisation of the economy has brought about, which their development strategies can take advantage of especially in improving economic output, creating jobs and reducing poverty.

More specifically, the Shenyang Development Strategy addresses the long-term vision by focusing on the key issues of: (1) economic productivity through the restructuring and modernization of its industrial as well as agricultural sectors; (2) environmental quality through natural resources protection and conservation as well as improved waste management and promotion of "clean" production; (3) urban poverty reduction through improvements in people's living conditions, and access to basic services including social guarantee systems, and (4) urban governance through the simplification of the administrative structure of government, reduction of government's direct involvement in economic activities, and increased participation of the private sector in the decision-making process.

Based upon these key issues, the strategies are accompanied by an action plan, which lists specific projects. For example, the strategy for agricultural development includes projects for developing "green food production bases" in Kangping County and Faku County, and the Wolong Lake Eco-agricultural Programme. For industrial development, the strategy focuses on the city's existing four major productive forces, namely automobile, machinery, electronics, and chemical/pharmaceuticals. Its projects include the development of the Beitai Electronic Industrial Zone with a proposed investment of 430 million Yuan. For urban infrastructure development, the proposed projects include expansion of the Da Huofang Reservoir, the Lingkong Wastewater Treatment Plant, and Lao Hucong Sanitary Landfill.

In terms of urban poverty reduction, Shenyang's strategy aims at rationalizing and strengthening its Poverty Reduction Support System and its Re-employment Programme. The action plan lists several projects such as improvement of the unemployment, health, accident and maternity insurance systems and establishment of a social security tax. The plan also includes improvements in education, especially in health and vocational training. On urban governance, the city's main thrust is to streamline the bureaucracy for redirecting government's role towards more of an enabler and facilitator rather than implementer, especially in economic activities.

Projects in this area include the transfer of operational functions from state-owned enterprises to the private sector, shifting government's responsibility from directly providing supply services to supporting the flow of resources directly to markets, and establishing a new economic management system that uses pricing, taxation, interest rates and foreign exchange rates to guide economic growth.

### **Outcomes and Results**

The Shenyang CDS outputs have been integrated into the city's updated (10<sup>th</sup>) 5-year Development Plan, which was approved recently by the Shenyang People's Congress. This signifies that the action plans contained in the Shenyang CDS have been adopted by city authorities, and thus have become an integral element of the official plan that will guide the city's development in the next 5 years.

Through the CDS consultation process, which involved extensive discussions and exchange of information among government agencies at all levels, private business and NGOs, a consensus was developed among these stakeholders on the city's most critical issues, priority concerns, and key projects. The consultative and participatory nature of the process also facilitated the commitment of these stakeholders to ensuring the smooth implementation of the key projects. It was quite evident throughout the CDS process that all stakeholders were focused on results. They were, however, also realistic about the resources the city would be able to mobilize to implement the key projects. Thus, the investment plan of the Shenyang CDS shows that 40% will be covered by the domestic resources while 60% is earmarked to be secured from overseas or private resources. To minimize uncertainties, the investment plan indicated that most of the key projects are to be funded from domestic resources, which the Shenyang municipal government has more control over.

The CDS process was carried out under the strong leadership of Shenyang's top decision-makers, and directly facilitated by the city's key departments. UMP provided only the general guidelines, focusing mainly on how the process was to be carried out. The city's decision-makers adapted the process to its particular circumstances, capitalizing on exciting available resources and opportunities such as the updating of the city's 5-year Plan. Thus, the actual process that was utilized was "owned" by the city, and in turn, so were its outputs. This "ownership" is a critical factor on ensuring that the action plans actually get implemented.

The CDS Report, however, does not mention anything about new institutional mechanisms to support the continuation of the participatory decision-making process that the CDS utilized. But what is apparent is the change in thinking and attitude among government officials on the role and contribution of the private sector and NGOs to the city's planning and investment decision-making system. This attitudinal change that the CDS fostered has resulted in generating broad interest and enthusiasm among the non-government stakeholders, many of who had never been involved before in such a manner. Having been provided this opportunity to actively participate, these stakeholders are likely to pursue similar opportunities in the future.

During the CDS process, monitoring of its progress was undertaken by the CDS Steering Committee with regular reports to the Mayor. The absence of an explicit Implementation Monitoring Plan in the CDS report was deemed to be unnecessary since the recommended programmes and projects have already been integrated into the city's newly updated 5-year plan which already has an operational monitoring system.

However, UMP did not have the opportunity to assess the effectiveness of this system with the limited timeframe and budget for the assistance to Shenyang.

With the finalization of the Shenyang CDS report and, more importantly with its substantive contents being incorporated into the city's updated 5-year Plan, the CDS process is considered complete. This also signifies the conclusion of UMP's support to the undertaking of the process. It must be noted, however, that the city authorities felt that the implementation period for the CDS process was too short. The report states: "Since the implementation time of the CDS project was short, only the macro and comprehensive issues were covered. The procedure of this project should have been further simplified to match the particular situation of the municipal government".

## E. Reflections on the CDS Process

The CDS process applied in Shenyang is similar to that of UMP city consultations in terms of the emphasis on participatory and consultative mechanisms, and the focus on local ownership. The adaptation of this process to the particular circumstances of Shenyang, however, meant that certain compromises had to be accepted if the process were to proceed. For instance, the Shenyang government officials have their own definitions for "stakeholders", "participation", "consultation" and "governance". These definitions do not often coincide accurately with those generally used by external support agencies. Thus, a higher priority was given by UMP to local ownership, while a compromise was established with regard to operationalizing stakeholder participation. In Shenyang, as elsewhere in China, the mechanism for people participation is primarily the People's Congress and its various committees. The Shenyang CDS, therefore, built upon this but expanded the involvement of other stakeholders through the CDS working groups and their deliberations.

The objectives, principles, and procedure of the CDS were agreed at the beginning, and the commitment to these by the municipal government was formally established through a Memorandum of Understanding with UMP. These objectives have been substantially achieved and the expectations of the municipal government have been met. It is not clear however, whether the expectations of non-government stakeholders have also been met, although they actively participated in the working groups' deliberations and stakeholders' consultation workshops. From informal conversations with these stakeholders, they expressed great appreciation for having been given the opportunities to share their views on critical issues, and having their concerns reflected in the final recommendations that have been incorporated into the city's official development plan.

In undertaking the process in Shenyang, the most critical difficulty was language. The CDS objectives, principles, and procedures, which were all originally written in English, had to be translated to Chinese. Moreover, the entire CDS process was conducted in Chinese, and all its original outputs and reports were in Chinese. These reports were all translated to English, however in doing so, a large number of substantive elements were either lost or incorrectly translated. As a result, more time and effort had to be devoted to revising the English version of the reports.

Ideally, for cities like Shenyang, which are new to participatory and comprehensive decision-making processes such as the CDS, the approach should be more training-oriented. That is, the CDS process is used basically as the curriculum for on-the-job



training, and the CDS expected outputs are produced by the participants as "assignments" of the training course. The participants should come from the city's key stakeholders groups to reflect real life situations. Necessarily, the training course should be conducted in the local language. This will require that all training materials are in the local language, and the trainers are local experts. If such experts are lacking or not available, a Training of Trainers (conducted in English by external experts) will have to be conducted first to establish an initial pool of appropriate local trainers/advisers.