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Partnerships as a Contribution to Urban Governance in India and China

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To address issues of sustainable urban development, collaborative arrangements among governments, private sector companies, and (organizations of) citizens are increasingly applied. Against the background of changing relations among state, market, and civil society, this paper aims to picture major trends in partnerships in urban governance in India and China. The paper distinguishes two types of public private partnerships: partnerships between government and private sector, and partnerships between government and civil society organizations. In both countries, partnerships between government and private sector companies are mainly applied in investments in infrastructure whose main goal is to further support economic growth. Partnerships between government and civil society have been developing both in policy making and in service delivery in areas such as city management, waste management, and water projects in India, and public services and social welfare in China. The paper further argues that productive and legitimate partnerships will only sustain if they meet criteria of good governance, including effectiveness, efficiency, accountability, and responsiveness. The findings show that transparency, accountability, and oversight on public private partnerships are issues of concern in both countries. Main challenges for the future development of partnerships between government and citizens are illiteracy, poverty, and corruption in India, and social economic inequalities and a weak rule of law in China.

Keywords: public private partnerships, urban governance, good governance

Worldwide, the fastest economic growth takes place in cities, while at the same time cities are also confronting a combination of major problems concerning sustainability and health. To address these problems, increasingly, collaborative arrangements among governments and private partners, NGOs (non-governmental organizations), and citizens are being devised. In the literature on public administration, there is support for the idea that, due to increasingly complex policy challenges and the changing capacity of governments to pursue collective interests, government by the hierarchical state is being replaced by what is called “governance” in interorganizational networks and communities, in which both public and private actors are involved, and which are characterized by interdependence (Kjaer, 2004; Pierre, 2000; Pierre & Peters, 2000; Rhodes, 1997). These governance networks and partnerships are expected to contribute to the solution of social problems.

Both India and China are countries in transition. Both are fast growing economies showing enormous

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growth rates. But this growth comes at a cost: The burgeoning population in the cities is putting pressure on water and energy resources, public health, and infrastructure. Governments in both countries require support from private companies. In India, the involvement of private companies is necessary, and in China, the experience and knowledge of multinationals is essential to realize investments in public infrastructure. Hence, these countries are interesting subjects of study to assess whether and how partnerships are used in city governance. The aim of this article is therefore to identify major trends in public private governance arrangements. The authors focus on two types of partnerships: those between government(s) and private sector companies, and those between government(s) and (community-based organizations of) citizens. And, secondly, the authors want to assess whether these institutional arrangements meet the criteria for good governance. In addition to effectiveness and efficiency, governance through partnerships needs to be evaluated against criteria of accountability and responsiveness. The authors consider each of these criteria to form a necessary condition for realizing the legitimacy of partnerships, and hence for legitimate and sustainable governance.

The paper is structured as follows. In the first section, it discusses relevant literature on partnerships and governance. In this section, it also presents a conceptual framework that is used to analyze the findings. Then it presents the main patterns found, illustrated by examples in various sectors in India and China. The article concludes with a section about some implications for aspects of good governance.

Partnerships and Good Governance

In the discussion about partnerships and governance, partnerships between government and other types of organizations, both private sector companies and civil society organizations, are considered as a method or instrument for reaching public policy goals. According to Pierre and Peters (2000, p. 45), governments have increased their use of partnerships and a variety of other relationships with the private sector for the delivery of public services; they also have become more active in seeking out advice and in consulting widely with societal groups before acting.

There are numerous definitions of partnerships. Mathur, Skelscher, and Smith (2003), for example, defined partnerships as new organizational arrangements that embodied a commitment for joint action toward collective public policy goals. Other definitions include a number of characteristics of partnerships. Baud and Dhanalakshmi (2007, p. 135) defined a partnership as follows:

- (1) It involves two or more actors;
- (2) It refers to a long-term relationship between actors regarding public goods provision;
- (3) The relationship benefits all actors (without assuming equal benefits);
- (4) It is expressed in concrete activities, in which actors invest materially or immaterially;
- (5) The bargaining process can include tension and conflict as well as co-operation;
- (6) The partnership concerns the provision of public goods.

What these definitions have in common is that they emphasize the public character of partnerships: Joint action in partnerships concerns collective public policy goals or the provision of public goods. Apart from that, definitions of partnerships may allow for many interpretations. Partnerships come in various forms: Some are based on legally binding rules or contracts, others are more loosely organized; some focus on just one activity, others are involved in many activities; sometimes one actor dominates, and tension and conflict is more prominent than cooperation. This article proceeds from this broad concept of partnership. Taking the relation among state, market, and civil society as a starting point, three different types of partnerships may be

distinguished: those between government and private sector companies, those between government and community-based organizations, and those between the private sector and community-based organizations. This paper focuses on those partnerships in which government is involved.

The first aim is to map major trends in public private governance arrangements in India and China. To that end, the following conceptual framework is used (see Figure 1).

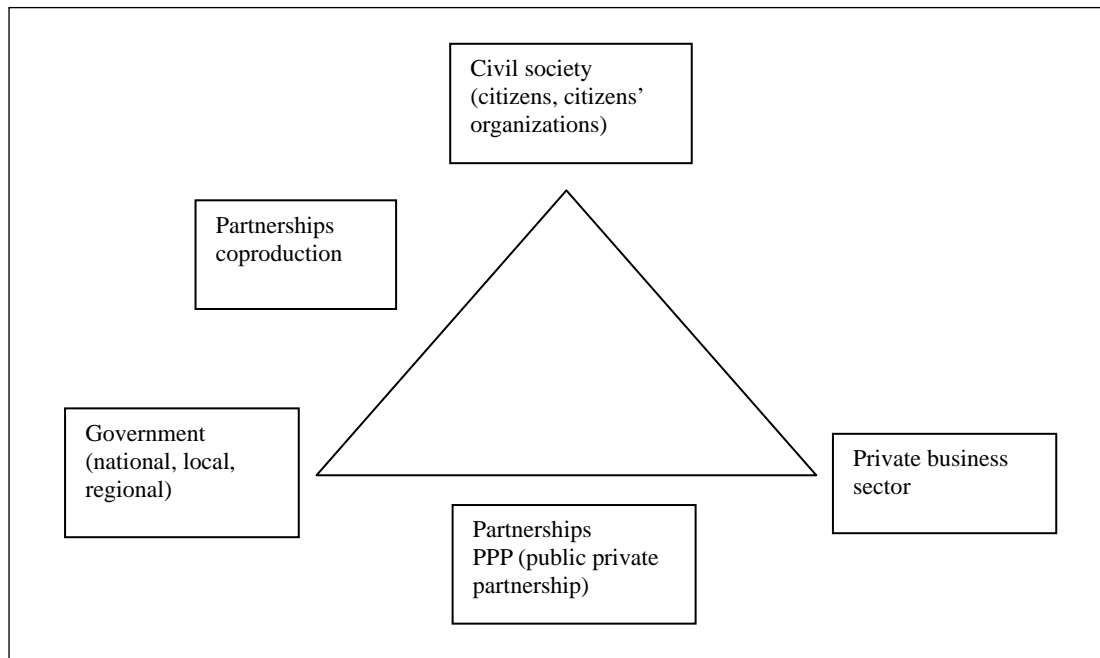


Figure 1. A framework for analyzing public private governance arrangements.

In the literature about governance, partnerships are seen as a governance arrangement (Pierre & Peters, 2000). Against the background of a changing role of government in society and its decreasing capacity to pursue collective interests, government by the hierarchical state is being replaced by what is called “governance” in interorganizational networks and communities, in which both public and private actors are involved, and which are characterized by interdependence (Kjaer, 2004; Pierre, 2000; Rhodes, 1997). It is assumed that cooperation in networks and partnerships leads to better service provision, more efficiency, and better opportunities for citizen groups to promote their wishes. As Kooiman (1993, p. 4) argued:

No single actor, public or private, has all the knowledge and information required to solve complex, dynamic, and diversified problems; no actor has sufficient overview to make the application of needed instruments effective; no single actor has sufficient action potential to dominate unilaterally in a particular governing model.

On the other hand, governance through partnerships and other governance arrangements also raises questions with respect to issues of responsibility and accountability (who is responsible for policy decisions, and to whom are those responsible for these decisions accountable?), and issues of responsiveness and democratic legitimacy (are decisions supported by the public, and how are citizens involved?). These questions are part of a broader concern in all governance theory: how to govern, and how this relates to issues of legitimacy, efficiency, responsiveness, and accountability (Kjaer, 2004, p. 11). These are usually considered to be aspects of “good governance”.

However, there are various understandings of what good governance entails. The concept was promoted by various institutions, including the World Bank and the United Nations, as an answer to the corruption, administrative inefficiency, and lack of transparency in governing mechanisms in many developing countries. The United Nations' definition of good governance includes aspects such as public accountability, responsiveness, transparency, efficiency, and effectiveness. One of the problems with this and other definitions of good governance is that when applying this framework to partnerships and other governance arrangements, some criteria are input variables, while other are outcome variables. For example, partnerships and other governance arrangements can be effective and efficient (outcome) if they meet specific governance-related process criteria (input), e.g., transparency, responsiveness, accountability. Also, the concept of good governance has been established as being multidimensional. Hence, tension may arise between the different aspects of good governance. For example, multi-stakeholder arrangements can (if certain conditions are met) lead to more effectiveness and efficiency, but less inclusiveness. Third, good governance is not only a matter of structures and procedures, but also of behaviour, culture and tradition, things that while hard to measure and hard to change, are nevertheless essential. Aware of these possible tensions and conceptual difficulties, the authors have limited the analysis to the following criteria of good governance: efficiency and efficacy, accountability and responsiveness.

This analysis is based on a review of relevant academic literature, interviews with 17 key actors in Chennai and New Delhi (India) and in Beijing, Shanghai, and Suzhou (China) held in September and October of 2011¹, and relevant reports and websites. The interviews provided clues for additional information, both in reports executed and published by research institutions, governments, and NGOs, and on websites of various institutions.

Partnerships: Public Private Governance Arrangements

Although India and China are both fast growing economies, there are considerable differences with respect to the impact of economic growth on people's lives; more specifically, China performs much better than India. For example, government expenditure on health care is nearly five times that of India's. Also, China's adult literacy rate is 94%, compared with India's 74%. The mean years of schooling are 4.4 years in India, compared to 7.5 years in China (Sen, 2011). Another major difference between the two countries has to do with the political institutional context: While India is the largest democracy of the world, China is a one-party state, although the country is experimenting with different forms of citizen participation. These differences in political and social context also have repercussions for the development of partnerships.

India

Public private partnerships. Partnerships between government(s) and private sector companies in the form of PPPs are on the rise in the governing cities in India. This is mainly due to the current burgeoning

¹ Interviews were held in September and October 2011 with the following institutions: Indian Institute of Technology Madras (IITM Chennai), Indian Institute for Human Settlements (IIHS Chennai), World Bank (New Delhi), Society for Participatory Research in Asia (PRIA New Delhi), Deloitte (New Delhi), Office of the Comptroller and Auditor General of India (CAG New Delhi), School of Public Policy and Management, Tsinghua University (Beijing), Stern Ingredients (Shanghai), School of International and Public Affairs, Jiao Tong University (Shanghai), Center for the Third Sector, Jiao Tong University (Shanghai), Suzhou Industrial Park (Suzhou), School of Government, Peking University (Beijing), National Audit Office of the P.R. China (CNAO Beijing), Central Compilation and Translation Bureau (CCTB Beijing), China International Economic Cooperation Society, Ministry of Commerce (Beijing).

economic growth rates, which recently reached around 8%, and the consequential need for infrastructure (Mahalingam, 2008). Indian cities need highways, roads, subways, and airports, preferably today rather than tomorrow, or as one of the interviewees put it: “India is a country in a hurry”. Despite economic growth, government budgets are not sufficient to finance this growing need for infrastructure, which is one of the main reasons that the Indian government started to look for other sources of funding in the form of public private partnerships. Another reason is the poor quality of public service delivery that stood in desperate need of innovative solutions. For more than 40 years, the government has shown itself incapable of building highways that meet the criteria for quality and of organizing the railway system. The first PPPs have demonstrated good performances with respect to the quality of service delivery. As a result, federal and state governments have increasingly started to believe in PPPs as an instrument for bringing in more money, increasing the quality of public service delivery, and making use of private sector expertise (CAG, 2010).

Partnerships between government and the private sector in the form of PPPs have become common practice during the last 10 years. The vast majority of PPPs (more than 95%) can be found in infrastructure. It all started in 1998, with the Highway Developing Project to connect the four large metropolitan centres in India through a network of highways of 15,000 kilometres², and was followed by roads, ports, power plants, urban infrastructure, such as the subway to the Delhi Airport, airports, such as the airport of Mumbai, and the maintenance of the Delhi Airport.

Since then, PPPs have expanded to other government levels, becoming particularly popular at state and city levels, and to other sectors (National Institute of Urban Affairs, 2011). Many projects have concerned water and solid waste management. Sewerage systems have been implemented, and street cleaning initiatives, such as in Chennai where the city of Chennai cooperates with the French company Veolia, have been taken through PPPs³ (Baud & Dhanalakshmi, 2007; Barowalia, 2010). Also, many smaller PPPs have been initiated in the cities. Examples of these smaller PPPs include parks, bus terminals, small medical centres, and skills development programmes. In skills development programmes, private branch agencies and governments work together, for example by helping people to develop their skills for a job in the textile industry or for opening a small shop of their own. Another development has been the introduction of PPPs in education, for example through programmes that provide elementary education for out-of-school children living in slums and villages. There are also models in which the private partner builds, owns and operates the infrastructure facilities, while the government uses these facilities for running the school (World Bank, 2011).

Coproduction between governments and citizens. Local governments are the most direct interface between citizens and government. In 1993 and 1994, the 73rd and 74th Constitutional Amendment Acts were passed in India, which laid the basis for democratizing municipal bodies and for the Panchayati Raj Institutions and Municipalities as institutions of self-governance (Dasgupta, 2010, p. 1; PRIA, 2008). The legislation regulated the devolution of powers and resources to enable local bodies to function as vibrant institutions of local government (PRIA, 2008, p. viii). It became mandatory for all states in India to enact their own local self-governance acts. As a consequence, elections were held for many local self-governance units under the new laws, and about three million representatives had to be elected, many more than the dominant castes and families could provide. Also, according to the new laws, one third of the seats were to be reserved for women;

² See National Highways Authority for India. Retrieved from <http://www.nhai.org/index.asp>.

³ Retrieved from <http://www.pppinindia.com>.

and the lower castes were required to be represented in parliament according to the principle of proportional representation. Hence, the newly elected ones included a considerable group of women and people from the lower castes that even now continues to grow. In short, the Constitutional Amendment Acts triggered a paradigm shift toward democratic decentralization and citizen involvement. Another path-breaking reform was the Right to Information Act of 2005 (RTI Act). The RTI Act legitimized citizens' right to know how they are governed. In doing so, it created newer axes around which citizens have since been mobilizing action to demand accountability from the state. The states are now required to open up many of their operations for public scrutiny through citizen charters and RTI disclosures (Posani & Aiyar, 2009, p. 29).

This forms the background for the development of partnerships between government(s) and (community-based organizations of) citizens in city governance. Partnerships occur both in policy making and in policy implementation. Three developments should be mentioned. Firstly, the involvement of citizens in urban governance has been institutionalized by a government order providing for the establishment of ward committees in cities with a population of more than 300,000 inhabitants. In theory, ward committees have the right of veto in important city decisions. However, the order has not been implemented in the majority of the states, and for the most part has remained ineffective. To a large extent, the relation between civil society and municipal governance still depends on the good intentions of elected representatives and officials (PRIA, 2009, p. 3).

Secondly, partnerships between government and community organizations can be found in service delivery. Often, projects in service delivery start bottom-up and manage to gain support from city or other governments. In service delivery, there are many examples of what could be called stakeholder partnerships in, for example, solid waste management, street cleaning, and water projects (Ghose, 2007; Sekher, 2002). Different models have emerged.

According to one model, the state government can take the initiative to seek the help and cooperation of citizens in establishing, for example, a waste management system, by organizing citizen's collectives in close cooperation with the municipality and civil society organisations. This was the case of Pithoragarh Municipal Council in Uttaranchal (Ghose, 2007). Another model concerns the granting of participatory budgets, such as for water projects, where citizens decide how to spend the budget in addition to monitoring the project.

And thirdly, social audits have become a new form of partnerships between government and community. These come in two forms. First, under the National Rural Employment Guarantee Scheme, it has been mandatory since 2005 for local governments to organise social audits as part of their policy. Citizens and stakeholders are asked to evaluate and assess local policy. Although experiences with social audits are still only patchy at best and more permanent forms of monitoring have yet to be established, some best practices have been identified (in Andhra Pradesh, see Singh & Vutukuru, 2009). Also, the Office of the Comptroller and Auditor General of India considers information from social audits to be useful additional information that supplements their own audits (CAG, 2010). Social audits are becoming more relevant because of the devolution of funds and functions to the local level.

A second form allows citizens to monitor public service delivery. An example of this is provided by a recent order issue by the Central Information Commission (CIC) of the Delhi government that allows citizens to inspect government schools on the last day of any month. All schools of the Delhi government will have to make available their records and documents on admission, attendance, budget allocation and expenditure, details of scholarship, and other registers for such inspections (Pushkarna, 2011).

China

Public private partnerships. Since the beginning of the 80s of the last century, China's economic model has combined capitalism and market with public institutional arrangements. As a consequence, it is often difficult to understand what is public and what private, and what these concepts mean in the Chinese context (Yang & Chang, 2007; German Industry and Commerce Greater China, 2010). There are still about 150 state-owned companies (SOEs) which include some of the largest companies in the country, such as China Railway Corporation, and the high-speed railway. In addition, there are about five million, mostly small, private companies that now earn about 60% of the GNP (gross national product). Private usually means that ownership is private, although this says little about the management of the company. The management of these companies can be anyone, but often has close relations with the Communist Party. In between these two categories, there are companies that are either half state-owned (can be national or provincial government) and half private companies—the state remains a majority or influential shareholder—or joint ventures in which private and public companies work together.

PPPs are relatively new in China, and limited to the lower tiers of government. In city governance, since 1990 PPPs have become more common in a number of sectors, including water supply, waste management, roads, and subways (De Jong, Mu, Stead, Ma, & Xi, 2010). One of the main reasons for the growing number of PPPs is the problem of limited sources for government funding at the local level. Local governments have a high degree of autonomous power, but lack the financial resources to finance large projects in infrastructure and utility services; at the same time, they are not allowed to borrow money from banks. Other reasons are the slow rate of reform of SOEs, the poor provision of public facilities and services, and the need for expertise about technology and management (Beh, 2010).

Over the past 10 or so years, the BOT-model (build, operate, transfer) has grown to become common practice. One example is the subway in Shanghai, which is a partnership among a German company, a Chinese company, and local government. Risks and profits are shared; operation is partly in the hands of a body in which the German and Chinese companies work together. Another example concerns a water plant in Shanghai. In 2003, Veolia Water signed a 15-year outsourcing contract to manage the entire water system at Michelin's Shanghai plant. The BOOT (build, own, operate, transfer) contract covers operations and maintenance of all water assets within the facility according to pre-determined operating performance criteria, including the management of raw water, process water, wastewater treatment and solid waste⁴. PPPs are also set up on a smaller scale: The Shanghai Jiao Tong University, for example, has made land available to a private company, which started a hotel on the site. Each year, the hotel owner pays part of the profit to the university. After 30 years, the hotel will become university property.

Coproduction between governments and citizens. After the economic reforms of the beginning of the 1980s, and the subsequent disintegration of communes and working units that had structured working and social life, the institutional social structure radically has changed. In various areas, new social organizations and movements emerged, including environmental organizations, community organizations (sports clubs, citizen mediation groups), organizations of house owners, social service organizations, and charity foundations. Especially many environmental organizations, such as the Green Earth Volunteers and Friends of Nature,

⁴ See China Business Council for Sustainable Development, Veolia Water in China. Retrieved from <http://english.cbcsd.org.cn/cbcsd/members/5095.shtml>.

became active. Some of these organizations are registered; others are not⁵. Furthermore, there are millions of other non-registered NGOs, which include religious groups and groups that are active on the Internet. Although non-registered groups are formally illegal, they are sometimes influential. For example, the tearing down of houses and expropriation of owners has led to actions by grassroots organizations that have sometimes succeeded in negotiating higher compensations for the loss of land.

The role of citizens in policy is partly institutionalized: There are hearings, arrangements for citizens to make complaints against government, and elections for village committees (Leonard, 2008; Saich & Yang, 2003)⁶. The official line now is that there should be more room for citizen participation, but that participation should be organized in a more orderly fashion. The 2007 Government Information Transparency Regulation in theory also gives citizens the opportunity to ask governments for information about budget, expenses, and policy, but the implementation is poor and citizens' requests for information are often refused. An aspect worth mentioning is also that the Internet and the media are important in giving a voice to citizens. Journalists have a relatively independent position, particularly in the south of China (South-Media Group), and together with academics they often function as opinion leaders. Internet and micro-blogs (*Weibo*) give them and other citizens a forum to express opinions and put pressure on government. For example, after the train accident with the high-speed train in 2011, micro-blogs immediately disseminated information about the accident, which forced government to take action⁷.

This forms the background for the development of partnerships between government(s) and (community-based organizations of) citizens in city governance, both in policy making and policy implementation. Two developments should be discussed here. Firstly, in policy making, public hearings at which citizens are consulted have become common practice and a way of involving the public in government decisions. Sometimes, public hearings are mandatory, as for example when the government decides to increase prices for public goods or services, including subway tickets and water supply. However, both among academics and opinion leaders, there has been an ongoing debate about the use and practice of hearings (China Daily, 2011; Hess, 2009; Zhong & Mol, 2008; Enserink & Koppenjan, 2007). Some argue that citizens may choose only among options that governments select. Also, government selects the participants. There is no clear stated selection procedure and there are no rules for holding hearings. This has led to several scandals (China Daily, 2011): In a public hearing on taxi fares, for example, the majority of taxi drivers would have agreed to raise the fares, while in public hearings in Chengdu, Sichuan province, participants agreed several times to suggestions to raise prices of products and services. The problem in these cases is that so-called "professional participants" were selected to take part in the hearings. These "professional participants" should have played the role of ordinary consumers, but instead were "talking machines, that only could say yes" (China Daily, 2011). As a result of this, the public has become sceptical and has learned not to trust the outcome of these hearings. Generally speaking, hearings seldom have an impact on policy making, although it sometimes does

⁵ Registration of NGOs takes place according to Chinese law. The regulation is not public, nor are reasons given for why the registration of a particular NGO may or may not be made.

⁶ There is a large amount of literature about this subject. See for example: He and Thøgersen (2010), Fishkin, He, Luskin, and Siu (2010), Taylor and Calvillo (2010), Leonard (2008), and Leib and He (2006).

⁷ Concerning the openness of the system, it is important to notice that the differences within China are huge. Whereas in Central China government control is strict and aimed at securing social stability, in the South, and more particular, in the South East (Shanghai and Shenzhen), grassroots organizations and social movements are more active and citizens have more freedom to make their voice be heard.

happen, as was the case after the hearing on the Yuanmingyuan dam, which eventually reopened the discussion about the necessity of the dam⁸.

Secondly, in policy implementation, partnerships between government and community organizations can be found in service delivery. Governments cooperate with organizations that provide social services, mainly services in the social welfare sector to elderly, handicapped people, and families. Through procurement, the government outsources public tasks to social service organizations that often have started as voluntary organizations in communities. Examples are home care organizations, community centres, and elderly care (provided in Shanghai by the YMCA—Young Men’s Christian Association). Community level units were created in the late 1980s to take over some of the social welfare responsibilities. Soon, they spread throughout China and also became active in other areas, such as youth centres, environmental programmes, and health services (Derleth & Koldyk, 2004).

Implications for Good Governance: Opportunities and Challenges

So far, the discussion has centred on developments in the role of partnerships in governance. Just as in the West, public private partnerships between the government and the private sector have become more important, particularly in India, but also in China, where these are growing more and more common. Both countries are increasingly making use of partnerships between government(s) and (community-based organizations of) citizens in the form of coproduction in policy implementation in service delivery. The evidence of partnerships in policy making in both countries is also found, although the scale and weight of these are more difficult to assess.

Partnerships could strengthen the capacity of governments to solve problems. However, partnerships can only sustain and contribute to a legitimate and sustainable public policy if they meet criteria for good governance such as efficiency, effectiveness, accountability, and responsiveness. In both China and India, opportunities and challenges are apparent with respect to the development of partnerships in relation to good governance.

India

It goes without saying that without PPPs, a great many highways, roads, and other infrastructural works would not have been realized in India. Hence, PPPs in India contribute to a more efficient and effective service delivery compared with a traditional public approach. However, several interviewees noted that the criteria for effective PPPs are not always met in full: Local governments often lack expertise, the use of various definitions of the concept of PPP sometimes causes confusion about responsibilities, and often clear procurement procedures, good project management and standard contracts are missing. The World Bank has pointed out various weaknesses in the PPP framework in this country: The tendency for the policy rationale for PPPs to be limited to their use as a source of investment capital when the public sector lacks funds; little systematic compilation and dissemination of information, even within the public sector; and not much use of rigorous ex-ante or ex-post assessments of the performance of PPPs versus traditional public options (World Bank,

⁸ The relation between government and citizens is a “work in progress”. Since 2000 the Central Compilation and Translation Bureau (CCTB, an organ of the Communist Party and think-tank for government reform) has awarded prizes for the best innovations in governance. Each year, there are more than 1,000 applicants. In the last years, prizes were given for political reforms (township elections, party democracy), administrative reforms (government efficiency), and public service reforms (efficiency and quality) (IECLG, 2011).

2006).

With respect to another criterion of good governance, i.e., accountability, serious problems arise. Often, responsibilities and expected performances seem clearly settled in contracts, but monitoring of what really takes place is poor. If a party violates the agreement, the government is often reluctant to intervene and impose sanctions. The focus in monitoring is still more on the throughput (how), and less on the output and outcome. The lack of transparency makes it difficult for stakeholders and supervisory agencies to enforce more accountability and better monitoring. In addition to this, there are some serious gaps in the audit and oversight structure. The government of India announced in the draft consultation version of the *National Public Private Partnership Policy* document that: “To maintain transparency, equity and fairness in developing and implementing projects, the Government would continue to strengthen the governance processes and institutions that are accountable to the stakeholders” (Government of India, 2011, p. 24). Also, the Office of the Comptroller and Auditor General of India has sought the right to audit the books of the private companies or the special purpose vehicles involved in the PPPs⁹. Private companies or special purpose vehicles are not subject to the RTI Act, which makes it extremely difficult to audit the efficiency of PPPs.

Opportunities and challenges also arise with respect to the development of partnerships between governments and civil society. The 73rd and 74th Constitutional Amendment Acts and the subsequent movement toward public participation in decision making, service delivery, and monitoring have encouraged citizens to organize themselves and let their voices be heard. Also, the RTI Act serves as an important instrument for more government accountability. Although corruption is still one of the major problems in India, people are beginning to understand how corruption affects their lives, and it is becoming more normal practice for citizens to ask for accountability; as a consequence, government officials have to account for their decisions in a growing number of instances.

On the other hand, there is a big gap between the theory of accountability and its practice. A report that appeared on the state of accountability revealed that all possible schemes and mechanisms of accountability were known in India (Posani & Aiyar, 2009, pp. 15-20). However, in practice, one of the main barriers is the lack of knowledge and skills among large parts of the population. This sometimes leads to hilarious situations; citizens have been appointed as members of some public monitoring committee without their even being aware of this (Posani & Aiyar, 2009).

Likewise, one could easily draw the conclusion that responsiveness is increasing, since more citizens are involved in decision making, notably women and people from the oppressed castes. Also, citizens take part in city decision making through “wards”. But again, in practice citizens and civil organizations often lack the knowledge and skills, and thus there is still a long way to go in capacity building (Tandon & Mohanty, 2005). In addition to this, a number of institutional failures (bureaucracy, corruption, state as a sum of individual interests instead of collective interest, etc.) and socio-economic problems (poverty and illiteracy) have to be resolved (Posani & Aiyar, 2009).

China

Although in China, relations between the public and private domain are complex and the political system is only very slowly opening up, some first observations concerning PPPs and good governance can nonetheless be made. Just as in India, PPPs might contribute to a more effective service provision, particularly in

⁹ This request was rejected by the Plan Panel of the Indian Parliament (*Business Standard*, September 13, 2011).

infrastructure. However, even more than in India, there is a serious lack of transparency and accountability. China has legislation controlling the process of PPPs, but local authorities know how to manipulate the process. The bidding process is often not transparent, and no effective way has yet been found to exclude unreliable contractors. Personal networks (*Guanxi*) are still important in policy making in China. Also, local authorities lack the instruments and capacities to oversee public private projects (De Jong et al., 2010).

Problems also emerge with respect to the audit and oversight structure. Local and regional audit offices are not particularly interested and pay little attention to PPPs. In addition to this, the oversight of the National Audit Office of the People's Republic of China (CNAO) has so far remained limited to the building phase, and does not extend to the operational phase.

With respect to the development of forms of coproduction between government and citizens, China offers both opportunities and challenges. On the one hand, developments in partnerships between citizens and government may possibly lead to more responsiveness and more accountability of the political system. The Internet and the new social media create an unpredictable interaction between state and civil society in which civil society sometimes challenges the state. In other cases, the Internet and the new social media also lead to new forms of cooperation between state and civil society (e.g., in the case of corruption or abuse of power by government officials). Hence, Internet and micro-blogs can function not only as instruments for a more effective countervailing power against government and thus to more accountability, but also as a catalyst for new forms of partnerships that increase transparency, accountability, and responsiveness. On the other hand, it is hard to tell if and in what direction the political situation in China will develop, and therefore it is also difficult to predict how developments toward good governance will develop in the near future. Until now, Chinese governments have developed a pragmatic attitude and reaction, rather than take a position and act accordingly.

Conclusions

Both in India and China, the relations among state, market, and civil society are radically changing. In both countries, there is a strong sense of urgency about the need for economic growth. Public private partnerships are used for investments in infrastructure, as an instrument to create and further stimulate the already strong economic growth. Furthermore, country specific factors play a role: In China, local governments are relatively autonomous, which forces them to seek their own financial resources; private capital is only one of possible resources. In India, the failure of public investment policy has created a new window of opportunity for PPPs. However, in order to sustain PPPs for the future, transparency, accountability, and oversight on public private projects are issues of concern that need to be addressed in both countries.

The development of forms of coproduction between government and civil society in policy in India must be understood against the background of further democratization. In China, the government is also permitting more citizen participation, although it emphasizes that this must be organized in an "orderly" fashion. Moreover, another driving force in China is the development of the Internet and social media which have become instruments for holding the government accountable and regularly force the government to react. Yet the main challenges for the future development of partnerships between governments and citizens are first and foremost the fight against illiteracy, poverty, and the lack of skills among a large part of the population in India, and, albeit to a somewhat lesser extent, in China. A second challenge is to overcome the problems of a state that is either too weak or too strong.

More in general, increasing social and economical inequalities could be a destabilizing factor undermining a common idea of a collective interest in sustainable and productive partnerships among state, market, and civil society. Also, both a weak and corrupt state and a strong state that does not accept the rule of law (checks and balances) can undermine the future development of effective and legitimate partnerships and governance. Partnerships with the private sector and civil society have become part of governance, but they can only sustain and contribute to sustainable governance in the long run if they are supported by a state that accepts the principles of the rule of law, as well as by economic development that also benefits the disadvantaged groups in society.

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